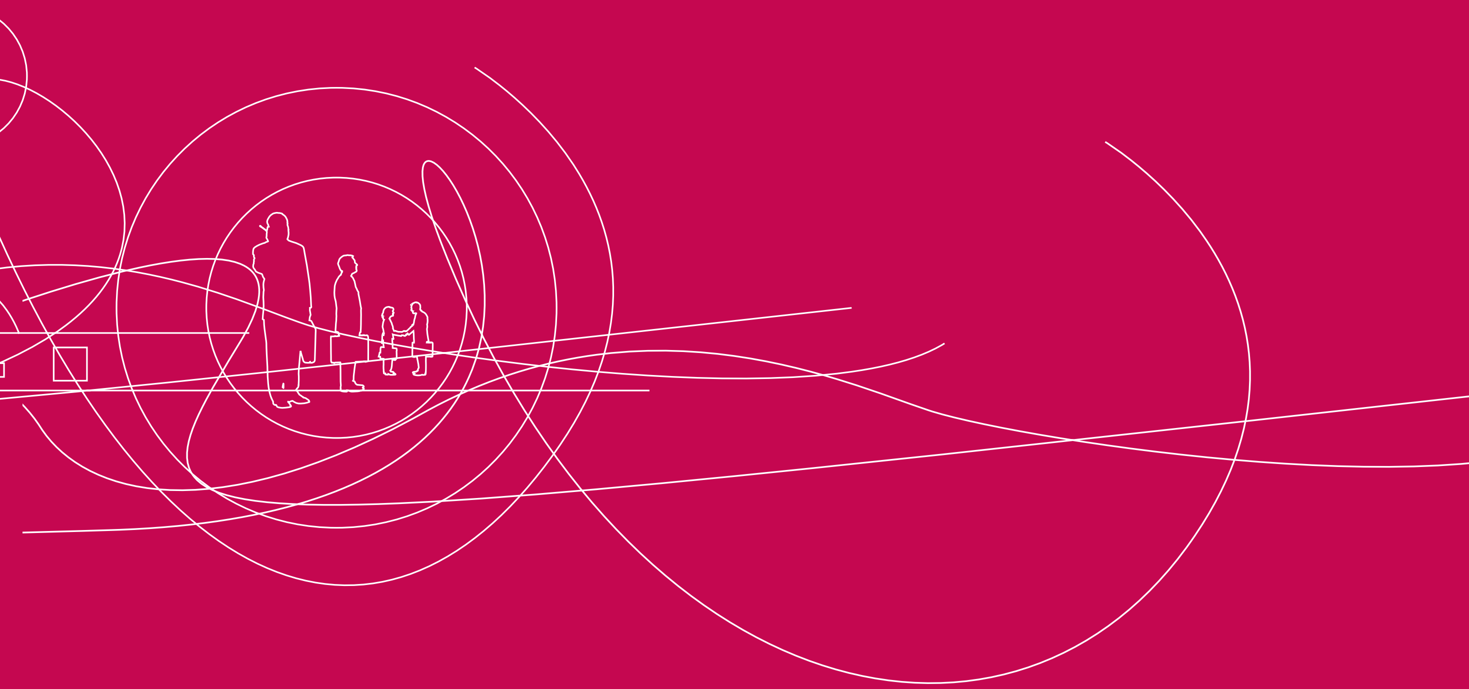
CeGeREAL



annual report 2006

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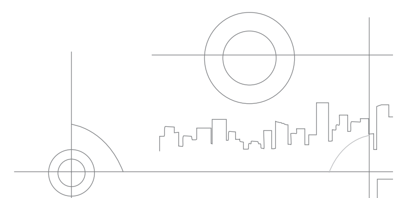
# Profile

CeGeREAL operates in the French office property rental market. The company owns three major property complexes situated in the most sought-after business districts within the immediate proximity of Paris: La Défense (the Europlaza complex), Boulogne-Billancourt (the Arcs de Seine complex) and Charenton-le-Pont (the Rives de Bercy complex).
Fully modern and of the very highest standing, each complex provides its tenants with high standards of services corresponding to their needs in terms of functionality, modularity and comfort.



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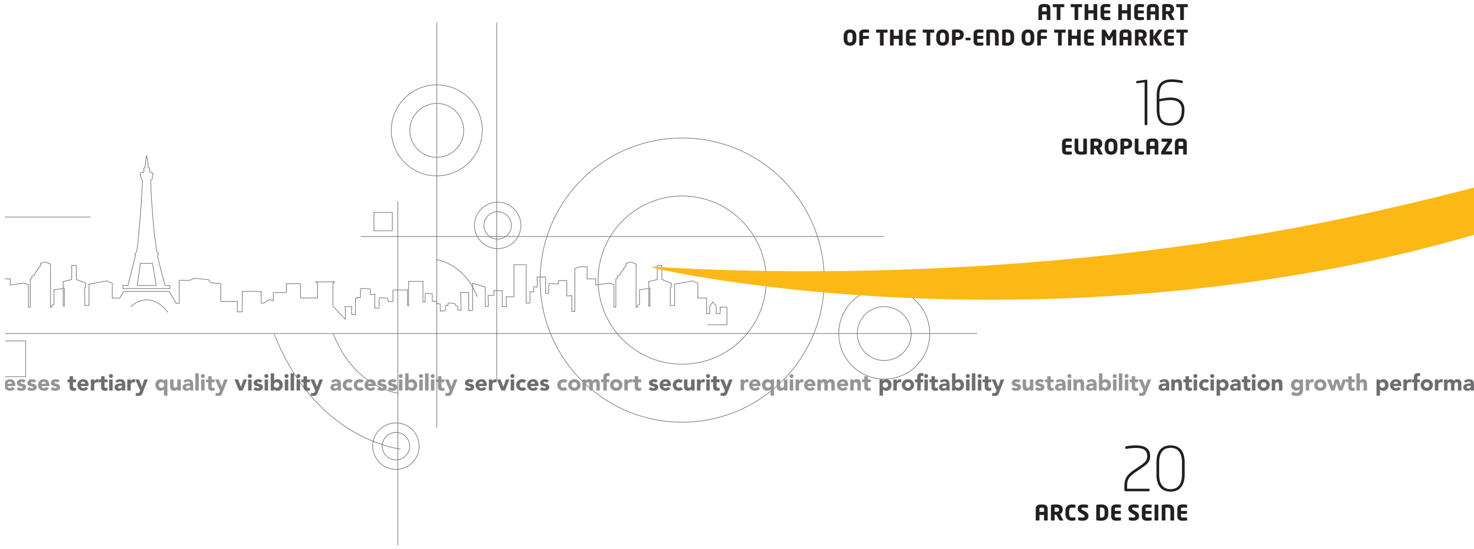
This specialisation in terms of offer and set-up is complementary to a policy of selective rental management: our assets are fully let to high profile corporations operating on a national or international scale.
Confident in this strategy and in its significant breakthrough position, CeGeREAL secures high profitability.
Listed on the stock market in March 2006, CeGeREAL has opted for the constitution of a quoted real estate investment company (SIIC) with the stated goal of increasing its market capital and paying increased and regular dividends to its shareholders.
This Activity Report details the accounting period commencing on 1st April 2006 to its finalisation on 31st December 2006.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# key dates

**31/12/05**
Merger of the three companies forming CeGeREAL.

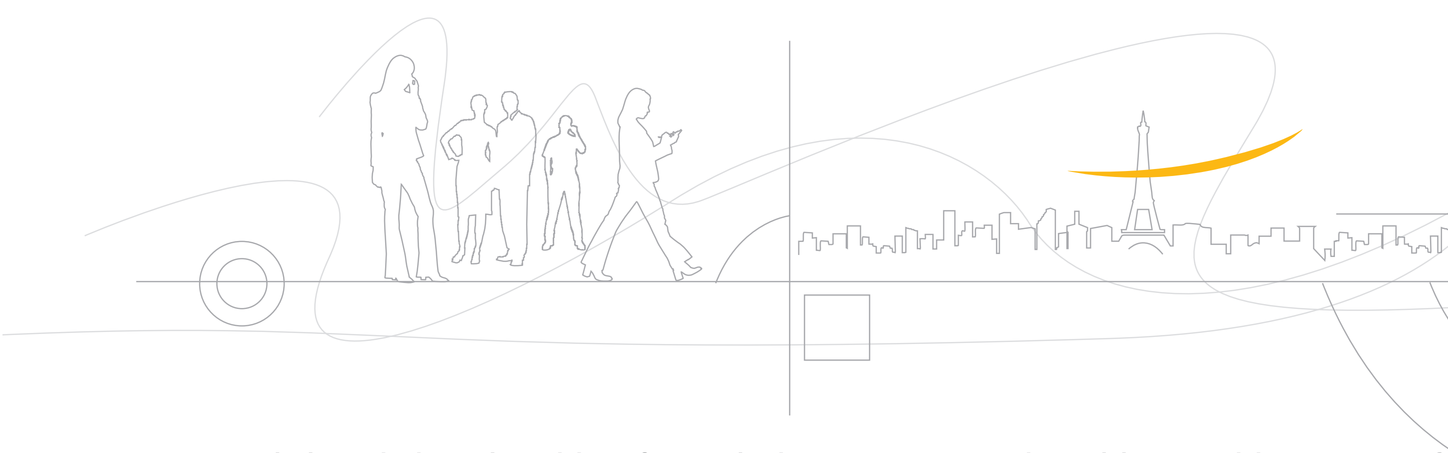
**29/03/06**
CeGeREAL shares first traded on the Eurolist of Euronext Paris.

**31/03/06**
Financial year starting 1st January 2006 was closed by anticipation.

**01/04/06**
New nine month accounting period commences.

**01/06/06**
Election exercised for taxation under SIIC schedules, backdated to 01/04/06.

**31/12/06**
Finalisation of the accounting year 2006.



# Message from the Chairman

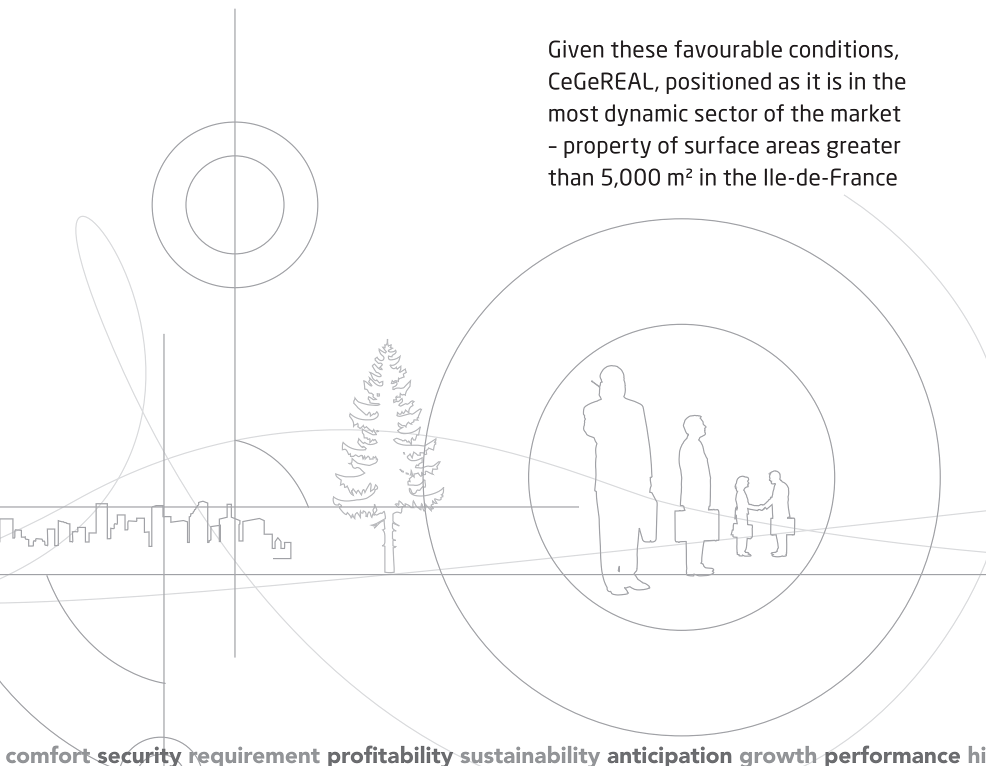
## "Sharing Success"

The French office property market in which CeGeREAL operates has registered an exceptional performance in 2006 as is shown by the record level of investment in that market.
The acceleration in the growth of rentals and the increase in construction costs taken together with a reduction in availability in the face of a growing demand from companies seeking to optimise their own costs and organisation are the reasons for investor confidence.

Given these favourable conditions, CeGeREAL, positioned as it is in the most dynamic sector of the market – property of surface areas greater than 5,000 m² in the Ile-de-France region – has seen an increase in share values of 13.6% since being listed on the stock market in March 2006.
The value of its asset worth has itself increased by 94.5 million euros during the period from 1st April 2006 to 31st December 2006 being finalised at 963 million euros.

Confident in these results, CeGeREAL is pursuing its strategy to increase the asset value by means of active management, rigorous control of development costs and the optimisation of fluctuations in rentals.
While market indicators for the initial months of 2007 show a real dynamism, new acquisitions could be contemplated after the new German law on open funds comes into force and the modification of the funds prospectus of Haust Invest Europa (on whose behalf CGI, majority shareholder in the company, holds its majority shareholding). This fulfils our goal of continued distribution to our shareholders of the future profits of our ambition for performance, a solidly based and apposite strategy as has been proved during this first year of our presence in the stock market.

**Richard Wrigley**



# Key Figures

**MARKET CAPITALISATION OF**
**963,000,000 EUROS (net of tax).**
*Valuation by CB Richard Ellis as at 31/12/2006*

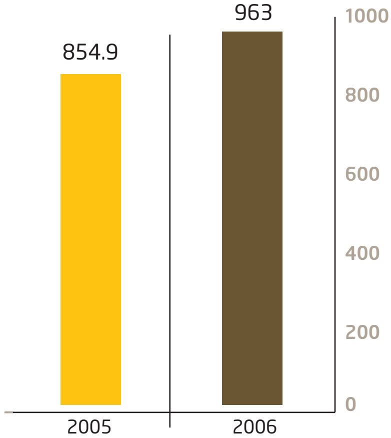
**15th LARGEST SIIC**
**BASED ON ASSET VALUE.**
*Classification by CB Richard Ellis carried out on 31/12/2006*

**3 RECENT PROPERTIES**
**OF HIGH STANDING.**

**AREAS BETWEEN**
**30,000 m² and 50,000 m².**

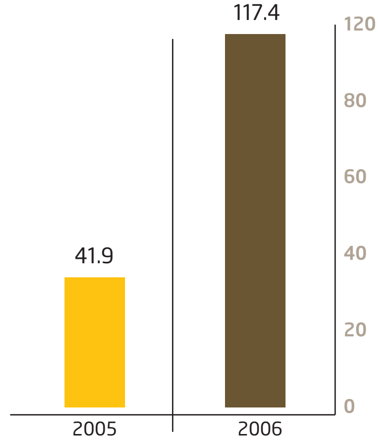
**A DIVIDEND GOAL**
**FOR SHAREHOLDERS OF 4.5% to 5% IN RELATION TO REVALUED NET ASSET WORTH.**

**COMPANY ASSET VALUE**
**IN MILLION EUROS***



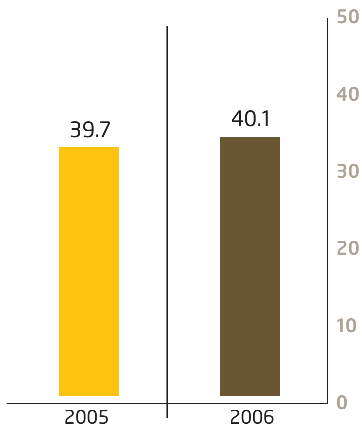

** Valuation by CBRE*

**NET PROFIT**
**IN MILLION EUROS***



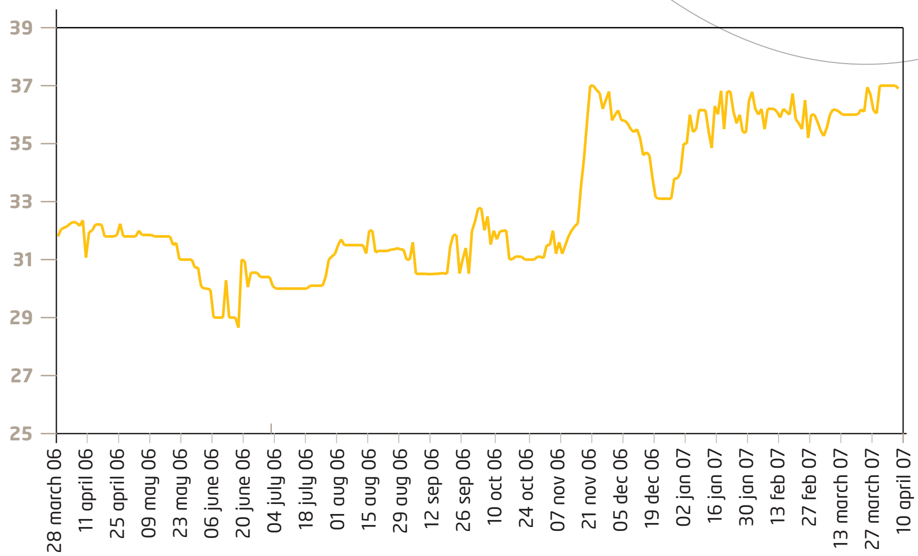

** IFRS standards (9 months) for 2006 and pro forma IFRS (9 months) for 2005*

**RENTALS**
**IN MILLION EUROS***




** IFRS standards (9 months) for 2006 and pro forma IFRS (9 months) for 2005*

## STOCK EXCHANGE RATES




Since being listed, CEGEREAL stock has significantly out-performed like products and has done significantly better in referential indices.
The share price has increased from EUR 31.80 (opening price) to EUR 36.90€ (closing price on 26/04/07) and this translates as an increase of +18.24%.

For the same period, the CAC Mid and Small 190 has grown by 16.63% and the EPRA EUROPE by 9.44%.

The stock has not undergone any of the volatility which, by the end of February, had affected all other stocks whatever their sector and whatever their geographic location.

businesses **tertiary** quality **visibility** accessibility **services** comfort **security** requirement **profitability** sustainability **anticipation** growth **perfo**

# Rigorous Standards of Corporate Governance

CeGeREAL's corporate governance is vested in a management team composed of four members 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 standards of governance based on recommendations made in the Bouton report published in 2002 and which outlined guidelines for the improvement of the corporate management of publicly quoted companies in France.

From left to right: **Klaus Waldherr** **Axel Portz** **Ralf Schwarzer** **Martin Weinbrenner**

## 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.

**Martin Weinbrenner,**

Chief Executive Officer

Age 41, 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.

**Axel Portz,**

Executive Vice President - Finance

Age 43, economist, was an auditor at PricewaterhouseCoopers in Frankfurt, before joining CGI in 1998. He is the director of the Controlling, Valuation and Finance Department.

**Klaus Waldherr,**

Executive Vice President - Legal

Age 42, Doctor of Law and qualified attorney holding degrees from the University of Nancy II and from the University of Mainz, specialist in foreign real estate investments, he has worked as an attorney for CGI since 1998.

**Ralf Schwarzer,**

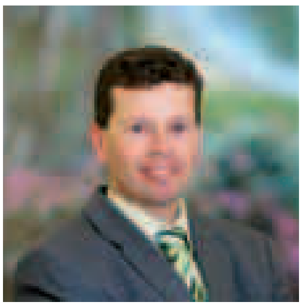
Executive Vice President - Taxation

Age 41, holds a degree from the University of Applied Sciences in Mainz and is the tax director of CGI, which he joined in 1998.

# The 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 59, 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 Imperial Chemical Industries Pensions Funds. In 1985, he set up the company Corporate Property Management Services, which manages a property equity company with one million m² on behalf of their international investors.



**Heiko Beck*,**
Director, Member of the CGI Board of Directors
Age 40, has combined, during 2006, management of CGI, a Doctorship in Law at the University of Heidelberg and his practice as attorney. He has been Corporate Legal Director at Deutsche Börse AG and at the same time has been a Member of the Board of Directors for the Frankfurt Stock Exchange (Wertpapierbörse ) prior to joining Deka Bank as Corporate Legal Director.

* CGI's representative until 31/12/2006 was Detlev Dietz (manager).

**Leo Lousberg,**
Director, Member of the CGI Board of Directors
Age 57, 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 Board of Directors
Age 42, 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.

## Audit Committee

**Richard Wrigley,** (Chairman), independent
**Jean-Pierre Bonnefond*,** independent
**Dr Heiko Beck**

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.

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

## Nomination and Remuneration Committee

**Jean-Pierre Bonnefond*,** (Chairman), independent
**Graham Spensley,** independent
**Henk J. Jacobs,** independent

Principal missions: to propose CeGeREAL's Management team remuneration, to 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 Deputy Director, to evaluate the situation of each director in terms of independence of decision, to undertake a regular evaluation of the Board of Directors.

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

## Investment Committee

**Richard Wrigley,** (Chairman), independent
**Graham Spensley,** independent
**Henk J. Jacobs,** independent

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.

**Daniel Terminet,**
Director, Chairman of the Board of Directors of the Caisse Centrale de Réescompte
Age 61, 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,**
Director, Independent Director
Age 61, 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.

## PARIS: "PRIME" RENTALS N°2 IN EUROPE

According to CB Richard Ellis, "prime" rentals (1) in Paris are rising to 678 euros net MC/m²/year in the first half year of 2006 as against 645 euros in the preceding year. This rising rate confirms Paris in second place amongst major European cities, far behind London at 1,363 euros but in front of Moscow (536 euros), Frankfurt (402 euros), Madrid (366 euros) or Brussels and Amsterdam (300 euros). Half as expensive as London, Paris offers, consequently, a higher rate of return than any of the other cities in Europe.

(1) Weighted average over 10 of the highest transactions in terms of rental values, sampled over the course of the last six months, surface areas of greater than or equal to 500 m² being taken into account.

## LARGE SURFACE AREAS ARE A PRIORITY

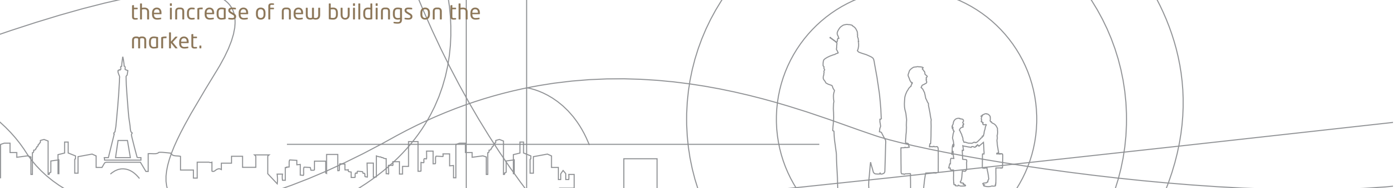
To optimise performance and cost, major corporations are regrouping their services on a single site and moving into the most spacious premises. This has brought about a noted downward trend in transactions for less than 1,000 m² in the Ile-de-France, the region where there is a concentration of the head offices of major corporations. Conversely, there has been a strong upward trend in the proportion of large surface areas. With 1.2 million m², transactions of more than 5,000 m² have represented 42% of the total activity showing an increase of 57%.

## QUALITY IS HARD TO COME BY

The Ile-de-France office property market has been showing an increasing scarcity in high calibre (new and redeveloped surface areas) throughout 2006. At the close of, such products represented 32% of immediate stock. One year on, this figure has been reduced to 23% of available offers. However, 2007 may see a downturn in this trend given the increase of new buildings on the market.

### Service sector expansion of the economy at all levels

**Unsurprisingly, the service sector is initiating the greatest proportion of take-up for surface areas greater than 1,000 m² in the Ile-de-France. Responsible for 19% of the demand, financial service operators are in the forefront, followed by public sector (14%), information technology and communication (8%) with legal and consultancy services (8%). In total, 71% of clients are from service businesses against 29% for the whole of industry. This segmentation of clientele coincides perfectly with CeGeREAL.**



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# Beating **Records**

The value of business property for investors in France attained new heights in 2006. It concentrates in the Ile-de-France region and the most thriving of its districts.

**The match between Paris and London: Advantage Paris**
**According to the study entitled "Emerging Trends in Real Estate Europe 2007" undertaken by PricewaterhouseCoopers for the Urban Land Institute (ULI) of Washington, the French capital is seen as coming top among the best performing European property markets, before London and Stockholm with 400 investors interviewed. The reason for this keen interest is provided by the excellent outlook for global return and the low level of risk which obtains in the Paris market place. The attraction of Paris which is seeing the gap with London in terms of transaction volume steadily closing is explained further by less inflated prices than are traded in the markets of the UK capital**

The French business property market has seen a bullish 2006 as proved by the volume of investor transactions undertaken. After an already exceptional 2005, last year has outstripped the most optimistic expectations with 23.1 billion euros committed and this represents a 47% growth year-on-year with 2005. The explanation of this keen interest amongst investors, whether institutional, listed property holding companies or equity funds, lies in the less volatile nature of property as opposed to financial markets. Although if the market as a whole benefits from this growing rate of interest, 84% of the transactions undertaken in 2006 pertain to the single sector of office property to the detriment of shops, warehouses and other business premises. These latter having experienced a downturn. Moreover, careful analysis of the indicators go to confirm the trend observed in 2005 which saw the already well-established business districts such as La Défense and the Western crescent of the Paris area increase investor attention. The concentration of more than two thirds of the transaction activity undertaken in France occurred in these two sectors alone. Similarly, Paris and its inner suburbs have proved their attraction contrary to the outer suburbs and provincial cities where investment transaction levels have been at a rate of 10 and 14% respectively.

# A product driven by demand

In 2006, the Ile-de-France office property rental market appeared to tighten. This favoured property market players who, following the example set by CeGeREAL, had high calibre product in the most sought-after sectors.

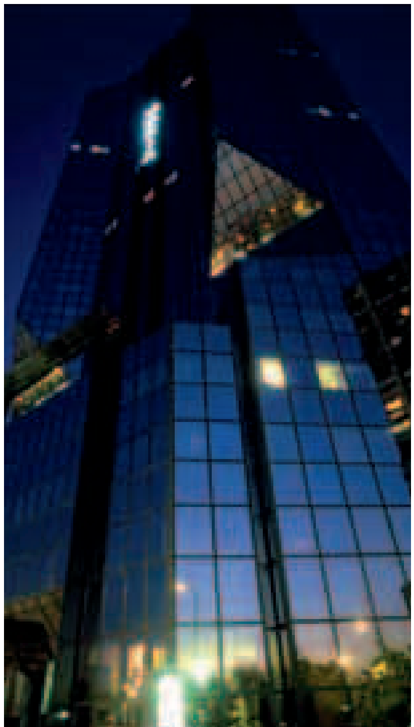
The thriving state of health of the "office property product" which translates into the volume of transactions registered in 2006, is confirmed through the volume of transactions undertaken in the Ile-de-France. According to CB Richard Ellis France, 2006 has also been a record year with 2.9 million m² commercialised (of which 90% have been rentals). This exceptional level has exceeded by more than 30% that of 2005. Furthermore that traditional business districts and the inner suburb have been the first to benefit. 2006 has also been confirmed as an outstanding year compared with several others: the growth in the lack of quality products in the most sought after districts within inner Paris and the West of Paris. The rates of vacancy in La Défense, for example, was at 5.7% on 1st January 2007 against 7.6% one year earlier. At the same time, companies looking for new premises have been forced to foreshorten their deadlines as is attested by the strong reduction in the average length of deadline for conversion. The last quarter of 2006, during which take-up demand heightened, saw an average conversion deadline of four months against six months at the start of the year. Against this background, it is highly evident that a trend towards a rise in average rentals will result together with pressure being put on the commercially advantageous terms granted during lease negotiations.

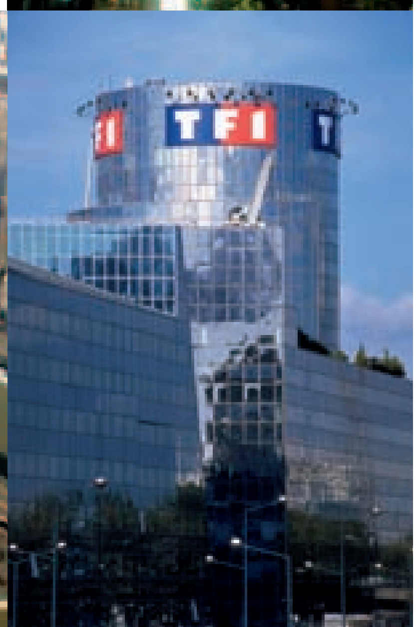
**Ever higher!**

**La Défense is taking the high-ground. Firstly with the Tour Generali: a gothic and futuristic prism crowned with wind turbines and which will stand at a height of 300 metres and which is scheduled for completion in 2011. This will be followed by a similarly imposing project to emerge in 2012. Christened "Le Phare" (Lighthouse), this architecturally stunning new tower will rival the Eiffel Tower in height. It will stand at the Great Arch by the CNIT, providing a symbolic representation of the importance of Paris, a reminder of her outstanding performance in the European office property market.**

## THE SUN RISES IN THE EAST

Shunned for some time by major corporations, The East of Paris is growing in favour with property speculators. This growth in attraction is explained by the birth of new business districts. On the Paris side, it is the Paris Left Bank which through the extension of the National Library 7 will be future host to 60,000 workers, 15,000 of them already present (France Telecom, Banque Populaire, CDC, Accenture, Sanofi-aventis, Altadis, Accor...). At a few hundred metres away, is the district "Seine Amont Nord" of the Val-de-Marne department which is seeing rapid development as a benefit of its proximity to Paris, to many transport network infrastructures and to the most sought after financial opportunity. That is where CeGeREAL owns the 30,000 m² complex Rives de Bercy.






## LA DÉFENSE IN A NEW GUISE

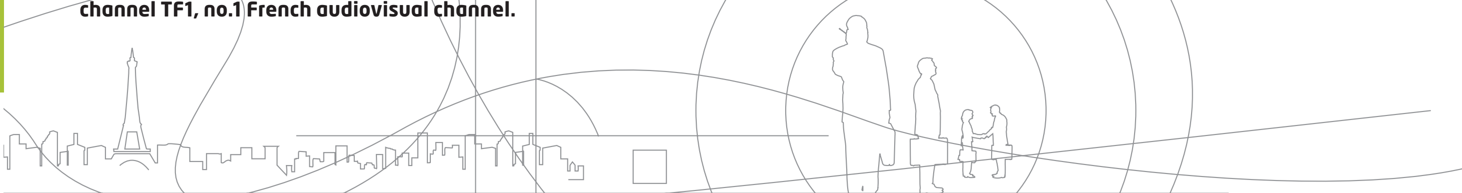
Reversal of the situation; whilst, in the recent past, London seemed to be attracting the attention of major corporations to establish their head offices there, La Défense, the Western Parisian business district, is now attracting major corporations to Paris following the lead of Dexia and Alcan. This revival in popularity has translated into a downturn in the vacancy rates and an increase in the rentals and in the volume of transactions (380,000 m² between September 2006 and September 2005 against 120,000 m² during the previous period). It is unlikely that anything will adversely affect this trend in the years to come. EPAD (The Public Establishment for the urban develoment of La Défense) has undertaken an ambitious renewal plan. In addition to new properties on the land still available, EPAD plans the redevelopment of the old towers and demolition/rebuilding of other complex which have become obsolete.

## BOULOGNE OUTSTRIPS BILLANCOURT

With the regeneration of the land which belonged to Renault, it is the whole city of Boulogne which is committed to a vast programme of refurbishing and renewal which should benefit ever district. The aim: to provide an optimal life-style for 100,000 inhabitants in addition to 80,000 workers in the greatest town of the Hauts-de-Seine department, host to 10,000 companies and 30% of the twenty premier head offices in the county; so it is that new corporations, such as Microsoft, for example, are arriving to set up in this zone...

### Boulogne in the press

**By themselves alone, Boulogne and neighbouring Issy-les-Moulineaux comprise "communication valley" in the Ile-de-France region: LCI, TF1, Arte, France 24, BFM TV, France Télévisions Publicité, Studio Canal, L'Equipe, Marie-Claire... and as many other companies in the media have made their home in these two cities already packed with head offices. With its Arcs de Seine complex, situated in the Point du Jour district at Boulogne, CeGeREAL is not under-represented. One of its properties is home to the channel TF1, no.1 French audiovisual channel.**



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# At the heart
# of the top-end of the market

CeGeREAL has chosen a significant breakthrough position. It is one of the few French real estate operators to have specialised in a single sector of the market place – that of Ile-de-France office property–, and is offering developments of the highest standard adapted to the latest demands of business. Additionally, the Company's assets are 100% fully let. This choice of position is synonymous with performance and long-term profitability.

### DISTRIBUTION BY SIZE OF SURFACES COMMERCIALISED IN ILE-DE-FRANCE IN 2006

- **More than 5,000 m²: 42%**
- **From 3,000 to 5,000 m²: 10%**
- **From 1,000 to 3,000 m²: 22%**
- **Less than 1,000 m²: 26%**

*Source : CB Richard Ellis/Immostat*

**The strong demand for large surfaces comes from large companies spread over several sites requiring to regroup their services in one place for greater efficiency or reorganisations as a result of mergers /acquisitions. Of significant size, the properties of CeGeREAL correspond exactly to these requirements.**

**The premier European service sector hub**

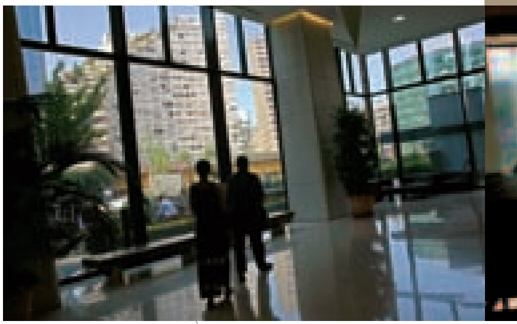
In concentrating its activity in the Ile-de-France, CeGeREAL has opted for a significant and stable market place. With 47.6 million of m² office space, the region constitutes the premier service sector hub in Europe, outstripping London (33.7 million m²) and other capital cities of the continent. With nine out of every ten transactions made a rental, the Ile-de-France is also the premier rental market place in Europe in terms of office property.

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 obtained in recent years, companies trading globally continue to do well, supported by overall global growth.

**A response to the need for large surface areas...**

CeGeREAL is positioned in the market place with a product adapted to today's business requirements. Its buildings are between 30,000 m² and 50,000 m² 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 region have been in excess of 5,000 m². In 2006, this percentage stood at a record level of 42%.

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



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EUROPLAZA ARCS DE SEINE RIVES DE BERCY

bring together their teams to work together. This is a result of markedly increased tendencies towards mergers/ acquisitions in the modern business world and the commitment by multi-site organisations to rationalise their real estate costs.

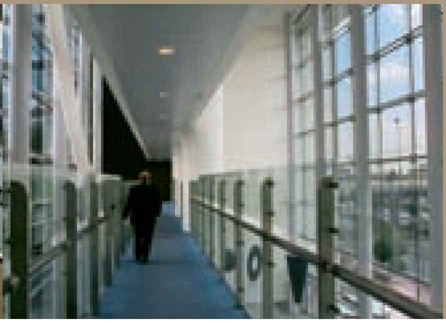
**Practical and flexible premises**

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 m² and work-station.

This arrangement corresponds, therefore, to the businesses requirement to rationalise set-up, which together with 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 (four transactions out of ten in 2006), the sector to which CeGeREAL's the three assets belong.

**The market forces for 2007 remain favourable**

The trends seen in 2006 should hold true during the full first six months of 2007. Analysts, among whose number are those at CB Richard Ellis, are projecting a favourable outlook in the office property market based on the volume and amount of demand expresses already seen in 2006 and which constitutes a sizeable gain. In addition, they forecast that the diminution of new and refurbished stock should continue during 2007. In consequence, it follows that average rentals will continue at a steady rate of growth and "prime" rentals should see more marked growth at the rate expected in large transactions. If forecasts for the end 2007 are more prudent it is as a result of the analysis key economic players are making given the presidential and legislative elections. However, analysts do say that one fact can be relied upon: take-up will see a slight dropping-off, but the scarcity of availability in the latest generation of new or refurbished property to international standards and situated in the most sought-after districts will continue. This strengthens once again the choice CeGeREAL has made to position itself in the very top end of the marketplace.



## ILE-DE-FRANCE TOP CITY IN EUROPE FOR OFFICE SPACE

**47,600,000 m²**

**By choosing Ile-de-France, CeGeREAL is positioned in the premier office property market in Europe.**

- **London: 33,700,000 m²**
- **Milan: 9,200,000 m²**
- **Brussels: 11,889,531 m²**
- **Frankfurt: 11,800,000 m²**
- **Amsterdam : 6,430,000 m²**

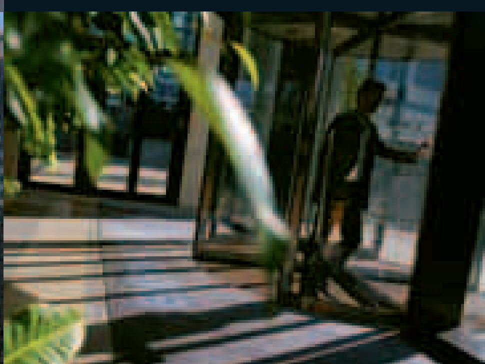
*Source: CB Richard Ellis*

**proximity** customer **loyalty** yield **transparency** dividends **openspace** open **space** area **high** standard **upscale** modularity **functionality** busin

# **EURO**PLAZA

Formerly known as Tour Septentrion, this complex comprises two 31- and 4-floor buildings 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 100% let.



## KEY FIGURES

- Valorization: 411.6 million euros net of tax*
- Price per $m^2$: 8,350 euros*
- Capitalization rate: 5.25%*
- Occupation rate: 97.95% in 2003, 100% in 2004, 99.4% in 2005, 100% in 2006
- Rental amounts as at 1st January 2007: 24 million euros

* Valorization effected by CB Richard Ellis as at 31/12/2006.

## 47,500 $m^2$ in the heart of the premier European Business Centre

Within easy reach of Paris, at La Défense are concentrated 3.5 million $m^2$ of office space, 1500 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 and EDF.

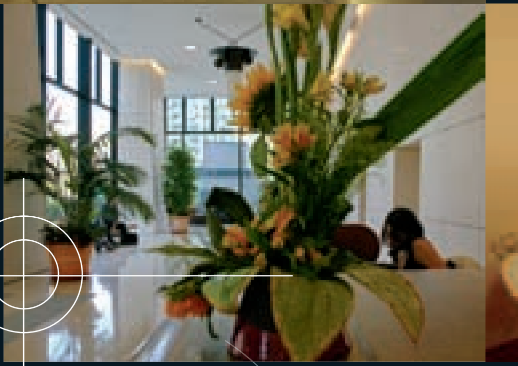
Highly accessible by general transport systems, the property is equally accessible by car given it is close to the La Défense ring road. The surrounding area has just been entirely renovated at the time of the construction of the new buildings whose neighbouring tower is called the Exaltis.

## THE SITE AND ITS SURROUNDING AREA

- Vast rental surface area: 49,322 $m^2$, comprising 47,567 $m^2$ office space, 1,755 $m^2$ storage space and parking areas.

## INTERIOR VIEW...

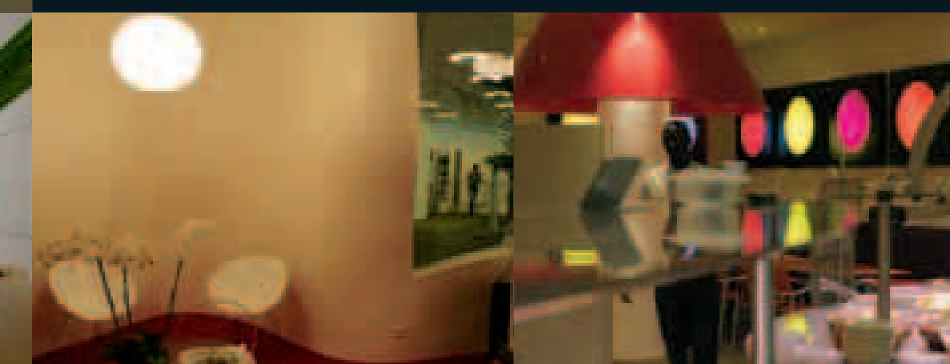
The monumental entrance hall to Europlaza bids a welcome entry into a world of importance and stylishness. Majestic chandeliers and contemporary art together along with comfortable armchairs greet the visitor. One of the two reception desks will orient the visitor to whichever tenant company he or she has come to see. The floors, each of 1,300 m² are very brightly lit throughout over their large surface area. From the windows, the occupants can see green spaces on one side and, on the other, the high-tech surroundings of La Défense. The non-stop atmosphere of the premier European business centre is all around.



# EUROPLAZA

## 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, GECapital, 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.



## GUIDED VISIT

• Excellent general condition, the premises conform to the latest standards of safety and comfort: fire prevention, video-surveillance, air-conditioning...

• Extensive modularity, with office space which can be configured to meet tenants' needs.

• 1,300 m² available on each floor which can be left entirely open-plan or, as some tenants have opted for, can be furnished with a bright, clear central hall off which office space has been partitioned.

• Amenities in keeping with the expectations of major corporations.

• An auditorium.

• A popular business restaurant conceived in bright colours by the well-known architect Alberto Pinto and comprising different sector according to menu. Top-quality private dining rooms, which can be changed in size decorated also by Pinto and where tenants can entertain their guests. A snack-bar and a fast-food cafeteria complete dining arrangements.

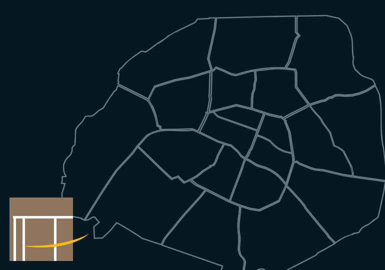
• An administrator and two staff ensure that tenants' observations and concerns are dealt with round-the-clock.

• There is a gym with sauna staffed by a monitor.

**proximity** customer **loyalty** yield **transparency** dividends **openspace** open **space** area **high** standard **upscale** modularity **functionality** busin

# ARCS DE SEINE

This development is highly attractive architecturally and comprises three 5-, 7- and 8-floor buildings 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.



## KEY FIGURES

- Valorization: 363.7 million euros net of tax*
- Price per m²: 8,055 euros*
- Capitalization rate: 5.35%*
- Occupation rate: 100% over the last three years
- Rental amounts: 22.4 million euros

* Valorisation effected by CB Richard Ellis as at 31/12/2006.

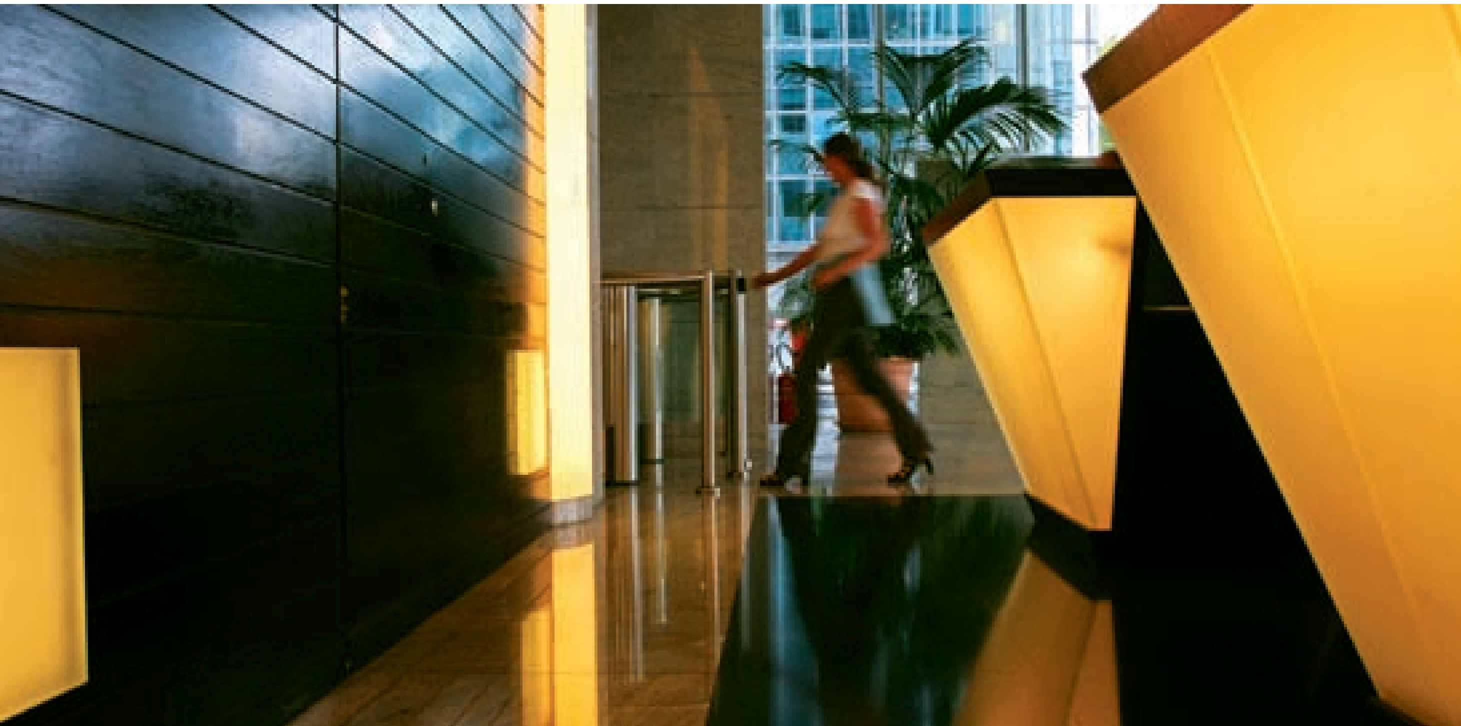
## 42,000 M² AT THE GATES OF PARIS

Close neighbour to Paris, Boulogne-Billancourt, second city in the Ile-de-France region 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.

## THE SITE AND ITS SURROUNDING AREA

- Three separate buildings of 25,547 m², 10,571 m² and 9,033 m².
- The complex is visible in the distance and easily recognisable from the Seine thanks to its original architectural design in the form of an arc.
- Arcs de Seine is situated at the gates of Paris in the centre of the sector linking Boulogne-Billancourt and Issy-les-Moulineaux on which the largest media corporations and the giants of information technology and communications have set their headquarters. The recent installation of Microsoft across the Seine is proof of this.

Accessibility is by metro, bus and tramway, and the quarter Point-du-Jour where Arcs de Seine is situated is linked to the Paris ring road, and to the Seine, which again allows speedy access to the centre of Paris river embankments.



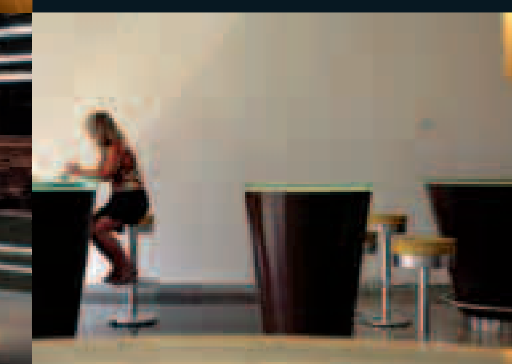
## A FURTHER BONUS FOR ARCS DE SEINE

At the initiative of Bouygues Télécom, principal occupant of the whole building, the auditorium of the Arcs de Seine has received its Health and Safety classification (Establishment Receiving Public, ERP). This corporation hopes to hold in the auditorium presentation events open not only to its internal population, but also to members of the general public. This requires both compliance with exacting safety regulations, in particular in fire safety and prevention and approval of the municipal bodies This is an added advantage enhancing the attraction of the complex. This is testimony to the high standing of the relations CeGeREAL attains in looking after its tenants: Bouygues Télécom, which has financed the work, chose the company A&PM, co-manager of the building, as assistant project manager for the development.

# ARCSDESEINE

## TENANTS

Arcs de Seine is occupied by the 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.



## GUIDED VISIT

• The highest quality in office design: each floor planned to provide the most functional configuration of the space as well as to permit the installation of vast areas for open plan organisation or equally partitioned.

• Modularity of surface area in line with user requirement.

• Excellent condition of the premises, offering the highest conditions of comfort and safety: air conditioning, video-surveillance, etc.

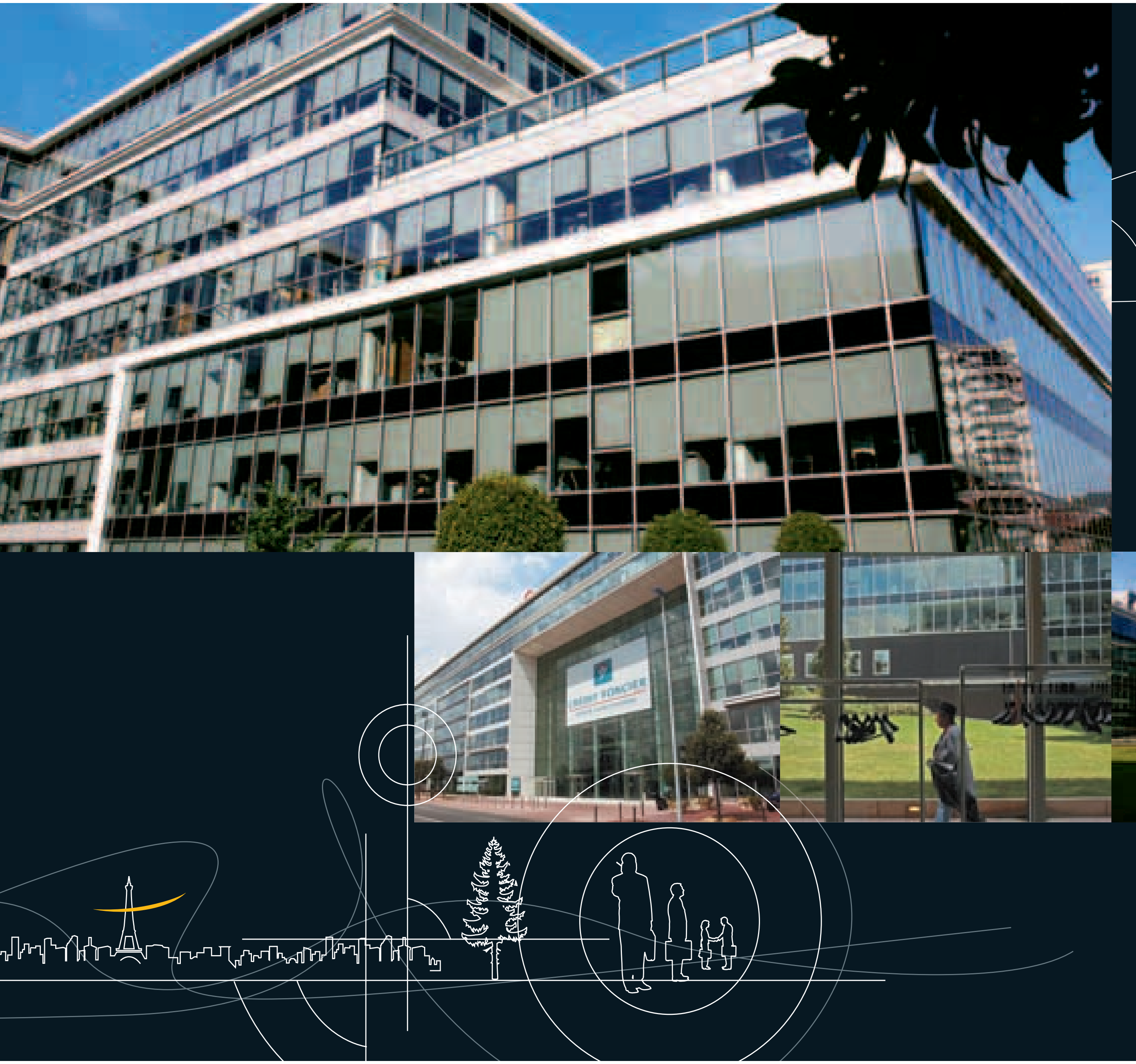
• Amenities of the highest standards: auditorium, meeting rooms

• Inter-company restaurant decorated by the well-known interior designer Alberto Pinto, directors' restaurant and snack-bar.

• 24-hour building administrator to manage any small day-to-day concern which might arise throughout a complex of this size

## INTERIOR VIEW...

The recent construction or redevelopment of the three Arcs de Seine buildings are evident immediately to anyone entering the first building. The atmosphere is a mixture of the modern and the high-tech and provides the best of working conditions. On each floor and in the heart of the inter-company restaurant situated on the ground floor, the occupants enjoy a cascade of light. From one side of the building, an outstanding view of the Seine delights, from the other, tranquillity and calm reside in the lush private gardens.



proximity customer loyalty yield transparency dividends openspace open space area high standard upscale modularity functionality busin

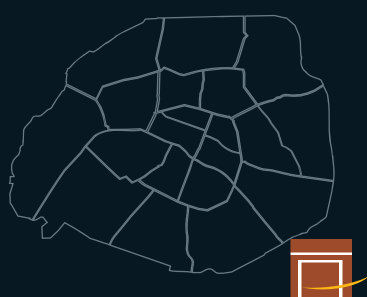
# RIVES DE BERCY

The Company acquired this 7-floor complex in September 2001, at the commencement of building phase. 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.

## KEY FIGURES

• Valorization: 187.7 million euros net of charges*
• Price per m²: 5,875 euros*
• Capitalization rate: 5.35%*
• Occupation rate: 100% from outset
• Rental amounts: 11.28 million euros

* Valorisation effected by CB Richard Ellis as at 31/12/2006



## 30,000 M² IN A QUARTER OF RISING VALUES

For a long time centred on the West, the economic development of the Ile-de-France region 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.

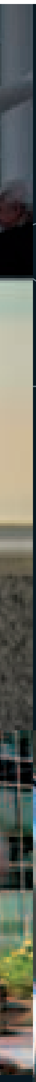
## THE SITE AND ITS SURROUNDING AREA

• A vast surface area: 31,942 m², with two basement levels providing 657 parking spaces, the whole in grounds of 16,374 m².

• Rives de Bercy is situated in one of the new service sector hubs at Charenton-le-Pont, a city which counts among its large corporations Natixis, Essilor and CSC Peat Marwick.
The property is situated within close proximity of Paris, close to the embankments of the Seine, and the A4 motorway as well as close to a metro railway line.

• High standard of architecture: the buildings comprise different wings linked by suspended walkways and a reception hall of monumental proportions giving onto the Quai de Bercy.

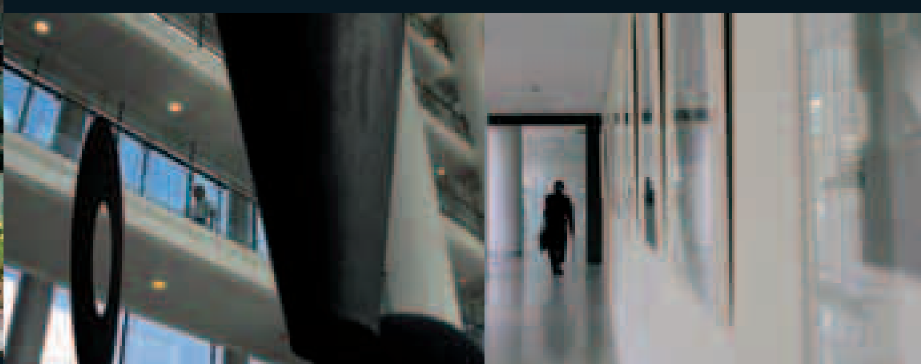
ds openspace open space area high standard upscale modularity functionality businesses tertiary quality visibility accessibility services comfo



# RIVES DE BERCY

## 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.



## GUIDED VISIT

- A vast surface area: 31,942 m², with two basement levels providing 657 parking spaces, the whole in grounds of 16,374 m².
- 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.
- 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.

## INTERIOR VIEW...

Unalloyed modernism: the newest of the three property complexes owned by CeGeREAL is completely in tune with the spirit of our times especially with regard to its interior atmosphere. Brightly lit floors provide a peaceful view over the nearby Seine or across the Japanese interior garden planted by Crédit Foncier and which is synonymous with stylish tranquillity.

# Our letting policy
## aimed at long term returns

With the intention of securing its income, CeGeREAL has set out a rental management policy committed to the long term. It is our aim to sponsor a clientele of high profile tenants and to be the best in meeting their requirements in order to enhance their continued loyalty.

**Letting to key players in the economy**

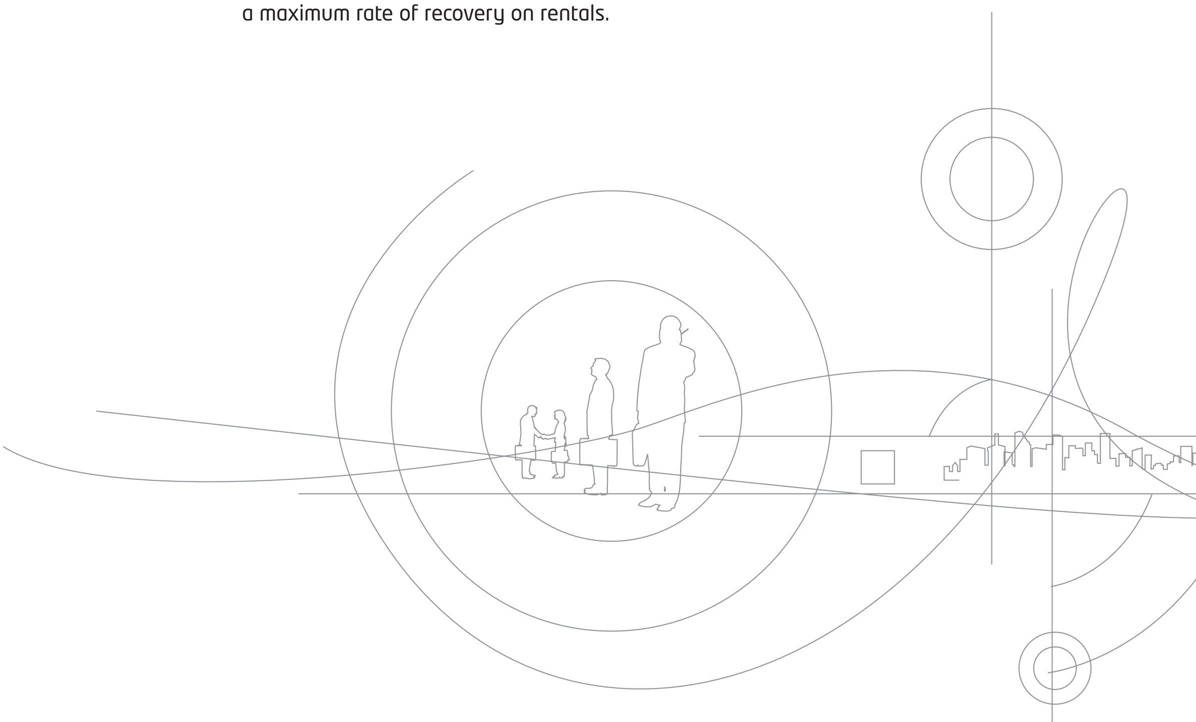
Bouygues Telecom, Le Crédit Foncier, Cap Gemini France, Cap Gemini Telecom & Media, GE Capital, TF1...

CeGeREAL is dedicated to take-up with tenants of the highest profile amongst the market leaders of their sectors of activity. These tenants are major national or international corporations who are likely to have very little risk of default.

This policy guarantees the Company a maximum rate of recovery on rentals.

**Commercial leases without nasty surprises**

Wherever possible, CeGeREAL tends towards the conclusion of commercial leases with, as is often the case, long term end dates of six or nine years. These latter, moreover, provide for the transfer to the tenant the whole of the operating costs and the upkeep along with the costs of certain repairs. In the same way, associated property asset taxes due are passed on to the tenants.



### Expiring leases: a finely balanced spread

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.

The risk for CeGeREAL from unlet surfaces is minimised. 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.

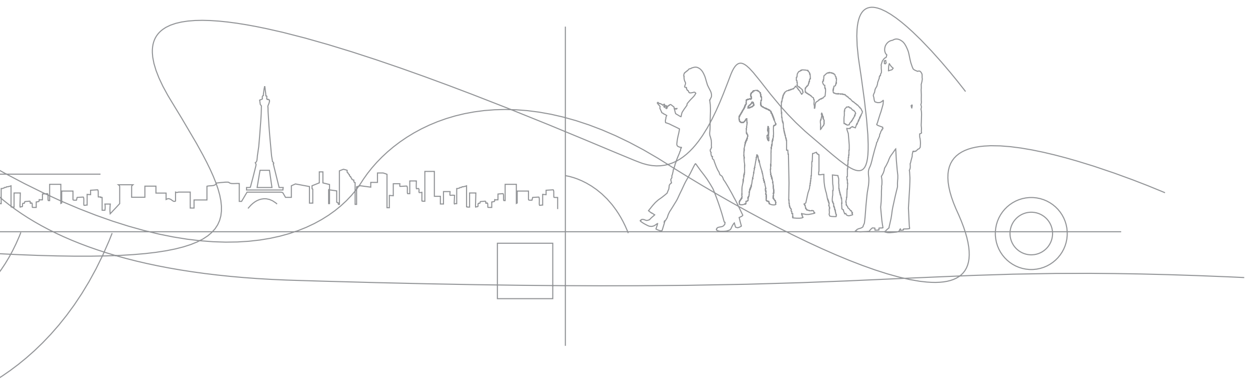
### A close relationship with every tenant

With a view to ensure the best rates of occupation for its properties in the long term, CeGeREAL has put at the core of its rental policy the quality of its client relationships. The Company's watchwords 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 as they arise.

### Planning ahead means for greater client satisfaction

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. Therefore, CeGeREAL is able to anticipate and to offer them solutions which correspond to their needs and future plans.



# Optimising **management Costs**

CeGeREAL has elected to devolve its asset and rental management functions on CGI and on a specialist within "*Property Management*", who has been fulfilling this role for the three properties for several years. This strategy allows CeGeREAL to take advantage of expertise second to none while optimising operational costs.

**Asset Management: expert backing from CGI**

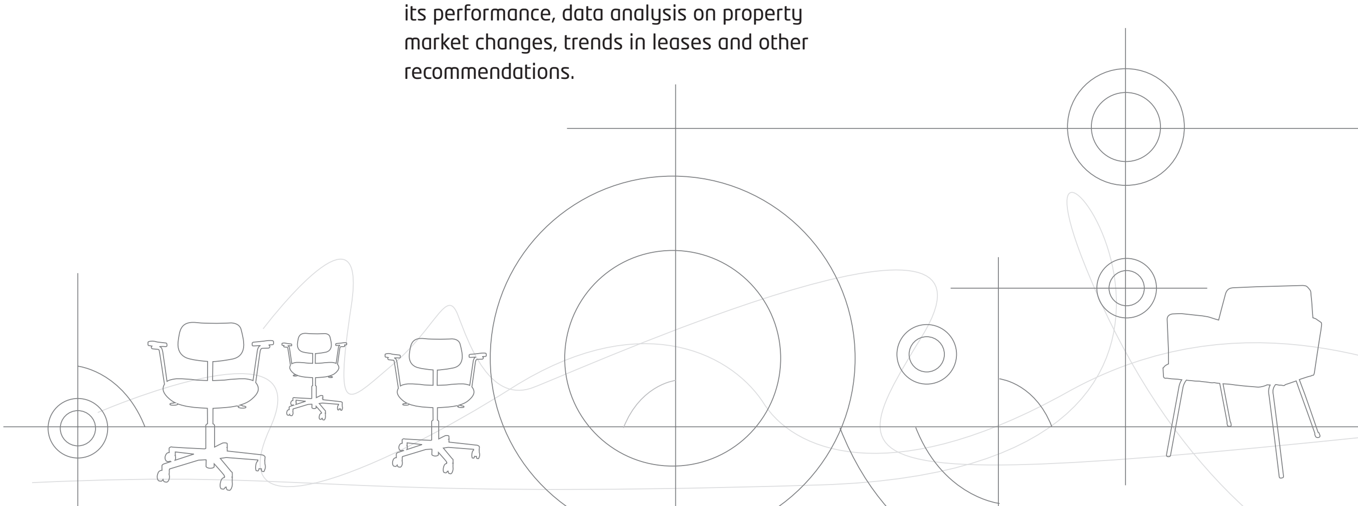
In terms of asset management, CeGeREAL is backed by its parent company, CGI. This solution allows it to profit from economies of scale and to benefit from CGI's in-depth knowledge of and expertise in the Ile-de-France marketplace, and also from the reactivity of its commercialization and management teams.

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 specifically 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.

In addition, the contract with CGI provides for 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.

**Rental Management: backing from a historical partner**

Likewise, CeGeREAL is outsourcing the technical 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 and who, therefore, have a thorough

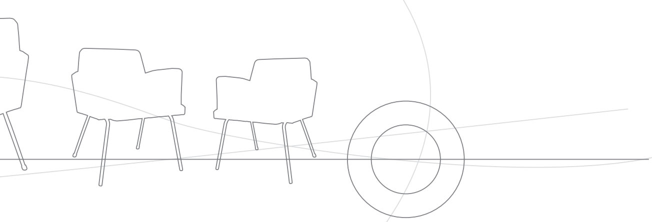


ds **openspace** open **space** area **high** standard **upscale** modularity **functionality** businesses **tertiary** quality **visibility** accessibility **services** comfo understanding of the background and an excellent knowledge of the tenants in each building. As a result, CeGeREAL can roll up the costs of the rental management into the operational costs of the buildings charged to the tenants.

Included specifically 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.



## PARTNER

**A&PM is a private company created in 1999, the majority shareholder being Groupe Financière Duval. This is an existing capital structure which engages in the business of property development by means of holding majority shareholdings. A&PM along with its sister company Irimmo are among the foremost property management companies based in Paris and, today, they premises manage of the order of 3,000,000 m² throughout France. The group currently numbers 80 employees and turns over in the region of 470 million euros per year on a portfolio of more than 6.5 billion in value.**

**The depth of this property portfolio has 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's tenants.**

# Creating value
# for our shareholders

CeGeREAL strategy comprises two key principals: to maximise asset capital value 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 guarantee in the long term the returns on its capital. This goal is achieved by the pursuit of a proactive and selective rental policy, by assuring excellent occupation and rent collection rates, and by the optimisation of rentals contingent on growth in the Ile-de-France market place. 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.

With regard to further acquisition, in-force German legislative regulations governing assets held on behalf of a property equity fund prevent it from acquiring more than three property complexes.
On 25th April 2007, the German Government published a proposal aimed at changing German law on investments and on German investment funds. This proposal will bring to an end the restriction imposed on CeGeREAL allowing it to hold more than three property assets.

Within the terms of the proposal and with regard to its risk profile, the shareholding of one equity fund in any single property company should not exceed a projected 30% of the total value of that fund.
The proposal currently debated is the result of a cooperation between the German government and German equity funds.
At time of writing, German equity funds are hoping that this proposal will be adopted as draft legislation in April 2007 and that the new law will come into force at the end of 2007.

Should the proposals of the discussion document be voted through and from the time these amendments are applied to the equity funds of HAUS INVEST EUROPA (on whose behalf, CGI, the company's majority shareholder, holds its shareholding in the company), the removal of the bar on CeGeREAL from holding more than three property assets should allow the company to widen its property portfolio.

## Further Information

- Relation with shareholders:
  Ralf Schwarzer
  **Ralf.Schwarzer@cegereal.com**
  Tel.: +49 611 710 51 27
  www.cegereal.com
- Simplified document available on the Internet site of CeGeREAL.

### A goal of 4.5% of the revalued net asset (net of IFRS taxation) in dividend

Confident in its strategy, CeGeREAL aims to guarantee a level of raised distributions to its shareholders, which will also be facilitated by its 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 will attain dividends of the order of 4.5% of its revalued net asset (net of IFRS taxation).

### A commitment to transparency

CeGeREAL is committed, moreover, to develop a transparent relationship with its shareholders. To do this, in addition to this annual report, the Company has made available to them an Internet site and will meet on a regular basis the main investors.

## Measures for sustainable long-term development

**The business of the company has no direct adverse impact on the environment.**

**In each of the company's three properties, management systems have been adapted in order to effect optimal solutions and practices which best manage the properties in accordance with a sustainable development strategy.**

**The company A&PM, managing the properties, has implemented a charter for sustainable development. Namely:**

**• better prevention against and managing of likely risk (flood, fire, theft, etc.,) in the managed properties, for the management personnel and tenants by means of audits and information communicated to the occupants. Additionally, A&PM will analyse and verify all regulatory and applicable legislative changes either currently in force or to come into force in the future and ascertain their likely effects on the properties;**

**• commitment to environmental protection in terms of energy efficiency (implementation of energy saving measures, thermal insulation, etc.,), to pollution prevention (recycling of rubbish, reduction in the use of chemically toxic products, etc.,) and to improving the quality of life and the safety of the personnel (asbestos, lead, water quality, Legionnaires' Disease...). BT award for energy efficiency!**

**This charter goes some way to facilitating the best response to the demands for sustainable development of those involved in the take-up of CeGeREAL and, importantly, to the sustainable increase in worth of the Company's capital.**

# Summary **financial results**

## SIMPLIFIED FINANCIAL DATA

### Annual Financial Statements

| ASSETS in thousands of euros | Dec 31, 2006 | March 31, 2006 |
|---|---|---|
| Investment property | 848 073 | 621 136 |
| Deposits paid | 602 | 19 |
| **Fixed assets** | **848 675** | **621 155** |
| Accounts receivable | 19 499 | 12 160 |
| Other receivables | 12 065 | 16 655 |
| Cash and cash equivalent | 31 254 | 34 303 |
| Prepaid expenses | 2 108 | 2 794 |
| **Other assets** | **64 926** | **65 912** |
| **TOTAL ASSETS** | **913 601** | **687 067** |

| EQUITY AND LIABILITIES in thousands of euros | Dec 31, 2006 | March 31, 2006 |
|---|---|---|
| Share capital | 160 470 | 160 470 |
| Merger premium and retained earnings | 57 739 | 61 327 |
| Revaluation reserve | 181 916 | |
| Net income for the period | 32 401 | (3 588) |
| **Shareholders' equity** | **432 526** | **218 209** |
| Loss and contingency provisions | | 53 127 |
| Financial debt | 381 519 | 381 120 |
| Other liabilities | 99 556 | 34 611 |
| **Liabilities & provisions** | **481 075** | **468 858** |
| **TOTAL EQUITY AND LIABILITIES** | **913 601** | **687 067** |

| INCOME STATEMENT in thousands of euros | Dec 31, 2006 9 months | March 31, 2006 3 months |
|---|---|---|
| Rents | 43 408 | 14 344 |
| Operating income | 16 231 | 726 |
| Net financial result | (11 494) | (4 830) |
| Corporate income tax | 27 664 | 516 |
| **NET RESULT** | **32 401** | **(3 588)** |

## IFRS Accounts

| ASSETS in thousands of euros | Dec 31, 2006 IFRS Accounts | March 31, 2006 IFRS Accounts | Dec 31, 2005 IFRS Accounts |
|---|---|---|---|
| Investment property | 963 000 | 867 560 | 854 960 |
| Other non-current assets | 4 479 | 5 457 | 5 452 |
| **Non-current assets** | **967 479** | **873 017** | **860 412** |
| Accounts receivable | 19 496 | 12 387 | 14 961 |
| Other operating receivables | 10 215 | 14 963 | 6 914 |
| Cash and cash equivalents | 31 254 | 37 040 | 35 016 |
| **Current assets** | **60 964** | **64 390** | **56 891** |
| **TOTAL ASSETS** | **1 028 443** | **937 407** | **917 303** |

| EQUITY AND LIABILITIES in thousands of euros | Dec 31, 2006 IFRS Accounts | March 31, 2006 IFRS Accounts | Dec 31, 2005 IFRS Accounts |
|---|---|---|---|
| Capital | 160 470 | 160 470 | 160 470 |
| Merger premium and retained earnings | 277 349 | 184 436 | 142 527 |
| Net income for the period | 117 418 | 98 090 | 41 909 |
| **Shareholders' equity** | **555 237** | **442 996** | **344 906** |
| Non-current liabilities | 419 402 | 438 967 | 380 333 |
| Current Borrowings | | | 164 480 |
| Other current liabilities | 53 804 | 55 444 | 27 584 |
| **Liabilities** | **473 206** | **494 411** | **572 397** |
| **TOTAL EQUITY AND LIABILITIES** | **1 028 443** | **937 407** | **917 303** |

| PRO FORMA INCOME STATEMENT in thousands of euros | Dec 31, 2006 9 months | March 31, 2006 3 months | Dec 31, 2005 9 months |
|---|---|---|---|
| Net rental income (*) | 37 532 | 12 794 | 39 390 |
| Change in the fair value of investment property | 95 419 | 12 600 | 40 638 |
| Operating income | 131 158 | 22 320 | 79 551 |
| Net financial result | (13 766) | (18 948) | (14 351) |
| Tax expense | 26 | 94 718 | (23 291) |
| **NET RESULT** | **117 418** | **98 090** | **41 909** |

*(*) Rent + other services - building related costs*

# FINANCIAL REPORT

# BOARD OF DIRECTORS' REPORT

## TO THE JUNE 6, 2007 GENERAL MEETING OF SHAREHOLDERS
## FISCAL PERIOD ENDED AT DECEMBER 31, 2006

Dear Shareholders,

We have, in compliance with the law and the provisions of our bylaws, convened you to a general meeting for the purpose, in particular, of requesting that you rule on the financial statements of the fiscal period ended at December 31, 2006.

The convocations to this meeting were duly issued.

The documents provided for by the regulations in force were sent or made available to you within the periods provided therefore.

In particular, the purpose of this report is to present you with our company's situation (Articles L. 225-100 and L. 232-1).

We inform you that the fiscal period in relation to which we are about to ask you to approve the financial statements lasted nine months, while the preceding fiscal period lasted 3 months. The quantified comparisons contained in this report take that time difference into account.

At December 31, 2006, the company prepared its financial statements in compliance with the accounting principles generally accepted in France and its pro forma financial statements in compliance with the IAS / IFRS international accounting standards.

We inform you that there has been a change in the evaluation method since the previous fiscal period.  In effect, at the same time as it opted for the SIIC regime, the company revaluated its fixed assets at April 1, 2006.  The realty complexes were revaluated at the market value on the basis of an appraisal carried out in March 2006 by an independent expert. The buildings owned were valuated according to the hardcore capitalization method, which essentially consists of the capitalization of the market rent and takes the differential between the effective rent and the market rent into consideration. They are valuated excluding tax.

## 1. THE ACTIVITY (ARTICLE L. 232-1)

The company's corporate accounts show a sales turnover of K EUR 43,408 and a result of K EUR 32,401, against a loss of K EUR 3,588 for the preceding fiscal period.

We request that you approve these financial statements. (Article L. 225-100).

### 1.1 Comments on the company's activity during the previous fiscal period:

**a) The company's situation and activity during the fiscal period (Article L. 232-1)**

We would like to remind you that your company's main activity is to manage the three realty complexes known by the name of Europlaza (located at 20, avenue André-Prothin, 92927 Paris-la-Défense, France), Arcs-de-Seine (located at Quai du Point-du-Jour, 92100 Boulogne-Billancourt, France), and Rives de Bercy (located at 4, quai de Bercy, 94220 Charenton-le-Pont, France), of which it is the owner.

No major vacancies were noted in the realty complexes for the fiscal period ended at December 31, 2006. The tenants are nationally and internationally famous companies. The average annual rent is EUR 424.33 per m² for the office space, EUR 920.33 per unit for the parking places and EUR 223.24 per m² for the other premises. The leases entered into with the tenants are commercial leases and generally have nine-year terms.

The company opted, in compliance with what it had announced, to benefit from the SIIC regime, which became applicable on April 1, 2006. That option allows the company to benefit from a company income tax exemption with respect to the revenue earned from its realty assets and any transfers of buildings whenever the company distributes at least 85% of the profits earned from leasing the buildings and 50% of any capital gains realized on building transfers.

In the event that the company drops the SIIC regime within 10 years from choosing it, the company will be bound to pay additional corporate income tax on any capital gains that have already been taxed at the reduced rate of 16.5%.

The Amended 2006 Finance Act also stipulated that, in order to benefit from the SIIC regime, 60% or more of the share capital or voting rights must not be held by one or several entities acting jointly in the meaning of Article L. 233-10 of the *Commercial Code*. The companies in question have until December 31, 2008, to comply with that new condition. At today's date, the company is verifying with the tax authorities whether the new condition for the application of the SIIC regime could be applied to it insofar as COMMERZ GRUNDBESITZ INVESTMENTGESELLSCHAFT mbH (CGI), its main shareholder, which holds more than 60% of the share capital, holds said shares in the name and on behalf of the bearers that hold shares in the fund hausInvest europa.

In the event that the tax authorities consider that CGI's holding more than 60% of CeGeREAL's share capital could make it lose the benefit of the SIIC regime, CGI will, by December 31, 2008, decrease its shareholding to below the legal threshold of 60%.

In addition, the Amended 2006 Financial Act provides that SIICs pay a 20% levy on the dividends distributed to shareholders other than individuals that hold at least 10% of the dividend rights in said SIICs and that are not subject to corporate income tax or an equivalent tax on the dividends received. The levy is not made whenever the beneficiary of the distribution is a company bound by an obligation to distribute all the dividends that it receives, however.

That regime is applicable for any distributions to be paid on or after July 1, 2007.

At today's date, a preliminary analysis of the texts leads one to consider that CeGeREAL would not need to pay the 20% levy on its dividend distributions.

Discussions with the tax authorities are underway with a view to obtaining more information on that issue.

To be able to benefit from that option, the company paid a 16.5% exit tax on the latent capital gains that existed at April 1, 2006, on its realty assets. Said exit tax was K EUR 89,967 and 25% of that amount will be paid each year over the coming four fiscal years. The first payment took place on December 15, 2006.

As the company has, in its financial statements, revaluated its buildings, bringing them to the market value at April 1, 2006, and the exit tax has been offset against the revaluation reserve, the registration of said tax is not subtracted from the company's fiscal period result.

**b) Foreseeable evolution (Article L. 232-1)**

In 2007, the company is contemplating carrying out water-tightness work on a platform of the EUROPLAZA building.

In particular, said work will involve the Building A platform located above the premises leased by CAPGEMINI.

After carrying out a call for tender, the company's board of directors, in its March 26, 2007 meeting, selected SNA to carry out said work in exchange for the sum of approximately EUR 455,919. The company will benefit from the "ten-year guarantee." The work will take around 14 to 15 weeks.

**c) Significant events that have occurred since the date at which the annual accounts were settled, i.e., December 31, 2006 (Article L. 232-1)**

No significant events have occurred since the date of the settling of the annual accounts.

**d) Research and development activities (Article L. 232-1)**

We would like to remind you that the company did not undertake any research or development programs during the last fiscal period.

**e) Progress made (D. 148)**

The company's activity is stable.

**f) Difficulties encountered (D. 148)**

The company did not encounter any special difficulties during the nine-month period ended at December 31, 2006.

**g) Future prospects (D. 148)**

CeGeREAL is a realty company held by CGI, its majority shareholder, on behalf of the fund hausInvest europa. CeGeREAL, as a subsidiary of CGI, is indirectly subject to certain provisions of German law applicable to CGI with respect to German investments and investment funds.

In particular, in the meaning of the German regulations, as long as CGI does not modify the characterization of its investment in the company from "shareholding in a realty company" to "shareholding in companies of which the shares are listed on a European stock market," the number of assets that the company can hold is limited to three.

On January 18, 2007, however, the German finance minister published a draft for discussion with a view to amending German legislation relating to German investments and investment funds (the "**draft for discussion** "). The draft for discussion would lead to canceling the restriction on CeGeREAL's holding more than three realty assets. In the terms of the draft for discussion, depending on its risk profile, a fund's shareholding in any one realty company may not, in the future, be more than 30% of the total value of said fund. The German government and German funds are currently discussing said draft for discussion. At today's date, the German funds hope that the draft for discussion will be introduced as bill in April 2007 and that the new regulation will be adopted in October or November of the same year*.

In the event that the suggestions contained in the Bill are passed and once the corresponding amendments are applied to hausInvest europa (on behalf of which CGI, the majority shareholder, holds its stake in the company), the cancelation of the restriction on CeGeREAL's holding more than three realty assets will allow the company to increase its realty portfolio.

**h) Objective and exhaustive analysis of the company's business, results and financial situation (Article L. 225-100)**

### 1. SIGNIFICANT EVENT THAT OCCURRED DURING THE NINE-MONTH PERIOD ENDED AT DECEMBER 31, 2006

**1.1 Early closing of the fiscal period**

In compliance with the resolutions of the February 20, 2006 ordinary general meeting, the fiscal period that began on April 1, 2006, ended on December 31, 2006. The result of that period covers nine months, against the three-month period previously ended at March 31, 2006.

In the financial statements presented below, the length of the fiscal year ended at December 31, 2006, is nine months, as opposed to three months for the fiscal year presented in comparison. The information comparing the April 1 – December 31, 2006 period, i.e., nine months, is not presented because it is not comparable to that of 2006 presented for the same period. In effect, Commerz Grundbesitz France E.U.R.L. (which has become CeGeREAL) absorbed (i) CG Arc de Seine E.U.R.L. with a retroactive effect to January 1, 2005, and (ii) Commerz Grundbesitz (II) France E.U.R.L. with retroactive effect to October 1, 2005, absorptions that burder the comparison.

The company presented, in its pro forma IFRS accounts, comparative information for the nine month periods ended at December 31, 2006 and 2005. Most of the information presented for the nine-month period ended at December 31, 2005, was obtained by prorating the pro forma IFRS result for the twelve-month period ended at December 31, 2005. The company deemed that assumption reasonable, in particular because of:

- the lack of variations in the number of buildings held by the complex in the 2005 fiscal year;
- the insignificant nature of the buildings' vacancy rates acknowledged for the 2005 fiscal year;
- the fact that the rent indexations are not at fixed dates but take place throughout the year according to the anniversary dates of the lease agreements;
- the low volume of general expenses and their recurrent nature;
- the low variation in the loan interest rates noted in the 2005 period.

**1.2 Option for the SIIC regime**

During said period, the company opted for the SIIC regime by retaining the first date of the fiscal period, i.e., April 1, 2006, as the effective date thereof. The accounting effects of opting for said regime were appraised differently according to the normative referential retained. Thus, in the pro forma IFRS accounts, the consequences were anticipated from the accounts ended at March 31, 2006, while, pursuant to French accounting rules, the effects are acknowledged for the fiscal period that began on April 1, 2006.

### 2. FINANCIAL STATEMENTS FOR THE 9-MONTH PERIOD ENDED AT DECEMBER 31, 2006

The financial statements for the nine-month period ended at December 31, 2006, were prepared according to the French accounting principles applicable to individual accounts.

In the absence of subsidiaries and shareholdings, the company did not draw up any consolidated accounts.

**On 25th April 2007, the German Government published a proposal aimed at changing German law on investments and on German investment funds. This proposal will bring to an end the restriction imposed on CeGeREAL allowing it to hold more than three property assets. At time of writing, German equity funds are hoping that this proposal will be adopted as draft legislation in April 2007 and that the new law will come into force at the end of 2007*

The financial statements at March 31, 2006, presented in comparison, related to a three-month period. The accounts of that fiscal period contained nonrecurring elements linked to both the company's listing on the stock market and the refinancing of its debt.

**2.1 Financial situation / financial statements**

The shareholders' equity, which was K EUR 219,209 at the first day of the fiscal period, was K EUR 432,526 at December 31, 2006. That increase follows from setting up a revaluation differential of K EUR 181,916 emanating, in particular, from a revaluation of the fixed assets carried out when the SIIC regime began, as well as the profit generated for the period, i.e., K EUR 32,401. The effects of opting for the SIIC regime on both the financial situation and the income statement are described in Paragraph "Impact of the SIIC regime" below.

Availabilities were K EUR 31,254 at December 31, 2006, down by K EUR 3,050 over the period.
In principle, that drop was linked to:

- the first payment, i.e., K EUR 22,492, of the exit tax.
- the K EUR 7,358 increase in the trade account receivables. The trade account receivables are essentially made up of the invoices issued with respect to the first quarter of 2007 that the tenants had not paid at December 31, 2006. At today's date, the main part of the invoices in question has been settled and do not present a significant risk of outstanding debts.
- the K EUR 2,413 decrease in the trade notes and accounts payable. The decrease in the trade notes and accounts payable is notably due to the fact that nonrecurring expenses linked to the stock listing and company refinancing, which was provisioned at March 31, 2006.
- The K EUR 24,261 in cash flow capacity generated during the last nine months.
- the K EUR 4,589 increase in other receivables. The other receivables mainly correspond to the 2006 rental charges that will be paid off when preparing the annual charges in 2007 and proceeds to be received linked to the rent-free period that will decrease in a straight line over the firm term of the leases in question.

**2.2 Result of the period / financial statements**

The result of the period represents a profit of K EUR 32,401. The main aggregates that compose it are:

Operating proceeds (K EUR 43,491)

- The period's sales turnover was K EUR 43,408. That figure is mainly made up of rent and complies with expectations, given the lack of significant vacancies noted in the three buildings that the company held during the period.

Operating charges (K EUR 27,260)

- The other purchases and external charges represent K EUR 5,144 and are essentially composed of fees, of which approximately one half corresponds to asset management services. The other half is mainly constituted of insurance premiums, building upkeep expenses that were not invoiced to tenants and various fees.
- The financial statements at March 31, 2006, presented as a comparison, included K EUR 6,739 in nonrecurring expenses, corresponding to the costs of the stock market listing and the refinancing.
- The depreciation allocation was K EUR 19,507, of which K EUR 4,630, which corresponds to the additional depreciation subsequent to the revaluation of the fixed assets.

On the basis of the operating elements described above, the period's operating result was K EUR 16,231.

Financial results (K EUR 11,495)

- The financial result comprises K EUR 12,316 in interest expenses and K EUR 821 in financial proceeds. It does not include any nonrecurring elements and corresponds to the level expected.
- The financial statements at March 31, 2006, presented as a comparison, included K EUR 1,035 in nonrecurring expenses.

Extraordinary results

- The period's extraordinary result was K EUR 2, corresponding to operations on the company's own shares.

Corporate income tax (K EUR 27,664)

As a consequence of the application of the SIIC regime from April 1, 2006, and considering that all the company's activity is generated by leasing realty complexes, no income tax was noted for that period.

- The K EUR 27,664 in tax proceeds generated in the period result from the application of the SIIC regime option in the corporate accounts. The effects of the change to said regime are described in Paragraph "Impact of the SIIC regime" below.

**2.3 Impact of the SIIC régime**

The main effects of the option of the SIIC regime are:

- the payment of the exit tax, equal to 16.5% of the difference between the market value of the revaluated assets and their tax value, to be paid in four installments on December 15, 2006, 2007, 2008 and 2009;
- the tax exemption of the profits in exchange for complying with the conditions listed in the previous paragraph.

Furthermore, when changing to the SIIC regime, the company decided to revaluate its fixed assets.

Given the principles announced, the main effects on the December 31, 2006 balance sheet are the following:

- K EUR 246,424 revaluation in the gross value of the buildings;
- Acknowledgment of the K EUR 89,968 exit tax debt (not updated);
- Payment of K EUR 22,492 as the first installment of the exit tax debt;
- Reinstatement of the K EUR 53,126 in the provisions for taxes previous recorded at the time of the mergers benefiting from the favorable merger regime referred to in Article 210 A of the *General Tax Code*;
- Acknowledgment of the K EUR 181,916 in the revaluation reserve, which corresponds to:

- the amount of the revaluation of the gross value of the buildings, i.e., K EUR 246,424
- with deduction of the K EUR 89,968 in exit tax
- a portion (K EUR 25,460) of the reinstatement of the provision for taxes previously recorded was added to the revaluation reserve.

The main effects on the income statement for the nine-month period ended at December 31, 2006, are:

- Reinstatement of a part (K EUR 27,666) of the provision for taxes previously recorded. That part corresponds to the differential of the corporate income tax rate (34.33%) and the 16.5% rate granted for the SIIC regime. That reinstatement constitutes proceeds, recorded in "corporate income tax";
- Additional allocation linked to the revaluation of the fixed assets as indicated above, which generated a charge of K EUR 4,630.

## 3. PRO FORMA IFRS ACCOUNTS FOR THE FISCAL PERIOD ENDED AT DECEMBER 31, 2006

The pro forma financial statements at December 31, 2005, presented as a comparison, related to the April 1 – December 31, 2005 period (i.e., nine months). The pro forma financial statements at March 31, 2006, also presented as a comparison, related to the January 1 – March 31, 2006 period (i.e., three months).

The pro form financial statements at March 31, 2006, contained nonrecurring elements linked to:

- listing the company on the stock market
- opting for the SIIC regime

As the effects of opting for the SIIC regime were recorded in the pro forma accounts at March 31, 2006, the pro forma accounts at December 31, 2006, do not include any nonrecurring elements generated by the change in the fiscal regime.

### 3.1 Financial situation

The shareholders' equity, which was K EUR 442,996 at the first day of the fiscal period, was K EUR 554,248 at December 31, 2006. That increase mainly resulted from the profit generated over the period, i.e., K EUR 94,450 and a K EUR 4,960 retreatment linked to in tax perimeter.

As the effects of opting for the SIIC regime were recorded in the pro forma accounts at March 31, 2006, the financial statements presented hereinafter do not include any nonrecurring elements generated by the change in the tax regime.

### 3.2 Comparison of the result of the annual accounts with the pro forma IFRS at December 31, 2006

The profit of the nine-month period ended at December 31, 2006, was, according to the pro forma IFRS, K EUR 116,428 and, according to the financial statements, K EUR 32,401. The comparative elements were the following:

#### Valuation of the buildings at the fair value

The buildings are recorded at the fair value in the pro forma IFRS accounts. The variation of the fair value is recorded in the result in the pro forma IFRS accounts.

The increase in the fair values of the buildings during the nine months of the fiscal period represented K EUR 95,419. K EUR 19,507 in allocations for depreciation were recorded in the annual accounts and canceled in the pro forma IFRS accounts.

Therefore, the variations from the accounting standards led to increasing the pro forma IFRS results by K EUR 114,926, when compared to the annual accounts

#### Corporate income tax

The impact of the SIIC regime option was recorded in the pro forma IFRS accounts at March 31, 2006.

Therefore, the variations from the accounting standards led to decreasing the pro forma IFRS results by K EUR 27,666, when compared to the annual accounts.

#### Financial result

The exit tax debt relating to the revaluation of the realty complexes of which one fourth is due annually from December 15, 2006, is being adjusted in the pro forma IFRS financial statements. In effect, the K EUR 6,907 difference between the real debt and the adjusted debt was acknowledged in financial income in the pro forma IFRS financial statements of the fiscal year ended at March 31, 2006. That difference decreases as the exit tax payments are made; the first of which occurred on December 15, 2006. The decrease in said difference constituted a financial charge of K EUR 2,089 in the pro forma IFRS financial statements of the fiscal year ended at December 31, 2006.

Therefore, the variations from the accounting standards led to decreasing the pro forma IFRS results by K EUR 2,098, when compared to the annual accounts.

#### Retreatment of the costs of setting up new loans

The costs of setting up new loans were, in the pro forma IFRS accounts, spread out over the term of the borrowing according to the effective rate method and are recorded as charges in the financial statements.

Therefore, the variations from the accounting standards led to decreasing the pro forma IFRS results by K EUR 173, when compared to the annual accounts.

**3.3 Evolution of the Adjusted Net Asset Value (ANAV)**

At March 31, 2006, the ANAV in liquidation value, in the IFRS standard, and after taking the option for the SIIC regime into account, was estimated at K EUR 442,996.

At December 31, 2006, the same indicator gave K EUR 546,496, i.e., a progression of K EUR 103,500, which is mainly explained by the increase in the fair value of the placement buildings recorded since April 1, 2006.

**3.4 Distribution potential**

At December 31, 2006, the distributable profit was K EUR 34,348, to which issuance and merger premiums of, respectively, K EUR 21,125 and K EUR 18,620 must be added, i.e., a total distribution potential of K EUR 74,093.

**i) Description of the main risks and uncertainties (Article L. 225-100)**

Risk of dependence on certain tenants:

The company is currently dependent on certain tenants, mainly [*Bouygues Telecom, Crédit Foncier de France, Cap Gemini, GE Capital* and *TF1*], which represent approximately 81% of the total rent received at December 31, 2006. Even though the company's assets are already or could be leased by numerous tenants, the financial difficulties of any one of those tenants, a request to renegotiate the lease agreement when it is renewed or the departure of one of the tenants could have an unfavorable effect on the company's financial situation, results and prospects.

Risks incurred in the event of a variation in the interest rates, currency exchange rates or stock market quotations (COB Recommendation 89.10)

- Currency exchange risk

At the closing of the fiscal period, the company made its entire sales turnover in "Euroland" and, therefore, does not incur any currency exchange risks.

- Risk relating to shares

At the closing of the fiscal period, the company did not directly hold either any stakes in listed companies or any indirect stakes in such companies via the holding of shares in OPCVMs and, therefore, does not, in said respect, incur any risks relating to shares.

- Risk linked to the level of the interest rates

In the terms of a credit line agreement entered into on March 2, 2006 (the "**Senior Credit Agreement**"), the bank EUROHYPO AG granted the company a credit line of a maximum, in principal, of 424.9 million euros, composed of three tranches (A, B and C, of principals of, respectively, 199.9 million euros, 180 million euros and 45 million euros).

The interest rate applicable to *Tranches* A and B is a fixed rate of 3.55% per year, plus the applicable margin. *Tranche* C, which will, from the moment of its possible use by the company, bear interest at a floating rate (EURIBOR), plus the applicable margin.

In addition, in the terms of a credit line and remediation facility (facilité de remédiation) with no underwriting clause, Europhybo AG granted the company a credit line of a maximum of 45 million euros (the "**Credit Line**"). Said agreement also provides for the company's ability to use a remediation facility to finance the payments and reimbursements that the company needs to make with respect to the Senior Credit Agreement. The Credit Line and the remediation facility will, from the moment of their possible use by the company, bear interest at a floating rate (EURIBOR or EONIA), plus the applicable margin.

The variation of the interest rates will, insofar as the company has decided to use (i) *Tranche* C of the Senior Credit Agreement, (ii) the Credit Line or (iii) the remediation facility and, failing an underwriting of the coverage rate, have an influence on the company's financial situation, on the cost of its indebtedness, or on the cost of financing future investments.

The realty activity has, in the course of the recent years, benefited from a favorable environment characterized by a decrease in long-term interest rates. Nonetheless, since September 1, 2005, a slight decrease in the movement, with an increase in long-term interest rates, was noted in Europe, the yield rates of 5-year fungible Treasury bonds went from 2.52% at September 1, 2005, to 3.03% at December 30, 2005 (Source: Bloomberg). The company is not ableto foresee the various factors that can have an influence on the evolution of the interest rates.

The continuation of the increase in the interest rates, if it were to become significant, would have an impact on the valuation of the company's assets insofar as the yield rates applied by realty experts to office building rents are, in part, determined according to interest rates. Consequently, a significant increase could entail a decrease in the appraised value of the company's assets.

The list is not exhaustive. There may be other risks to which the exposure has not, at today's date, been considered as being able to have an unfavorable effect on the company, its activity, financial situation and results.

Description of the off-balance-sheet undertakings linked to the current activity:

The presentation made does not omit the existence of a significant off-balance-sheet undertaking according to the accounting standards in force.

*(i) Guarantees on bank loans*

The guarantees on the following bank

loans have been given to each of the buildings of which the company is the owner:

- registration of the contractual mortgages for each of the buildings;
- delegation of insurance policies pursuant to Articles L. 121-13 of the *Insurance Code*;
- Dailly Transfer of receivables relating to the rent;
- covenants with respect to the Senior Credit Agreement.

In said respect, the company has, in relation to the Senior Credit Agreement, undertaken, in particular, to:

- maintain the forecast net annual rental income / annual interest and expenses ratio above or equal to 150% (ICR);
- maintain the amount of current outstanding bank indebtedness / market value of the buildings ratio under 70% (LTV);
- in the event that there is a case of default, not to distribute dividends of an amount over the level stated in Article 208 C-II of the *General Tax Code*;
- in the event that the company is no longer subject to the SIIC regime, only to distribute or reimburse intra-group loans with its available liquidities and, in the event of a case of default, not to distribute dividends or reimburse intra-group loans.

The company benefits, pursuant to the Senior Credit Agreement, from a credit line (Tranche C) of EUR 45,000,000, which was unused at December 31, 2006.

In addition to that third *tranche* of credit, the company, on July 31, 2006, entered into a K EUR 45,000 credit agreement and a remediation facility with no underwriting clause exclusively intended to finance the exit tax. At December 31, 2006, said credit had not been used.

The sureties attached to that agreement are the following:

- Contractual commitments to register mortgages on the building ranked immediately after the mortgages registered with respect to the main credit agreement;
- Dailly Transfer of receivables relating to the rent.

*(ii) Undertakings with respect to simple leasing agreements (lessor)*

All the company's assets are located in France. They are leased out in the framework of the provisions of Articles L. 145-1 et *seq.* of the *Commercial Code* relating to commercial leases. Therefore, it follows that such leases may not be entered into for fewer than nine years subject to the reservation, unless otherwise provided, of the lessee's being able to vacate the premises at the end of each three-year period.

*(iii) Bank guarantees*

In addition to the deposits recorded under financial debts in the financial statements of the fiscal period ended at December 31, 2006, the company benefits from bank guarantees granted by certain tenants. At December 31, 2006, such guarantees were K EUR 37,624.

**j) Technological risks**

The company does not operate any Seveso facilities (Article L. 515-8 of the *Environment Code*).

**k) Derived financial instruments (Article L. 225-100):**

It is stipulated that, at December 31, 2006, there were no derived financial instruments.

## 1.2 Takeovers and purchases of stakes

### (Paragraph 1 of Article L. 233-6, Article L. 247.1)

Lastly, we inform you that, during the fiscal period ended at December 31, 2006, we neither acquired a stake in nor took over any other company.

## 1.3 Labor consequences of the activity

The company's overall workforce is one person. Your company did not encounter any special difficulties in recruiting its personnel. There were no dismissals during the previous fiscal period.

Furthermore, your company did not call upon any external labor.

No workforce reduction or job protection plans were set up.

Given the very low number of employees, there are no employee representatives in your company.

## 1.4 Environmental consequences of the activity

The company's activity had no direct consequences on the environment.

In each of the three buildings that the company owns, the management system was modified to set up optimization solutions with a view to managing the buildings with the best practices and according to a sustainable development strategy.

A&PM, the building manager, has set up a sustainable development charter with a view to:

- anticipating and controlling possible risks (floods, fire, theft, etc.) in the managed buildings, for the management personnel and the tenants via audits and communication of information to the building's occupants. In addition, A&PM analyzes and verifies all the related regulations and legislation in force or in the process of being applied, as well as their possible effect on the buildings;
- contribute to the protection of the environment with respect to energy savings (consumption control, analysis of thermal insulation, etc.), pollution prevention (waste enhancement, reduction in the use of toxic chemical products, etc.), and improvements in the quality of life and personnel safety (asbestos, lead, water quality, Legionella, etc.).

## 2. THE RESULTS

### 2.1 Allocation of the result

The allocation of our company's result that we are proposing complies with the law and our bylaws.

We propose allocating the profit of the fiscal year ended at December 31, 2006, which is EUR 32,400,844.

to which the retained earnings are added, indicated in the balance sheet as EUR 1,946,965.

**i.e., a distributable amount of EUR 34,347,809**
in the following manner:

1. As the legal reserve is already fully allocated, the sum of EUR 0.
2. Distribution of dividends:
Dividend of EUR 1.84 per share, i.e., for 13,372,500 shares EUR 24,605,400
3. Remainder to be allocated to the account: Retained earnings, i.e., EUR 9,742,409.

It is specified that the entire amount thus distributed is eligible for the 40% reduction indicated in Article 158-3-2° of the *General Tax Code*, which benefits individuals who are tax residents of France and subject to income tax in the legal conditions and within the legal limits.

### 2.2 Payment of the dividends

The dividends will be payable on June 26, 2007.

In the event that, when the company makes the payments available, the company holds certain of its own shares, the sums corresponding to the unpaid dividends relating to said shares (Paragraph 4 of Article L. 225-210) will be allocated to retained earnings.

### 2.3 Prior distributions of dividends
**(Article 243bis of the General Tax Code)**

In compliance with Article 243bis of the *General Tax Code*, we inform you that there have been no dividend distributions during the last three fiscal periods.

### 2.4 Charges that are not tax-deductible
**(Article 39-4 of the General Tax Code)**

We will ask to note that no expenses and charges referred to in Articles 39-4 of the *General Tax Code*, were incurred during the last fiscal year.

## 3. COMPANY'S SHARE CAPITAL

### 3.1 Capital structure
**(Article L. 225-100-3)**

At December 31, 2006, the share capital was set at EUR 160,470,000. It is divided into 13,372,500 shares with a nominal value of EUR 12 each, all fully paid.

Between April 1 and December 31, 2006, 1,045,088 company shares were exchanged.

The price of the shares reached, on May 31, 2006, its lowest level (EUR 27.66) and, on November 22, 2006, its highest level (EUR 37.90), and ended the fiscal period at (EUR 33.80).

At December 31, 2006, the market value was 451,990,500, i.e., 13,372,500 shares at the price of EUR 33.80.

### 3.2 The company's shareholding structure
**(Article L. 233-13)**

We inform you of the identity of the parties holding, directly or indirectly at December 31, 2006, more than 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 95% of the share capital or voting rights at general meetings of shareholders:

| Shareholders | In capital | In voting rights |
|---|---|---|
| GMF VIE<br>Holding more than 5% | 683,718 | 683,718 |
| Holding more than 10% | | |
| Holding more than 15% | | |
| Holding more than 20% | | |
| Holding more than 25% | | |
| Holding more than 1/3rd | | |
| Holding more than 50% | | |
| COMMERZ GRUNDBESITZ<br>Holding more than 2/3rds | 8,959,564 | 8,959,564 |
| Holding more than 95% | | |

*The above list was in no way modified during the previous fiscal period.*
*No undertakings to keep the company's shares were entered into in the framework of the favorable tax provisions instituted by the Dutreil Act of August 1, 2003.*

### 3.3 Self-checking actions
**(Article L. 233-13)**

The company does not control any other companies.

### 3.4 Note of shareholding and alienation of cross-shareholdings

During the fiscal period for which we request that you approve the financial statements, the company did not purchase any stakes of more than 10% in another company's share capital. (Paragraph 1 of D. 251).

During the fiscal period for which we request that you approve the financial statements, the company did not transfer any shareholdings (Paragraph 2 of D. 251).

### 3.5 Number of its own shares purchased and sold by the company during the fiscal period
**(Paragraph 2 of Article L. 225-211)**

In the framework of a share repurchasing program, the company, between the date on which the last fiscal period began and that on which it ended, carried out the following purchases and sales of its own shares:

- Number of shares purchased: 7,744
Average price of the purchase: EUR 34.684

- Number of shares sold: 1,559
Average price of the sales: EUR 34.344

Total of the negotiation costs: 6,185

Value assessed at the average historical purchase price: EUR 35.01767, i.e., a total of EUR 216,584.29.

Nominal value: EUR 12

| Reasons for the purchases | % of share capital |
|---|---|
| Price coordination | 0.0462% |

### 3.6 Bylaw restrictions to the exercise of voting rights and share transfers

The shares may be negotiated without restrictions, except for legislative or regulatory provisions to the contrary. Registrations in accounts, payments and transfers are carried out in the conditions set forth in the law and the regulations in force. Shares that have not been paid in full may not be transferred.

Other than the thresholds provided for by the applicable laws and regulations, any individual or legal entity, acting alone or in conjunction with another party, that comes to hold or ceases to hold, whether directly or indirectly through one or several companies in which it has a majority holding, a percentage of 3% or more of the share capital and/or voting rights is bound to inform the company of the purchase of each portion of 2% of the capital and/or voting rights up to 33% within five trading days from the day on which such thresholds are exceeded by registered letter with return receipt requested sent to the registered office. Such a letter must stipulate the total number of shares or securities granting access to voting rights, as well as the number of voting rights that it holds, be it directly or indirectly, alone or in conjunction with another party, on the basis of the number of voting rights published by the company.

If the above obligation to disclose is not complied with, one or several shareholders with at least 5% of the capital or voting rights may request that any shares exceeding the portion that should have been disclosed be deprived of voting rights at any general meeting of shareholders that is held until the end of two years following that of the date of the regularization of the notification. That request is noted in the minutes of a general meeting. In the same conditions, the voting rights attached to such shares that were not duly declared may not be delegated by the defaulting shareholder.

The obligation to disclose described above is accompanied by the obligation to disclose any crossings of the thresholds provided for by the law, in particular those set forth in Article 233-7 of the *Commercial Code*.

### 3.7 Authorizations in cases of capital increases
**(Article L. 225-129)**

**Authorizations with a view to increasing the share capital by cash contributions or incorporations of reserves, profits or premiums (Article L. 225-129-2 of the Commercial Code)**

An authorization for the purposes of carrying out an increase in the company's share capital by incorporation of reserves, profits or issuance, merger or contribution premiums or by any other sums for which the capitalization will be accepted was passed at the February 20, 2006 extraordinary general meeting of shareholders. Said authorization expires on April 20, 2008. Consequently, we request that you renew it and entrust to the board of directors:

- An authorization to increase the share capital by issuing ordinary shares or securities granting access to the capital or allocations of securities representing receivables against the company, that are reserved for the shareholders and/or by incorporating reserves, profits or premiums.
- An authorization to increase the share capital by issuing ordinary shares or securities granting access to the capital or allocations of securities representing receivables against the company, with a cancelation of the shareholder's subscription right.

The purpose of said authorizations is to grant, within the legal period of twenty-six months, the board of directors full latitude to carry out, at the times of its choice, issuances of ordinary shares and/or any securities granting access, whether immediate or in the future, to ordinary shares.

The nominal amount of the increases in share capital that could be carried out may not exceed EUR 300,000,000. That amount would include the overall nominal value of any additional ordinary shares that may be issued to maintain, in compliance with the law, the rights of the holders of securities granting access to the share capital.

The nominal amount of the securities representing receivables against the company to be issued may not exceed EUR 300,000,000.

In the framework of such authorizations, it is provided to entrust the board of directors with the ability to increase, under the conditions and within the limits set forth in the legal and regulatory provisions, the number of securities provided for in the initial issuance. Any such decision will be made in special resolution.

Such issuances could be carried out with or without the shareholder's subscription right.

In the event that the shareholder's subscription right is maintained, if the subscriptions have not absorbed the entire issuance, the board of directors may use the possibility provided by law and, in particular, offer all or part of the unsubscribed securities to the public.

In the event of a public call for investment without the shareholder's subscription right, the board of directors could grant the shareholders a priority to subscribe.

In said hypothesis, the sum that the company has received or should receive for each of the ordinary shares issued, after taking into account, in the event that equity warrants are issued, the subscription price of such warrants, will be determined in compliance with the legal and regulatory provisions and will therefore be at least equal to the minimum required by the provisions of Article 155-5 of the March 23, 1967 Decree, amended, at the time when the board of directors implements the authorization.

In the event of an issuance of shares that are to remunerate the securities contributed in the framework of a public call for investment, the board of directors will have, within the limits set above, the powers required to settle the list of the securities contributed for the exchange, set the conditions for the issuance, the exchange rate, as well as, where applicable, the amount of any balancing cash adjustments and determine the conditions of the issuance.

### Authorization to increase the share capital with a view to remunerating the contributions-in-kind (Article L. 225-147 of the Commercial Code)

We request that you kindly grant the board of directors the authorization to increase the share capital within the limit of 10% of its amount with a view to remunerating any contributions-in-kind that may be granted to the company and constituted of capital securities or securities granting access to the share capital.

Such an authorization would be granted for twenty-six months.

The overall nominal amount of the ordinary shares that are likely to be issued pursuant to such an authorization may not be more than 10% of the share capital. That ceiling is independent from that of all the ceilings provided for the other delegations relating to increases in share capital.

### Authorization with a view to carrying out an increase in share capital reserved for the members of a company savings plan (PEE) (Articles L. 225-129-6, L. 225-138-1 of the Commercial Code and L. 443-5 of the Labor Code)

We have convened you here to an extraordinary general meeting to request that you rule on a proposed authorization to grant the board of directors that would allow an increase in share capital reserved for the members of a company savings plan to be carried out in the conditions of Article L. 443-5 of the *Labor Code* by the issuance of ordinary cash shares and, where applicable, by the attribution of free ordinary shares or other securities granting access to the share capital.

It is stipulated that, in compliance with the provisions of Article L. 443-5 of the Labor Code, the price of shares to be issued may not be more than 20% (or 30% wherever the vesting period provided for pursuant to Article L. 443-6 of the Labor Code is 10 years or more) lower that the average of the first quotations of the shares during the 20 trading sessions prior to that of the day on which the board of directors decide to increase the share capital and issue the corresponding shares; nor may it be more than said average.

The maximum nominal amount of the share capital increase(s) that may be carried out via the authorization is 1% of the share capital reached at the moment of the board of directors' decision to carry out such an increase,

For that purpose, we propose that you entrust the board of directors with full powers to use the authorization for a period of 26 months.

The board of directors will, within the limits set above, have the powers required, in particular to set the conditions of such issuances, acknowledge the completion of the increases resulting therefrom, carry out the correlative amendments to the bylaws, offset, at its sole initiative, the costs of any such increases in share capital against the amount of the premiums related thereto and levy from said amount the sums required to bring the legal reserve to one tenth of the new share capital level after each increase and, more generally, do whatever is required in such cases.

Obviously, the completion of such a reserved increase remains subordinated to the company's having set up a company savings plan.

Consequently, owing to your company's particular situation and its limited workforce, you counsel requests that you purely and simply reject this resolution and, by your vote, rule out the proposed increase in share capital that will be put to you for a vote only to satisfy legal provisions.

### 3.8 Authorization to set up a program to repurchase its own shares and reduce the share capital by canceling those shares that it holds (Article L. 225-209)

We propose that, for a period of eighteen months, you grant the board of directors the powers required to purchase, all at one time or on several occasions, up to 10% of the shares composing the company's share capital, at any time whatsoever. Said percentage is applied to the capital adjusted according to the operations that may affect it after the decision was made, i.e., as an indication, on the basis of the current share capital, 1,337,250 shares.

That authorization would terminate the authorization that the general meeting of shareholders granted the board of directors in its February 20, 2006 meeting.

The purchases could be carried out with a view to:

- Ensuring the second market or the liquidity of the CeGeREAL share by means of an investment service provider via a liquidity agreement that complies with the ethics charter accepted by the AMF,
- Keeping the shares purchased and returning them at a later dated in return or as payment in the framework of possible operations of external growth; it must be specified that the shares purchased may not exceed 5% of the share capital,
- Ensuring the coverage of the stock-option plans and other forms of allocating shares to the group's employees and/or corporate officers according to the terms and conditions provided for in the law, in particular with respect to sharing the company's profits as per a company savings plan or via a general attribution of free shares,
- Ensuring the coverage of the securities granting entitlement to the allocation of company shares in the framework of current stock market regulations.
- Canceling, where applicable, any shares repurchased, subject to the authorization to be granted by this general meeting of shareholders in its eleventh resolution in an extraordinary capacity.

We propose that you set the minimum purchase price at EUR 63.6 per share and, consequently, the maximum amount of the operation at EUR 16,047,000.

As a consequence of the objective to cancel, we ask you to kindly authorize the board of directors, for a period of 24 months, to cancel, upon its sole decisions, all at one time or on several occasions, within the limit of 10% of the share capital, i.e., as an indication, on the basis of the current capital, 1,337, 250 shares, the shares that the company holds or could come to hold subsequent to purchases of its own shares in the framework of its program to repurchase its own shares and reduce the share capital by the same amount in compliance with the legal and regulatory provisions in force.

The board of directors will therefore have the powers required to do whatever may be necessary in such matters.

## 4. THE REPRESENTATIVES

### 4.1 Method of exercising the general management (Paragraph 1 of D. 148)

For all useful purposes, we remind you that the board of directors, during its December 31, 2005 meeting, decided that the general management would not be ensured by the chairman of the board, but by a distinct individual.

### 4.2 List of the offices held and the duties exercised by the corporate officers (Paragraph 3 of Article L. 225-110) during the last five years

**(Appendix 1 to the European regulation for the reference document)**

# LIST OF THE OFFICES HELD AND THE DUTIES EXERCISED BY THE CORPORATE OFFICERS (PARAGRAPH 3 OF ARTICLE L. 225-110)

## DURING THE LAST FIVE YEARS (APPENDIX 1 TO THE EUROPEAN REGULATION FOR THE REFERENCE DOCUMENT)

| Corporate officers: | Offices in the company | | Other duties in the company | Corporate offices held in other companies (in and outside group) (1) (2) | |
|---|---|---|---|---|---|
| | Date appointed | Date on which office ends | | Company name: | Office held and/or duties exercised: |
| **Richard Wrigley**<br>**Director and Chairman of the board of directors** | 31/12/2005 | General meeting ruling on the financial statements of the fiscal year closed at 31/12/2010 | - | CPAS SAS | Member of the board |
| | - | - | - | Manitoba France SA | Member of the board |
| | - | - | - | Scandimmo RKW SA | Member of the board |
| | - | - | - | CPMS SAS | President |
| | - | - | - | 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 | President |
| | - | - | - | SCI Hume | Manager |
| **Leo Lousberg**<br>**Director** | 31/12/2005 | General meeting ruling on the financial statements of the fiscal year closed at 31/12/2010 | - | Commerz Grundbesitzgesellschaft mbH | Manager |
| | - | - | - | Commerz Grundbesitz-Investmentgesellschaft mbH | Manager |
| | - | - | - | Commerz Grundbesitz-Spezialfondsgesellschaft mbH | Manager |
| **Frank Pörschke**<br>**Director** | 31/12/2005 | General meeting ruling on the finan-cial statements of the fiscal year closed at 31/12/2010 | - | Commerz Grundbesitzgesellschaft mbH | Manager |
| | - | - | - | CGI mbH | Manager |
| | - | - | - | Commerz Grundbesitz-Spezialfondsgesellschaft mbH | Member of the supervisory board |

| Corporate officers: | Offices in the company | | Other duties in the company | Corporate offices held in other companies (in and outside group) (1) (2) | |
|---|---|---|---|---|---|
| | Date appointed | Date on which office ends | | Company name: | Office held and/or duties exercised: |
| **COMMERZ GRUNDBESITZINVESTMENT-GESELLSCHAFT mbH (permanent representative: Heiko Beck*)**<br>**Director**<br>* CGI's representative until 31/12/2006 was Detlev Dietz (manager). | 31/12/2005 | General meeting ruling on the financial statements of the fiscal year closed at 31/12/2010 | - | Forum Algarve - Gestão de Centro Comercial, Sociedade Unipessoal, Lda. II & Comandita | Joint manager |
| | - | - | - | Forum Algarve - Gestão de Centro Comercial, Sociedade Unipessoal, Lda. II & Comandita | Joint manager |
| **CAISSE CENTRALE DE RÉESCOMPTE (permanent representative: Daniel Terminet)**<br>**Director** | 31/12/2005 | General meeting ruling on the financial statements of the fiscal year closed at 31/12/2010 | - | | |
| | - | - | - | CCR Actions | Director |
| | - | - | - | CCR Chevrillon Philippe | Director |
| | | | | SICAV CCR Funds | Director |
| | - | - | - | SICAV Centrale Actions Avenir | Director |
| | - | - | - | SICAV Centrale Actions Euro | Director |
| | - | - | - | SICAV Centrale Actions France | Director |
| | - | - | - | SICAV Centrale Convertibles Euro | Director |
| | - | - | - | SICAV Centrale Court Terme | Director |
| **Jean-Pierre Bonnefond**<br>**Director** | 20/02/06 | General meeting ruling on the financial statements of the fiscal year closed at 31/12/2011 | - | JPB & A | President |
| | - | - | - | SCPI Hoche Placement Pierre | President of the supervisory board |
| **Martin Weinbrenner**<br>**Managing director** | 31/12/2005 | General meeting ruling on the financial statements of the fiscal year closed at 31/12/2010 | - | Immobilière de Croisades SA | Corporate officer |
| | - | - | - | CGI Victoria Square Ltd | Corporate officer |
| | - | - | - | CGI Victoria Square Nominees Ltd | Corporate officer |

| Corporate officers: | Offices in the company | | Other duties in the company | Corporate offices held in other companies (in and outside group) (1) (2)) | |
|---|---|---|---|---|---|
| | Date appointed | Date on which office ends | | Company name: | Office held and/or duties exercised: |
| **Martin Weinbrenner**<br>**Managing director** | - | - | - | Manmall LLC | Corporate officer |
| | - | - | - | Houston Main GP LLC | Corporate officer |
| | - | - | - | HK Immobilen AG | Corporate officer |
| | - | - | - | CGG Benelux GmbH | Corporate officer |
| **Klaus Waldherr**<br>**Delegate managing director** | 31/12/2005 | General meeting ruling on the financial statements of the fiscal year closed at 31/12/2010 | - | 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 |
| | - | - | - | CGG 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 |
| **Axel Portz**<br>**Delegate managing director** | 31/12/2005 | General meeting ruling on the financial statements of the fiscal year closed at 31/12/2010 | - | 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 |

| Corporate officers: | Offices in the company | | Other duties in the company | Corporate offices held in other companies (in and outside group) (1) (2) | |
|---|---|---|---|---|---|
| | Date appointed | Date on which office ends | | Company name: | Office held and/or duties exercised: |
| **Axel Portz**<br>**Delegate managing director** | - | - | - | CGI Metropole s.r.o. | Corporate officer |
| | - | - | - | CGG Canada Grundbesitz GmbH | Corporate officer |
| | - | - | - | Manmall LLC | Corporate officer |
| | - | - | - | Houston Main GP LLC | Corporate officer |
| **Ralf Schwarzer**<br>**Delegate managing director** | 31/12/2005 | General meeting ruling on the finan-cial statements of the fiscal year closed at 31/12/2010 | - | 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 |

*(1) whatever the legal form of the French or foreign company*
*(2) (appendix 1 of the European regulations for the reference document) for authorizations other than subsidiaries, the information must bear on the last five years.*

## 4.3 Appointments, renewals and ratifications of cooptations

None of the offices of the members of the board will expire at the end of this general meeting.

## 4.4 Rules for appointing and replacing the members of the board (Article L. 225-100-3)

Members of the board are appointed and replaced in compliance with the law. They may be recalled by an ordinary general meeting of shareholders at any time. The chairman is appointed by the board of directors, which may recall him/her at any time.

## 4.5 Board of directors' powers (Article L. 225-100-3)

The board of directors has the powers and exercises its assignment in the conditions set forth in Article L. 225-35 of the *Commercial Code* and in the company's bylaws.

## 4.6 Bylaw amendments (Article L. 225-100-3)

An extraordinary general meeting of shareholders alone is authorized to amend any of the provi-sions of the company's bylaws; its must, however, be specified that said general meeting may not increase the shareholders' commitments without a unanimous agreement.

## 4.7 Directors' fees

- **Individual payments made to the directors with respect to the fiscal period ended at December 31, 2006**

In compliance with the February 20, 2006 joint general meeting of shareholders, an overall maximum sum of EUR 45,000 in director's fees for all the directors was acknowledged in the company's financial statements.

During the fiscal year ended at December 31, 2006, the following director's fees were paid to the directors:

- M. Richard Wrigley: EUR 7,500
- M. Jean-Pierre Bonnefond: EUR 7,500
- M. Daniel Terminet; EUR 7,500

- **Setting of the overall amount of directors' fees to be distributed**

We suggest that you set the maximum overall amount of the directors' fees to be paid to the members of the board with respect to the current fiscal year at EUR 45,000.

## 4.5 Corporate officer's compensations (Paragraphs 1 and 2 of Article L. 225-102-1)

- **Compensations for the fiscal year ended December 31, 2006 (L.225-102-1) :**

# CORPORATE OFFICER'S COMPENSATIONS
## (PARAGRAPHS 1 AND 2 OF ARTICLE L. 225-102-1)

### COMPENSATIONS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006 (ARTICLE L. 225-102-1):

| Corporate officers (whatever the length of the office during the fiscal period) | In the company, in controlled companies and in the controlling company (1)(2) | | | | | |
|---|---|---|---|---|---|---|
| | Compensations | | | Director's fees | Benefits-in-kind | Total |
| | fixed | variable | exceptional | | | |
| M. Richard Wrigley<br>- Paid in N-1 (3)<br>- Paid in N<br>- Remaining due for N | EUR 50,000 (N) | 0 | 0 | EUR 7,500 (N-1) | 0 | 0 |
| M. Leo Lousberg<br>- Paid in N-1 (3)<br>- Paid in N<br>- Remaining due for N | 0 | 0 | 0 | 0 | 0 | 0 |
| M. Frank Pörschke<br>- Paid in N-1 (3)<br>- Paid in N<br>- Remaining due for N | 0 | 0 | 0 | 0 | 0 | 0 |
| COMMERZ GRUNDBESITZINVESTM ENTGESELLSCHAFT mbH<br>- Paid in N-1 (3)<br>- Paid in N<br>- Remaining due for N | 0 | 0 | 0 | 0 | 0 | 0 |
| CAISSE CENTRALE DE REESCOMPTE<br>- Paid in N-1 (3)<br>- Paid in N<br>- Remaining due for N | 0 | 0 | 0 | 0 | 0 | 0 |
| M. Jean-Pierre Bonnefond<br>- Paid in N-1 (3)<br>- Paid in N<br>- Remaining due for N | 0 | 0 | 0 | EUR 7,500 (N-1) | 0 | 0 |
| M. Martin Weinbrenner<br>- Paid in N-1 (3)<br>- Paid in N<br>- Remaining due for N | 0 | 0 | 0 | 0 | 0 | 0 |
| M. Klaus Waldherr<br>- Paid in N-1 (3)<br>- Paid in N<br>- Remaining due for N | 0 | 0 | 0 | 0 | 0 | 0 |
| M. Axel Portz<br>- Paid in N-1 (3)<br>- Paid in N<br>- Remaining due for N | 0 | 0 | 0 | 0 | 0 | 0 |
| M. Ralf Schwarzer<br>- Paid in N-1 (3)<br>- Paid in N<br>- Remaining due for N | 0 | 0 | 0 | 0 | 0 | 0 |

*(1) The amounts are expressed in gross values*
*(2) Indicate the fixed, variable and exceptional elements that compose the compensations and benefits received during the fiscal period.*
*(3) Guide for preparing the reference documents dated January27, 2006 (Interpretation no. 4) and recommendation of the AFEP/MEDEF report*

## 5. STATUTORY AUDITORS

None of the statutory auditors' offices will expire at the end of this general meeting.

## 6. EMPLOYEES

### 6.1 Portion of the share capital held by the employees at the closing of the fiscal period (Article L. 225-102)

At the closing of the fiscal period, there was no employee shareholding in the company's share capital such as defined in Article 225-102 of the *Commercial Code*.

### 6.2 Reserved increase in share capital

As this general meeting is to rule on a proposed increase in the share capital, it is its responsibil-ity to rule on an increase in share capital reserved for the members of a company savings plan (PEE) and carried out in the conditions of Article L. 443-5 of the *Labor Code*.

### 6.3 Appointment of director(s) by the employee(s) Article L. 225-27)

As the employee shareholding such as defined in Article 225-102 of the *Commercial Code* is less than 3% of the company's share capital, the general meeting is not obliged to rule on the proposed resolution providing for the election of one or several directorsby the company's and its direct and indirect subsidiaries' staff members.

## 7. REGULATED AGREEMENTS

We request that you approve the agreements referred to in Article L. 225-38 of the *Commercial Code* that were duly authorized by the board of directors.

Your statutory auditors will present them to you and give you, in said respect, all the information required in the special report, which will be read to you in a few minutes.

## 8. MAIN SUBCONTRACTING AGREEMENTS

Your company delegates its asset management and property management assignments to external companies.

Thus, your company has entrusted the rental activity to A&PM. In particular, that activity in-volves: (i) relations with tenants, notably the control of the application of the lease clauses and of the tenants' proper performance of their contractual obligations, particularly with respect to the upkeep of the premises, subscription of insurance policies, compliance with the internal rules and regulations and also, upon the company's instructions, renewals of the leases that are to expire (notice, renewal offers, possible negotiations with a view to setting the rent in the new lease agreement),
(ii) the administrative and accounting management of the sites, in particular invoicing, rent collection, handling of pre-litigation and (under the company's management) disputes relating to failing to recover overdue
rent, charges and taxes (land tax and office-space tax), which will be detailed in a monthly report (invoicing statement and rent collections, ap-praisals of overdue rent and charges) with the company and (iii) assistance to the company in the framework of the marketing of vacant office space and possible full or partial sales of the realty complex.

A&PM, in the framework of its technical assignment, is bound to ensure:
(i) the preparation, each year, of a forecast "operating budget" for the maintenance work, which will be detailed in a quarterly note,
(ii) the technical management of the Europlaza and Arcs de Seine buildings, in particular negotiating maintenance, supply and service agreements of any sort;
(iii) the setup and monitoring of operating and maintenance agreements for all the technical equipment of the realty complex, the choice of the service providers in agreement with the com-pany, the monitoring and control of the implementation of such agreements, preparations of calls for tender, verifications of invoices and comparing them to the forecasted budget and
(iv) any major repairs and improvement work after obtaining the Company's approval thereof in writing beforehand. A&PM, with respect to its assignments, must also assume the implementation of insurance policies, including damage-to-structure policies, for any claims falling under the ten-year guarantee and comprehensive policies.

The asset management assignments are entrusted to CGI. In effect, on February 8, 2006, your company entered into an asset management agreement with CGI pursuant to which the latter ensures, on behalf the company, investment consulting services relating to your company's re-alty assets; the decision to invest, however, remains at your company's discretion.

In particular, the asset management activity involves providing advice in investment strategy and advisability.

That type of service notably consists of preparing, with the company, an investment strategy, including indebtedness and asset keeping / asset sale strategies, as well as an analysis of the investment opportunities and whether or not they match the company's investment strategies. In said respect, CGI must submit investment proposals and recommendations as to the company's asset structure and is also bound to advise the company on how to implement its investment strategy.

Where applicable, CGI may also carry out its consulting assignment in the framework of sales or purchases of buildings. Thus, CGI will be in charge of negotiating purchase agreements and sales agreements for realty assets. It will also assist the company when assets of which the purchase is being considered are appraised, as well as in the process of selling an investment. In said respect, CGI will submit its asset keeping / asset sale recommendations with respect to the assets to the company, as well as those relating to the choice of a realty intermediary. Lastly, CGI will, by analyzing the investment offers, provide assistance in the due diligence process and will recommend potential purchasers (in particular, depending on the price proposed and said purchasers' credibility) to the company.

In the terms of the asset management agreement, CGI is also obliged to provide analyses. Notably, its analysis assignment relates to asset operation. In said respect, CGI prepares an annual business plan including a summary of the investments, performances, appraisals of the assets and the realty market, orientations with respect to lease agreements, recommendations and analyses relating to keeping or selling assets, and priority issues and tasks. The annual business plan is then submitted to the company, along with CGI's recommendations. CGI also advises the company on how to carry out the annual business plan.

In addition, every year, CGI presents a report on the company's realty assets and the French realty market and also appraises the company's realty assets. Lastly, the analysis assignment relates to (i) the methods of operating the assets and the risk management policy so as to deter-mine whether they are in line with market standards,
(ii) the evaluation of the insurance coverage and
(iii) the operating budget.
In said respect, CGI must submit recommendations to the company that are founded, in particular, on the operating analysis and relating to the rental strategy, incomes and operating expenses, improvements, treasury flows and income distributions.

In addition, the analysis assignment consists of establishing the following reports: (i) a detailed report on the realty market, updated annually, including, in particular, economic forecasts, in-formation relating to realty sector's offer and demand and realty market trends, rental activity, investments and new development projects,
(ii) an annual analytical report of the other buildings on the submarket, including their locations, sizes, quality, available surface areas, rent levels and main attractivenesses and
(iii) quarterly site inspection reports on, in particular, any improvements made by tenants and the joint equipment.

In addition, CGI also provides an analysis of your company's rental strategy, which includes a review of the proposed lease agreements, the creditworthiness of proposed tenants and the eco-nomic terms of the proposed leases. Each quarter, CGI meets with the team in charge of manag-ing the leasing activity with a view to analyzing the progress made and making recommenda-tions with a view to improving rental strategy. That analysis assignment also bears on monitor-ing market and submarket activity so as to be able to advise the company on the significant trends on the realty market.

Each year, CGI produces an analysis relating to the evolution of the company's realty assets that is, in particular, based on a quantitative and qualitative assessment of realty market conditions and trends.

CGI has the task of coordinating annual operating budgets, rental strategy and the asset keep-ing / asset sale assessment and analysis of the company's assets and is responsible for assessing and, where applicable, recommending asset management alternatives.

Lastly, in terms of the asset management agreement, CGI also has the task of assisting your company in obtaining credits.

## 9. MISCELLANEOUS

### • Harmonizing the bylaws with Act no. 2006-1566 of December 11, 2006

We request that you make the various amendments to the bylaws that follow from Act no. 2006-1566 of December 11, 2006.

In effect, that text contains rules that have a direct impact on the text of the bylaws and we propose that you modify them in consequence. Those rules are, in particular, the following:

- the right to participate in general meetings is subordinated to the shareholder's names' being registered in the shareholders' account by midnight, Paris time (D. 136-1), at least three days before the general meeting; for shareholders with bearer shares, an at-testation called a "shareholding attestation" is issued by their authorized intermediary (D. 136-11).

Consequently, you are asked to amend Article 23 of the bylaws as follows:

**ARTICLE 23.**
**PROCEDURES FOR GENERAL MEETINGS**

*"(...)"*

*"Any shareholder is entitled to attend the general meetings and participate in the deliberations either personally or by proxy by merely justifying his/her identity and the ownership of his/her shares, under the condition that:*
*- for holders of registered shares, the shareholder's shares are registered in his/her name in the personal accounts kept by the company,*

*- for holders of bearer shares, the shareholder's shares are registered in the bearer share accounts kept by the authorized intermediary and certified by a shareholding attestation.*

*Such formalities must be accomplished by midnight, Paris time, on the third day prior to the general meeting at the latest."*

*"(...)"*

## 10. CONCLUSION

We request that you grant both your board of directors full and final discharge for its man-agement of the fiscal period ended at December 31, 2006, and your statutory auditors for the performance of their assignment, which is related in their general report.

Your board of directors asks you to approve, by your vote, the texts of the resolutions that it has put before you.

**THE BOARD OF DIRECTORS**

# ANNEX 1:

### SUMMARY TABLE OF THE CURRENTLY VALID DELEGATIONS RELATING TO INCREASES IN SHARE CAPITAL

| In Euros | Date of the EGM | Date on which delegation expires | Amount authorized | Increases(s) carried out in previous years | Increases(s) carried out during the fiscal period | Residual amount at the date on which the table was prepared |
|---|---|---|---|---|---|---|
| Authorization to increase share capital and maintain shareholder's subscription right | 20/02/2006 | 20/04/2008 | EUR 16,047,000 | None | None | |
| Authorization to increase share capital and cancel shareholder's subscription right | | | | | | |
| Authorization to increase share capital and cancel shareholder's subscription right within the limit of 10% of the capital, with defined conditions for setting subscription prices | | | | | | |
| Authorization to increase share capital and cancel shareholder's subscription right in favor of members of a company savings plan | | | | | | |
| Authorization to increase share capital and cancel shareholder's subscription right in favor of... (category of persons) | | | | | | |
| Authorization to increase share capital to remunerate contribution of shares | | | | | | |
| Authorization to issue share subscription options | | | | | | |
| Authorization to grant free shares to be issued | | | | | | |

# ANNEX 2:

### RECAPITULATION OF THE TRANSACTIONS IN SECURITIESCARRIED OUT BY THE CORPORATE OFFICERS ET AL

(Transactions referred to in Article L. 621-18-2 of the *Monetary and Financial Code* made during the last fiscal period; Article 223-26 of Financial Market Authorities' General Regulations)

Nil

# CHAIRMAN'S REPORT

## TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

FISCAL PERIOD CLOSED AT DECEMBER 31, 2006

Dear Sirs,

In compliance with the provisions of the last paragraph of Article L. 225-37 of the *Commercial Code*, this report has been prepared to provide you with information on how the board of directors' work is prepared and organized, as well as on the internal control procedures that the company has set up. In addition, it indicates the limits that the board of directors has placed on the managing director's powers.

This report, which was established on the basis of the information provided by the managing director and the board of directors, will be attached to the board of directors' management report, in compliance with the law.

Beyond the legal and bylaw provisions in force, the conditions of the board of directors' organization and functioning were validated by the adoption of its internal rules and regulations in December 2005 and subsequently modified. Said internal rules and regulations also determine how the three special committees function. A director's charter (charte de l'administrateur) adopted at the same time as the internal rules and regulations reiterates the directors' rights and obligations in the exercise of the offices.

# 1. PREPARATION AND ORGANIZATION OF THE BOARD OF DIRECTORS' WORK

## 1.1 Composition of the board of directors

The chairman reiterates, pursuant to the company's bylaws, that the directors are appointed for six-year terms and that they must hold one company share.

The board members are currently the following:

| | Date of 1st appointment: | End of term of office: |
|---|---|---|
| Mr. Richard Wrigley | December 31, 2005 | General meeting ruling on the financial statements of the fiscal year closed at December 31, 2010 |
| Mr. Leo Lousberg | December 31, 2005 | General meeting ruling on the financial statements of the fiscal year closed at December 31, 2010 |
| Mr. Frank Pörschke | December 31, 2005 | General meeting ruling on the financial statements of the fiscal year closed at December 31, 2010 |
| Commerz Grundbesitz Investmentgesellschaft mbH | December 31, 2005 | General meeting ruling on the financial statements of the fiscal year closed at December 31, 2010 |
| Caisse Centrale de Réescompte | December 31, 2005 | General meeting ruling on the financial statements of the fiscal year closed at December 31, 2010 |
| Mr. Jean-Pierre Bonnefond | February 20, 2006 | General meeting ruling on the financial statements of the fiscal year closed at December 31, 2011 |

Furthermore, the chairman of the board and independent director, Mr. Richard Wrigley, is a corporate officer in several companies, in particular the president of Corporate Property Management Services (CPMS).

Moreover, the managing director, Mr. Martin Weinbrenner, is the director of CGI's Property Management Department.

Mr. Jean-Pierre Bonnefond, an independent director, is a personal asset strategy consultant and president of JPB & A.

No directors are elected by the employees pursuant to Article L. 225-27 of the Commercial Code.

Article 19 of the bylaws provide for the ability to appoint auditors to sit on the board with the directors but, at the date of the closing of the fiscal year, no auditors had been appointed.

The chairman also indicates that no ratifications of cooptations of directors pursuant to Article L. 225-24 of the *Commercial Code* should be placed on the agenda of the coming general meeting.

## 1.2 Role and functioning of the board of directors

Pursuant to the law, the board determines the orientations of the company's activity and ensures the implementation thereof. Subject to the powers expressly granted to general meetings and within the limits of the bylaws, it sees to any issues affecting the proper functioning of the company and settles, by its deliberations, the company's business.

The board of directors determines the orientations of the company's activity and ensures the implementation thereof and, thus, can carry out any and all controls and verifications that it deems advisable. Even if the operational management is entrusted to the managing director, the board of directors may address any issues relating to the company's operation.

Given the board's structure, it has internal rules and regulations of which the purpose is to stipulate the organization of board meetings and the general manager's attributions and powers vis-à-vis the board. The internal rules and regulations also set forth the rules of corporate governance and stipulate the operational attributions and procedures of the audit committee, the investment committee and the appointment and compensation committee.

The directors are convened to board meetings by any means and, at that time, they are provided with all the information required to perform their assignments.

In compliance with the bylaws and legal provisions, certain of the board of directors' meetings may be held by videoconference. Board meetings are generally held at the head office or in any other place, in particular in Wiesbaden, Germany, and are convened by the chairman of the board.

During the last fiscal year, the board met six times, i.e., on May 23, 2006 (in the presence of four out of six directors), on June 21, 2006 (in the presence of four out of six directors), on June 21, 2006 (in the presence of four out of six directors), on July 6, 2006 (in the presence of five out of six directors), on July 31, 2006 (in the presence of five out of six directors) and on December 21, 2006 (in the presence of all the directors).

The members of the board showed a high attendance rate and no significant numbers of absences needed to be noted.

No board meetings were held outside the presence of the chairman and the managing director.

No meetings were called at the initiative of the directors or the managing director.

To allow the board members to prepare the board meetings well, the chairman endeavored to provide them, beforehand, with all the information and documents required.

Thus, the proposed financial statements were transmitted to the directors 6 days before the board meeting convened to rule thereupon.

Each time that a member of the board so requests, the chairman provides him, insofar as possible, with the additional information and documents that he wishes to receive.

The statutory auditors are convened to the board of directors' meeting that rules on the annual financial statements and the quarterly accounts.

They participated in the June 21, 2006 board of directors' meeting that reviewed and closed the financial statements of the fiscal period closed at March 31, 2006.

In addition, they participate in the audit committee meetings whenever the chairman convenes them thereto.

To guarantee the coordination between the general management assumed by Mr. Weinbrenner and the board of directors, the chairman and the general manager meet periodically; Mr. Weinbrenner participates in all t he board of directors' meetings.

The composition of the board and the relations that its members entertain do not require setting up a formal procedure to evaluate its functioning. In effect, the members of the board of directors discuss all proposals relating to the holding of meetings directly with the chairman.

The main themes addressed in such meetings are the following:

- the review and closing of the financial statements for the fiscal period closed at March 31, 2006;
- the amendment to the provisions of Article 9.3 of the board of directors' internal rules and regulations;
- the resignations of members of the audit committee and the appointment and compensation committee and the appointment of new members to replace them;
- the company's financing operations, in particular the conclusion of a financing agreement for the balance of the exit tax, a subordination agreement, an amendment to the March 2, 2006 credit line agreement and the transfer of professional receivables as a guarantee;
- corporate strategy, in particular, conclusions, renewals and terminations of lease agreements.

The board of directors set up an audit committee, an appointment and compensation committee and an investment committee. Their initial members were appointed by the board of directors in its February 13, 2006 meeting. The attributions and procedures of their functioning are stipulated in the internal rules and regulations.

The board of directors is currently composed of Mr. Richard Wrigley, Mr. Jean-Pierre Bonnefond and Mr. Heiko Uwe Beck. Mr. Wrigley was appointed for a renewable three-year term. Mr. Bonnefond was appointed at the June 21, 2006 board meeting for the remainder of the term of Mr. Nicolas Reynaud, who resigned effective at June 13, 2006, i.e., until the annual board meeting convened to rule on the financial statements of the fiscal year closed at December 31, 2008. Mr. Beck was appointed at the December 21, 2006 meeting for the remainder of the term of Mr. Detlev Dietz, who resigned effect at January 1, 2007, i.e., until the annual board meeting convened to rule on the financial statements of the fiscal year closed at December 31, 2008. Mr. Wrigley was appointed president of the audit committee.

The audit committee has met once since April 1, 2006.

The appointment and compensation committee is currently composed of Mr. Bonnefond, Mr. Graham Spensley and Mr. Henk J. Jacobs. Mr. Spensley and Mr. Jacobs were appointed for renewable three-year terms. Mr. Bonnefond was appointed at the June 21, 2006 meeting for the remainder of the term of Mr. Reynaud, who resigned from the presidency of the appointment and compensation committee effective at June 13, 2006, i.e., until the annual board meeting convened to rule on the financial statements of the fiscal year closed at December 31, 2008.

The appointment and compensation committee has not been able to meet yet.

The investment committee is currently composed of Mr. Wrigley, Mr. Spensley and Mr. Jacobs. They were appointed for renewable three-year terms. Mr. Wrigley was appointed president of the investment committee.

The investment committee has not been able to meet yet.

## 2. COMPANY'S INTERNAL CONTROL PROCEDURES

In addition to the description of the board's work methods, the law requires that the company's internal control procedures be described. In said respect, I think that it is useful to stipulate what the purposes of such procedures are.

### 2.1 Objectives of the company's internal control procedures

Among the various objectives that can be assigned to internal controls, one is to prevent and control risks resulting from the company's activity, in particular any risks of accounting or financial errors or fraud. For all that, as with any control system, there is no absolute guarantee that all risks will be fully eliminated.

At the same time, the purpose of an internal control is to ensure that management acts and the performance procedures of the various operations that the company undertakes, as well as the personnel's activity, are well in line with the orientations that management has given to the company's activities.

Lastly, the purpose of an internal control is to verify that the accounting, financial and management information communicated to the company's corporate bodies fairly reflects the company's activity and situation.

## 2.2 Internal control procedures set up by the company

The various procedures that exist in the company are described below:

### 2.2.1 General organization of the control in the company:

#### A) PERSONS OR STRUCTURES IN CHARGE OF THE CONTROL:

As has been indicated above, the audit committee, the appointment and compensation committee and the investment committee were set up for said purpose.

#### B) ROLES OF THE VARIOUS PLAYERS OR STRUCTURES EXERCISING CONTROL ACTIVITIES WITH RESPECT TO INTERNAL CONTROL PROCEDURES:

**(i) The audit committee's assignment is to:**

**1.** assist the board of directors in the tasks relating to reviewing and closing the annual and semiannual accounts,

**2.** review the company's annual and semiannual financial statements and the reports relating thereto before they are submitted to the board of directors;

**3.** hear the statutory auditors and receive communication of their work;

**4**. analyze their conclusions;

**5.** review and formulate an opinion on the candidacies for the company's statutory auditors;

**6.** ensure the independence of the statutory auditors, with which it has regular contacts, examine, in said respect, all the relations that they have with the company and formulate an opinion of the fees requested;

**7.** periodically review the internal control procedures and, more generally, the audit, accounting or management procedures in force in the company with the managing director, the internal audit department, as well as with the statutory auditors;

**8.** address every operation or deed or event that could have a significant impact on the company's situation in terms of commitments and/or risks; and

**9.** verify that the company has the resources (audit, accounting and legal) adapted to preventing management risks and irregularities in the company's business.

**(ii) The appointment and compensation's assignment is to:**

**1.** prepare the determination of the managing director's compensation, as well that of any delegate managing directors, and propose, wherever necessary, the qualitative and quantitative criteria used determine the variable part of such compensations;

**2.** assess all the other benefits or indemnities from which the managing director or the delegate managing directors benefit;

**3.** review the proposed stock-subscription and stock-purchase option plans and grants of free shares in favor of the employees and executive officers so as to allow the board to set the overall and/or individual number of options or shares to be granted, as well as the terms and conditions of such grants;

**4.** review the composition of the board of directors;

**5.** review the candidacies for the position of director with respect to the candidates' experience in business life, their skills and their economic, social and cultural representativeness;

**6.** review the candidacies for the position of managing director and delegate managing director;

**7.** obtain communication of any useful information relating to the procedures of the recruitments, compensation and statuses of the company's executive officers;

**8.** formulate any proposals and any opinions with respect to director's fees or other compensation and benefits in favor of directors and auditors;

**9.** assess the situation of each of the directors with respect to the relations, where applicable, that he entertains with the company that could impair his freedom of judgment or entail potential conflicts of interest with the company; and

**10.** implement the regular evaluation of the board of directors.

**(iii) The investment committee's assignment is to:**

1. assist the board of directors in (i) its assignment relating to the company's investments, in particular in cases of sales, acquisitions or developments of realty assets, (ii) the event of any significant renovation of the company's realty assets and (iii) determining the company's rental strategy (hereinafter referred to as the "**Investments**");
2. study and formulate an opinion on the investment projects and prepare any reports relating thereto, which will be submitted to the Board of Directors; in said respect, the board of directors or the general manager duly informs the investment committee of any investment projects;
3. review the strategy of the investment operations already carried out, as well as their implementation, and prepare, wherever applicable, any reports relating thereto, which will be submitted to the board of directors;
4. examine and formulate an opinion on the annual investment budget;
5. receive communication of the analysis work carried out, where applicable, by the statutory auditors with respect to the Investments;
6. study the company's internal functioning so as to regularly contribute, to the board of directors, information of a nature to evaluate its performance in the perspective of the Investments made and to be made; and
7. address any operation or deed or event that could have a significant effect on the Investments.

## C) INTERNAL OR EXTERNAL AIDS USED TO PREPARE CONTROL PROCEDURES:

The company implements a policy of transparence and public disclosure to best satisfy the shareholders' and potential investors' interests.

To improve corporate governance, the company wanted, in its internal rules and regulations, to set up similar provisions inspired by the recommendations of the report of the work group chaired by Mr. Daniel Bouton.

The company intends to place the board of directors' action and organization in the framework of the best corporate governance practices and, in particular, apply the recommendations of the *Association Française des Entreprises Privées and the Mouvement des Entreprises de France* (October 2003) in said respect, insofar as they are compatible with the company's organization and size.

In addition, the internal rules and regulations establish a director's charter, which offers an ethical framework to the directors' exercise of their duties.

In particular, the director's charter provides for:

1. each director, however he/she is appointed, represents all the shareholders;
2. each director sees to it that he/she continually improves his/her knowledge of the company and its sector of activity;
3. each director sees to it that he/she maintains his/her independence of analysis, judgment, decision and action in all circumstances;
4. each director undertakes not to seek or accept any benefit that could impair his/her independence;
5. each director, before accepting his/her duties, must familiarize himself/herself with the general or special obligations attached to his/her position and, in particular, the applicable legal or regulatory texts, bylaws, internal rules and regulations and this charter, as well as any addition that the board of directors deems necessary to communicate to him/her;
6. each director (whether in his/her own name or as a permanent representative of a legal entity) must hold the equivalent of at least one share. If he/she does not hold that share upon assuming his/her duties or if, during his/her term of office, he/she ceases to be the owner thereof, the director has three months to comply with said obligation;
7. each director refrains from carrying out transactions on corporate securities in which (and insofar as) he/she has, owing to his/her position, information that has not yet been publicly disclosed;
8. each director must inform the board of directors of any conflict of interests, including potential, in which he/she could be involved directly or indirectly. He/she refrains from participating in any debates and decision-making relating to the subjects in question.

The director's charter also reiterates, wherever necessary, the stock market regulations that are applicable in cases of insider trading, failure to inform and price manipulations.

#### 2.2.2 Summary description of the internal procedures set up by the company:

##### A) PROCEDURES FOR PROCESSING FINANCIAL AND ACCOUNTING INFORMATION:

The procedures for processing accounting and financial information are currently organized as follows:

**(i) Building operation cycle**

The assignment of the asset manager CGI is, in particular, to supervise the property manager.

The billing and reminders of rental charges are issued by the property manager, which also collects the payments. The property manager's accounting department records the bills on the ERP SAP specially developed by the asset manager. The asset manager audits the billing.

The budget of the charges relating to the building is prepared by the property manager and validated by the asset manager. The property manager receives and records the expenses linked to the life of the building on the SAP. The asset manager makes the payments (except for fluids) and validates the invoices received.

**(ii) Corporate accounting**

The books are kept by a certified public accounting firm on French accounting software. The company's tax lawyers are regularly consulted.

In particular, the information necessary for keeping the books is obtained from the property manager, the asset manager and banks.

The asset manager validates the invoices and makes the payments.

The asset manager's assignment is to supervise the accounting department and any outside services providing accounting assistance.

**(iii) Periodical financial information**

Each month, an interim situation is prepared by the certified public accountant, which then transmits it to the asset manager's financial department for audit and validation.

**(iv) Preparation of financial statements**

Financial statements are prepared by a certified public accountant in conjunction with the asset manager and its advisors.

The audit committee reviews the relevance of the main hypotheses and principles therein.

The financial statements are submitted to the statutory auditors for an audit.

##### B) INFORMATION AND REPORTING PROCEDURES

With a view to insuring efficient processing of the financial information, the company set up an obligation to disclose and report pursuant to which, in particular, the managing director must, within thirty days from the end of the first half-year, submit to the board of directors a balance sheet that has not been audited (prepared at the date of the last day of the half-year in question), an income statement and a cash statement (for the half-year), a comparison of the balance sheet, income statement and the budget, as well as a comparison between such statements and the budget and the revised forecasts of the results for the fiscal year in progress.

##### C) NATURE OF THE OTHER PROCEDURES

The company calls upon various external parties to ensure the management of the company and its assets. Thus the asset manager's assignment is entrusted to CGI, the property management duties are performed by the historical business partner, A&PM and the certified public accounting activity is ensured by PricewaterhouseCoopers. The company ensures a regular control of all the various external parties by means of daily exchanges and contacts with each external assistance provider. Meetings are also organized whenever necessary.

The above mechanisms provide a reasonable assurance that the internal control objectives for the past fiscal year were reached. Given the company's size and current activity, it will endeavor to maintain its internal controls with the permanent objective to reduce the risks in the perspective of protecting its assets.

Lastly the company will endeavour to set up the procedure required to combat money laundering.

## 3. LIMITS TO THE MANAGING DIRECTOR'S POWERS

The managing director has the powers and exercises them in the conditions set forth in Article L. 225-56 of the *Commercial Code*, by the internal rules and regulation adopted by the board of directors and by the company's bylaws. He therefore exercises the following powers subject to the limits indicated below:

- he assumes, under his responsibility, the company's general management;
- he represents the company in its relations with third parties;
- he is vested with the broadest powers to act in the company's name in all circumstances, as long as the acts that he carries out fulfill the following conditions: (i) they fall within the corporate purpose and (ii) they are not be expressly reserved for general meetings.

I remind you that, as an internal measure, Mr. Weinbrenner may not commit the company without having the joint signature of a delegate managing director.

At the June 21, 2006 general meeting, the board of directors, for practical reasons, increased, from EUR 500,000 to EUR 2,000,000, the amount referred to in Article 9.3 of the board of directors' internal rules and regulations with respect to the limits of the company's corporate officers' powers.
In said respect, I also remind you that, with respect to the board and to limit the powers, the managing director or the delegate managing directors may not, in the name and on behalf of the company, perform the following acts or operations, or carry out any contractual steps leading to such acts or operations without having requested and received the board of directors' prior authorization:

**1.** conclusions of sales agreements, purchase agreements or grants or sureties or guarantees, except for liens and/or mortgages, transfers (cessions Dailly) and/or delegations of insurance and/or rent (and any other sums related thereto) relating to the building(s) that it holds.

**2.** conclusions of any loan agreements wherever the company is the borrower; it must be reiterated that the company may not take part in a loan agreement as a lender;

**3.** conclusions, substantial amendments or terminations of any lease agreements or rental agreements for amounts over EUR 2,000,000;

**4.** conclusions, substantial amendments or terminations of any property management agreements;

**5.** conclusions of any agreements of any nature whatsoever bearing on an annual amount of over EUR 250,000;

**6.** issuances of any writs in which a major interest of the company could be at stake or in which the amount in cause exceeds or could exceed the sum of EUR 50,000;

**7.** acceptance of any court, administrative or arbitration decisions issued either fully or in part against the company or any other amicable settlement involving the company;

**8.** hiring of any company employees outside the annual budget limits adopted by the board of directors and/or an executive manager;

**9.** setups, transfers or closedowns of any branches, agencies, offices, both in France and abroad, creations or purchases of or subscriptions to the capital of any subsidiary or any purchases of shares in the capital or, generally, any purchases of stakes in any company or entity of any nature whatsoever, increases or decreases in any already existing shareholdings; and;

**10.** more generally, any act or operation that does not fall within the company's responsible management.

I hope that this report will allow you to have a better idea of the work procedures and methods that are used in the company, as well as of the breakdown of the powers between the various corporate bodies that make the decisions concerning company management.

I also hope that it will give you a better view of the internal control procedures that have been set up to protect the company's capital and preserve the company's assets.

**THE CHAIRMAN OF THE BOARD OF DIRECTORS**

# STATUTORY AUDITORS' REPORT

## ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 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 of the provisions contained in article L.225-37 of the Commercial Code for the period ended 31st December 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 this 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. This require us to take all due care to insure 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 declaration 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 provisions contained in the final paragraph of Article L. 225-37 of the Commercial Code.

Paris La Défense, March 27th 2007

**KPMG Audit**
**Department of KPMG S.A.**

**Fabrice Odent**
**Partner**

Paris, March 27th 2007

**Charles Leguide**

**Charles Leguide**
**Partner**

# ANNUAL FINANCIAL STATEMENTS

## FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2006

### BALANCE SHEET

| ASSETS in EUR | Notes | Gross amount | Depr., Amort. & Prov. | 31/12/2006 | 31/03/2006 |
|---|---|---|---|---|---|
| **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 | | 365,072,706 | | 365,072,706 | 236,387,907 |
| Buildings | | 607,058,352 | 125,100,638 | 481,957,714 | 383,843,071 |
| Technical plant, equipment and industrial machinery | | 1,028,653 | 370,820 | 657,833 | 616,941 |
| Other property, plant and equipment | | 535,728 | 150,281 | 385,446 | 288,311 |
| 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 | | 601 ,530 | | 601,530 | 18,860 |
| **FIXED ASSETS** | **5 - 6** | **974,296,968** | **125,621,739** | **848,675,229** | **621,155,090** |
| **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 | 7 - 8 | 19,517,719 | 18,808 | 19,498,911 | 12,159,717 |
| Other receivables | 8 | 12,064,816 | | 12,064,816 | 16,654,494 |
| Subscribed capital, called up but not paid | | | | | |
| **Short-term investment securities** | | | | | |
| **Cash and cash equivalents** | | 31,253,507 | | 31,253,507 | 34,303,373 |
| **CURRENT ASSETS** | | **62,836,041** | **18,808** | **62,817,233** | **63,117,584** |
| **Prepaid expenses** | 11 | 2,108,663 | | 2,108,663 | 2,793,894 |
| **Adjustment accounts** | | | | | |
| **TOTAL ASSETS** | | **1,039,241,672** | **125,640,547** | **913,601,125** | **687,066,569** |

| EQUITY AND LIABILITIES in EUR | Notes | 31/12/2006 | 31/03/2006 |
|---|---|---|---|
| **Capital** | | | |
| Share capital (including paid-up capital: EUR 160,470,000) | | 160,470,000 | 160,470,000 |
| Additional paid-in capital. | | 39,745,105 | 39,745,105 |
| Revaluation reserve | | 181,916,227 | |
| **Reserves** | | | |
| Legal reserve | | 16,047,000 | 16,047,000 |
| Statutory or contractual reserves | | | |
| Regulated reserves | | | |
| Other reserves | | | |
| **Income/(loss)** | | | |
| Retained earnings | | 1,946,965 | 5,534,792 |
| Income/(loss) for the period | | 32,400,844 | -3,587,827 |
| **Investment subsidies** | | | |
| **Regulated provisions** | | | |
| **SHAREHOLDERS' EQUITY** | **13** | **432,526,140** | **218,209,069** |
| **Income from the issue of equity instruments** | | | |
| **Contingent advances** | | | |
| **OTHER EQUITY** | | | |
| **Contingency provisions** | | | |
| **Provision for losses** | 7 | | 53,126,150 |
| **LOSS AND CONTINGENCY PROVISIONS** | | | **53,126,150** |
| **Borrowings** | | | |
| Convertible bonds | | | |
| Other bonds | | | |
| Bank borrowings | 8 | 379,900,000 | 379,900,026 |
| Miscellaneous borrowings and financial debt | 8 | 1,618,839 | 1,220,329 |
| **Accounts payable and other current liabilities** | | | |
| Advances/down payments received on orders in-progress | | | |
| Trade accounts payable | 8 | 2,834,662 | 5,247,827 |
| Tax and social liabilities | 8 | 71,050,545 | 4,394,992 |
| Amounts owed to fixed asset suppliers | 8 | 84,736 | 84,736 |
| Other liabilities | 8 | 11,592,334 | 11,343,496 |
| Prepaid revenue | 11 | 13,993,870 | 13,539,943 |
| **LIABILITIES** | | **481,074,985** | **415,731,349** |
| **Adjustment accounts** | | | |
| **TOTAL EQUITY AND LIABILITIES** | | **913,601,125** | **687,066,569** |

# INCOME STATEMENT

| in EUR | France | Export | Notes | 9 months ended 31/12/2006 | 3 months ended 31/03/2006 |
|---|---|---|---|---|---|
| | France | Export | | Total | |
| Sales of goods for resale | | | | | |
| Sales of manufactured products | | | | | |
| Sales of services | 43,408,057 | | 14 | 43,408,057 | 14,344,429 |
| **NET REVENUE** | **43,408,057** | | | **43,408,057** | **14,344,429** |
| Change in finished goods and in-progress inventory | | | | | |
| In-house production | | | | | |
| Operating subsidies | | | | | |
| Release of amortization and depreciation charges, provisions for impairment and expense transfers | | | | 55,529 | 883,107 |
| Other revenue | | | | 27, 221 | 8,715 |
| **Total operating revenue** | | | | **43,490,807** | **15,236,251** |
| 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 | | | 15 | 5,143,614 | 7,743,688 |
| Taxes, duties and other levies | | | | 2,453,048 | 904,485 |
| Wages and salaries | | | | 68,535 | 1,566 |
| Social security charges | | | | 12,917 | 627 |
| On fixed assets: depreciation, amortization | | | 6 | 19,507,401 | 4,958,231 |
| On fixed assets: provisions for impairment | | | | | |
| On current assets: provisions for impairment | | | 7 | 18,808 | |
| Loss and contingency provisions | | | | | |
| Other expenses | | | | 55,869 | 901,397 |
| **Total operating expenses** | | | | **27,260,191** | **14,509,996** |
| **OPERATING INCOME** | | | | **16,230,615** | **726,255** |
| Allocated income or transferred loss | | | | | |
| Loss incurred or transferred income | | | | | |
| Financial income from controlled entities | | | | | |
| Income from other securities and receivables | | | | | 68,999 |
| Other interest income | | | | 821,005 | 172,111 |
| Release of provisions for impairment, other provisions and expense transfers | | | | | |
| Foreign exchange gains | | | | | |
| Net income on sale of short-term investment securities | | | | | |
| **Total financial income** | | | | **821,005** | **241,110** |
| Financial amortization charges, provisions for impairment and other provisions | | | | | |
| Interest expenses | | | | 12,315,853 | 5,071,513 |
| Foreign exchange losses | | | | | |
| Net expenses on sales of short-term investment securities | | | | | |
| **Total financial expenses** | | | | **12,315,853** | **5 071 513** |
| **NET FINANCIAL EXPENSE** | | | | **-11,494,847** | **-4,830,403** |
| **CURRENT INCOME/(LOSS) BEFORE TAX** | | | | **4,735,768** | **-4,104,147** |

| in EUR | Notes | 9 months ended 31/12/2006 | 3 months ended 31/03/2006 |
|---|---|---|---|
| Non-recurring income on management transactions | | | |
| Non-recurring income on capital transactions | | 1,734 | |
| Release of provisions for impairment, other provisions and expense transfers | | | |
| **Total non-recurring income** | | **1,734** | |
| Non-recurring expenses on management transactions | | | |
| Non-recurring expenses on capital transactions | | 204 | |
| Depreciation, amortization and provisions for impairment | | | |
| **Total non-recurring expenses** | | **204** | |
| **NET NON-RECURRING INCOME** | | **1,530** | |
| Employee profit-sharing | | | |
| Income tax | | -27,663,546 | - 516,320 |
| **TOTAL INCOME** | | **44,313,546** | **15,993,682** |
| **TOTAL EXPENSES** | | **11,912,702** | **19,581,510** |
| **NET INCOME/(LOSS)** | | **32,400,844** | **-3,587,827** |

# NOTES TO THE FINANCIAL STATEMENTS

(in EUR)

# 1. BACKGROUND

## 1.1 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, 2006 (FR 0010309096).

## 1.2 Refinancing

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

The group loan and bank loan, which were 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.

# 2. KEY EVENTS

## 2.1 Early accounts closing

In accordance with the decision of the Ordinary General Meeting of February 20, 2006, the accounting period that began on April 1, 2006 has been closed off at December 31, 2006. Therefore, the current accounting period covers nine months, compared with three months for the period ended March 31, 2006.

Comparative information concerning the nine-month period from April 1, 2005 to December 31, 2005 is not disclosed as it is not comparable with the data for the same period of 2006. On October 1, 2005, Commerz Grundbesitz France EURL (which became CeGeREAL) merged with CG - Arcs de Seine EURL and Commerz Grundbesitz France (II) EURL which precludes like-for-like comparison.

## 2.2 Election for tax treatment as an SIIC

In accordance with Article 208 C of the French Tax Code applicable to publicly traded real estate investment companies ("SIICs"), the Company has elected for the preferential tax treatment granted to listed companies whose main business activity is the ownership and management of real estate assets.

The Company formally notified the tax authorities of its tax election on June 2, 2006 and the preferential tax treatment is effective retroactively from April 1, 2006.

The financial statements for the period ended December 31, 2006, fully reflect the impacts of this tax election.

## 2.3 Consequences of election for tax treatment as an SIIC

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).

Unrealized capital gains are subject to corporate income tax at a rate of 16.5% and this tax, generally referred to as "exit tax", must be paid in four installments; on December 15 of the year in which the option takes effect and in each of the three following years. As such, the Company paid over an amount of EUR 22,491,840 in exit tax on December 15, 2006. The residual balance to be paid over the next three years amounts to EUR 67,475,520.

Listed real estate investment companies ("SIICs") 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 tax treatment, provided 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.

In the event that the Company decides to opt out of the SIIC regime in the ten years following election, it will have to pay supplementary corporate income tax on the capital gains that were previously taxed at the reduced rate of 16.5%.

The Amending French Finance Act for 2006 stipulates that companies may not benefit from tax treatment as an SIIC if 60% or more of their capital or voting rights are held by one or several persons acting in concert within the meaning of Article L.233-10 of the French Commercial Code (Code de commerce). The companies concerned must comply with these regulations by December 31, 2008. The Company has contacted the French tax authorities to find out if this new condition regarding the tax exemption of SIICs is likely to apply to it insofar as its major shareholder (CGI) holds over 60% of its shares in the name, and on behalf of, the unit holders of the HausInvest Europa property fund.

Furthermore, the Amending French Finance Act for 2006 has also introduced a 20% withholding tax to be paid by SIICs on dividends distributed to shareholders, other than natural persons, who hold at least 10% of dividend entitlements in said SIICs, and who are not liable for corporate income tax or another equivalent tax on the dividends received. However, the withholding tax is not payable in the event that the beneficiary is a company that has an obligation to distribute all dividends that it receives. These provisions apply to all dividends distributed after July 1, 2007

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## 2.4 Impact of election for tax treatment as an SIIC

The impacts of the election for tax treatment as an SIIC in the accounts for the nine-month period ended December 31, 2006, can be summarized as follows:

| Balance sheet heading in EUR thousand | Assets | Liabilities | Balance sheet item impacted |
|---|---|---|---|
| Cancellation of the provision for income tax (Article 210 A of the French Tax Code) | | (53,126) | Provision for losses |
| Recognition of exit tax liability | | 89,968 | Tax and social liabilities |
| Payment of the first installment of the exit tax liability | (22,492) | (22,492) | Cash and cash equivalents and Tax and social liabilities |
| **Net balance sheet impact** | **(22,492)** | **14,350** | |

| Income statement heading in EUR thousand | Income tax | Total |
|---|---|---|
| Income from reversal of the provision for income tax (Article 210 A of the French Tax Code) | 27,666 | 27,666 |
| **Net impact (income)** | **27,666** | **27,666** |

*The changes in accounting policy arising from the remeasurement of fixed assets are analyzed in Note 4; the impact on the statement of fixed assets is analyzed in Note 5.*

## 2.5 Remeasurement of fixed assets

The Company remeasured its fixed assets at April 1, 2006 (see Note 4).

## 2.6 Liquidity agreement

On August 29, 2006, CeGeREAL entered into a liquidity agreement with Exane BNP Paribas. This agreement complies with the standard-type contract referred to in the code of ethics of the French Association of Investment Firms (*Association Française des Entreprises d'Investissement* – AFEI) of March 14, 2005 and approved by the French financial markets authority (*Autorité des Marchés Financiers* – AMF) on March 22, 2005.

Under the terms of this agreement, Exane BNP Paribas may buy and sell CeGeReal shares within the limits imposed by the law and by CeGeReal's Board of Directors.

# 3. ACCOUNTING RULES, PRINCIPLES AND METHODS

The Company's annual financial statements for the nine-month period ended December 31, 2006, were prepared in accordance with the 1999 French general chart of accounts and all supplementary and amending CRC regulations, and with the accounting principles generally accepted in France.

Accounting policies were applied in accordance with the principle of prudence, and the following basic assumptions:

- going concern basis,
- consistency principle,
- accrual basis principle.

The basic method used for valuing items recorded in the accounts is 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* – CRC), 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 nine-month period ended December 31, 2006 are described below.

## 3.1 Property, plant and equipment

Property, plant and equipment acquired prior to April 1, 2006 are stated in the balance sheet at their remeasured value as of that date. Property, plant and equipment acquired after that date is stated at cost. Changes in gross values and accumulated depreciation are shown in Notes 5 and 6.

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

**• Component-based approach**

When one or several components of a fixed asset have different useful lives, each component is recognized separately and depreciated over its useful life.

The Company has carried out a technical survey of its various buildings and divided fixed asset components into four main categories: shell, façades, fixtures and fittings, and machinery and equipment.

The components of the second category (major upkeep work) may give rise to the recognition of a loss and contingency provision in accordance with the multi-annual building plan.

**•Depreciable amount**

The depreciable amount consists of the assets' gross value less its residual value.

Residual value corresponds to the amount that the Company could 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 may only be measured if it is possible to reliably determine the market resale value of the asset at the end of its useful life.

The Company does not take residual value into account to calculate the depreciable amount of its buildings as it intends to use all of them until the end of their theoretical useful life.

**• Depreciation periods**

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

From January 1, 2005, the average residual useful lives by category of component and by building are as follows:

| Category of component | Residual useful life in years |
|---|---:|
| Shell | 40 - 55 |
| Façades | 20 - 25 |
| Fixtures and fittings | 9 - 10 |
| Machinery and equipment | 14 - 15 |

**• Impairment**

According to Rule 2002-10 of the French Accounting Regulations Committee (CRC), impairment must be calculated by companies at each balance sheet date using impairment tests, where there is objective evidence that the asset may have suffered a decline in value.

Impairment must not be recognized unless the present value of the fixed asset is less than its carrying value. An impairment expense is then recorded if material.

The 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 arise from the continuing use of an asset and from its disposal at the end of its useful life.

All of the Company's real estate assets were measured at their market value at December 31, 2006 by an external real estate valuer. According to the valuer's calculations, the present value of each property exceeds its carrying amount, even after the remeasurement of fixed assets carried out by the Company at April 1, 2006. Consequently, no provision for impairment has been recognized.

## 3.2 Treasury shares

Treasury shares held within the scope of the liquidity agreement are stated at cost in assets under "Other financial fixed assets".

Cash amounts allocated to the liquidity agreement are stated in "Other financial fixed assets" as they are no longer available for the immediate needs of the Company.

Movements in the treasury share portfolio are recorded on a first in, first out basis.

A provision for impairment is set aside when the acquisition value of the shares is less than the average stock market price in the month preceding the balance sheet date.

Gains and losses realized on the sale of treasury shares are recognized in "Non-recurring income".

### 3.3 Receivables

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

### 3.4 Provision for losses

Provisions for corporate income tax liability were recognized to deal with the impact relating to the adding back to taxable income of 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 to prior mergers (see Note 7).

However, following the Companies election for tax treatment as an SIIC, these provisions were released during the period.

### 3.5 Revenue recognition

Rental income is recognized over the lease term.

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

Eviction indemnities paid to lessees in compensation for termination by the lessor are recognized in operating expenses. Termination indemnities received from former lessees are recognized in operating revenue.

### 3.6 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.

### 3.7 Financial expenses

The financial expenses incurred by the Company when refinancing its operating assets are recognized in "Interest expenses" as provided for in the loan agreement. Consequently, loan issue costs were expensed as incurred.

## 4. CHANGE IN ACCOUNTING METHODS

The Company remeasured its fixed assets at April 1, 2006, at the time of its election for treatment as an SIIC.

All of the Company's real estate assets were measured by an external real estate valuer at market value dated March 2006. The Hardcore Capitalization method was used which essentially consists of capitalizing current market rents and factoring in the differential between actual and current market rents. All amounts are measured net of taxes.

The remeasurement of assets within the scope of the Company's election for tax treatment as an SIIC gives rise to an exit tax liability. This final tax (payment leads to full discharge) is offset against the revaluation reserve in shareholders' equity.

At December 31, 2006, the revaluation reserve can be analyzed as follows:

| Item | Increase in gross value | Allocation of exit tax liability | Release of the provision for taxes | Revaluation adjustment |
|---|---|---|---|---|
| Land | 128,684,798 | (46,981,797) | | 81,703,001 |
| Buildings | 117,530,055 | (42,909,289) | 25,459,816 | 100,080,582 |
| Technical plant, industrial machinery and other property, plant and equipment | 208,917 | (76,274) | | 132,643 |
| **Total** | **246,423,770** | **(89,967,360)** | **25,459,816** | **181,916,227** |

*The remeasurement of fixed assets generated an increase in depreciation expense of EUR4,630k for the nine-month period.*

## 5. STATEMENT OF FIXED ASSETS

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

| Heading | Gross value at 01/04/2006 | Remeasurement | Increases | Decreases | Gross value at 31/12/2006 |
|---|---|---|---|---|---|
| **Property, plant and equipment** | **727,250,569** | **246,423,770** | **21,100** | | **973,695,439** |
| **Land** | **236,387,907** | **128,684,799** | | | **365,072,706** |
| Europlaza | 85,019,763 | 57,116,237 | | | 142,136,000 |
| Arcs de Seine | 115,291,573 | 39,125,133 | | | 154,416,706 |
| Rives de Bercy | 36,076,571 | 32,443,429 | | | 68,520,000 |
| **Buildings** | **489,528,296** | **117,530,056** | | | **607,058,352** |
| Europlaza | 195,976,771 | 68,602,570 | | | 264,579,341 |
| Arcs de Seine | 195,162,353 | 32,561,982 | | | 227,724,335 |
| Rives de Bercy | 98,389,172 | 16,365,503 | | | 114,754,675 |
| **Technical plant, industrial machinery and other property, plant and equipment** | **1,334,365** | **208,915** | **21,100** | | **1,564,381** |
| Europlaza | 258,180 | 58,303 | 21,100 | | 337,584 |
| Arcs de Seine | 44,013 | 9,313 | | | 53,326 |
| Rives de Bercy | 1,032,172 | 141,299 | | | 1,173,471 |
| **Financial fixed assets** | **18,860** | | **601,530** | **18,860** | **601,530** |
| Security guarantees and deposits | 18,860 | | | 18,860 | |
| Treasury shares | | | 216,584 | | 216,584 |
| Cash used in the liquidity agreement | | | 384,946 | | 384,946 |
| **Total gross fixed assets** | **727,269,428** | **246,423,770** | **622,629** | **18,860** | **974,296,968** |

*Security given on property, plant and equipment is analyzed in Note 17.*

The increase of EUR246,424k in the gross value of fixed assets following remeasurement represents the difference between the carrying value of the real estate assets and their current value, based on the report of the external real estate valuer of March 31, 2006. This difference was split between land and buildings based on the information contained in the same report. The portion relating to buildings was allocated by component in accordance with CRC Rule 2004-6.

At December 31, 2006, CeGeReal held 6,185 of the Company's shares out of a total of 13,372,500. No provision for impairment was raised in relation to these shares.

## 6. STATEMENT OF DEPRECIATION/ AMORTIZATION

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

| Heading | Accumulated depreciation/amortization at 01/04/2006 | Charges for the period | Released/ reclassified in the period | Accumulated depreciation/amortization at au 31/12/2006 |
|---|---|---|---|---|
| **Property, plant and equipment** | | | | |
| **Buildings** | **105,568,192** | **19,415,414** | **117,032** | **125,100,638** |
| Europlaza | 51,439,353 | 8,704,044 | 117,032 | 60,260,428 |
| Arcs de Seine | 41,274,365 | 7,085,292 | | 48,359,657 |
| Rives de Bercy | 12,854,474 | 3,626,078 | | 16,480,552 |
| **Technical plant, industrial machinery and other property, plant and equipment** | **546,146** | **91,987** | **(117,032)** | **521,101** |
| Europlaza | 252,475 | 14,838 | (117,032) | 150,281 |
| Rives de Bercy | 293,671 | 77,149 | | 370,820 |
| **Total accumulated depreciation/amortization** | **106,114,338** | **19,507,401** | | **125,621,739** |

## 7. STATEMENT OF PROVISIONS AND IMPAIRMENT ALLOWANCES

Changes in provisions for losses and impairment allowances recognized under the rules set out in Note 3 were as follows:

| Heading | At 01/04/2006 | Additions | Releases | At 31/12/2006 |
|---|---|---|---|---|
| **Provision for losses** | | | | |
| Provision for taxes (a) | 53,126,150 | | 53,126,150 | |
| **Impairment** | | | | |
| Of trade accounts receivable | 411 | 18,808 | 411 | 18,808 |
| **Total provisions** | **53,126,561** | **18,808** | **53,126,561** | **18,808** |

*(a) A portion of the provision for taxes recognized in previous financial years and released during this period, limited to 16.5% of the tax base provided for, i.e., K EUR 25,460, was allocated to the revaluation adjustment.*

*The remainder of the amount released, i.e., K EUR27,666, was booked in the income statement in "Income tax".*

## 8. STATEMENT OF RECEIVABLES AND PAYABLES BY MATURITY

Receivables and payables by maturity at December 31, 2006 can be analyzed as follows:

| Receivables | Gross value | Due in ≤ 1 year | Due in > 1 year |
|---|---|---|---|
| **Receivables related to current assets** | | | |
| Trade accounts receivable (a) | 19,517,719 | 19,517,719 | |
| Other receivables (b) | 12,064,816 | 7,585,541 | 4,479,275 |
| **Total receivables** | **31,582,535** | **27,103,260** | **4,479,275** |

*(a) Trade accounts receivable mostly comprise rents (net of VAT) for the first quarter of 2007 billed in 2006 and is offset by an entry to "Prepaid revenue" (see Note 11).*
*(b) "Other receivables» due in more than one year represent rent-free periods deferred for over one year.*

| | | | Maturity | |
|---|---|---|---|---|
| **Payables** | **Gross value** | **Due in ≤ 1 year** | **1 - 5 years** | **> 5 years** |
| Bank borrowings (c) (d) (e) (f) | 379,900,000 | | | 379,900,000 |
| Miscellaneous borrowings and financial debt (g) | 1,618,839 | 38,081 | | 1,580,758 |
| Trade accounts payable | 2,834,662 | 2,834,662 | | |
| Tax and social liabilities (h) | 71,050,545 | 26,066,865 | 44,983,680 | |
| Amounts owed to fixed asset suppliers | 84,736 | 84,736 | | |
| Other liabilities | 11,592,334 | 11,592,334 | | |
| **Total payables** | **467,081,116** | **40,616,678** | **44,983,680** | **381,480,758** |

*(c) No new loans were taken out and no loans were paid off during the period.*
*(d) Repayment schedules for «Bank borrowings» are subject to compliance with financial ratios or contractual clauses that may effect the timing of repayment.*
*(e) Collateral provided on borrowings at December 31, 2006 is analyzed in Note 17.*
*(f) At December 31, 2006, the third tranche of the Company's refinancing loan for an amount of EUR 45 million had not been drawn down.*
*(g) Security deposits paid by lessees appear in "Miscellaneous borrowings and financial debt" for an amount of EUR 1,580,758. They are deemed to be long-term debt (maturing in over 5 years) on the assumption that lessees will seek to renew their leases.*
*(h) Tax and social liabilities maturing in over one year comprise exit tax due after December 31, 2007. The exit tax liability is not discounted.*

## 9. ACCRUED INCOME AND EXPENSES

At December 31, 2006, accrued income and accrued expenses can be analyzed as follows:

| Accrued income | |
|---|---|
| Trade accounts receivable | 3,990,996 |
| Other receivables | |
| Deferred rent-free periods | 6,455,114 |
| Credit notes due from suppliers | 18,688 |
| Cash and cash equivalents | 101,024 |
| **Total** | **10,565,822** |

| Accrued expenses | |
|---|---|
| Trade accounts payable | 1,123,201 |
| Tax and social liabilities | 171,198 |
| Other liabilities | 70,936 |
| **Total** | **1,365,335** |

## 10. TRANSACTIONS WITH RELATED PARTIES

The following transactions with Commerz Grundbesitz Investmentgesellschaft ("CGI", the fund manager for Haus-Invest Europa) have been identified as related-party agreements:

| | 31/12/2006 | 31/03/2006 |
|---|---|---|
| **Impact on operating income** | | |
| Other purchases and external charges: Asset management fees | 2,595,847 | 418,111 |
| **Impact on net financial expense** | | |
| Interest expenses | | 1,201,653 |
| **Total income statement impact** | **2,595,847** | **1,619,764** |
| **Impact on balance sheet liabilities** | | |
| Miscellaneous borrowings and financial debt | 15,582 | 22,113 |
| Trade accounts payable | 1,087,252 | 500,061 |
| **Total balance sheet impact** | **1,102,834** | **522,174** |

## 11. PREPAID EXPENSES AND REVENUE

At December 31, 2006, prepaid expenses and revenue can be analyzed as follows:

| | Expense | Income |
|---|---|---|
| Operating revenue/expenses | 108,407 | 13,993,870 |
| Financial income/finance costs | 2,000,256 | |
| Non-recurring income/expenses | | |
| **Income statement total** | **2,108,663** | **13,993,870** |

*Prepaid revenue consists mainly of rents in respect of the first quarter of 2007 billed in 2006.*
*Prepaid expenses consist mainly of loan interest relating to a later period paid in the fourth quarter of 2006.*

## 12. COMPOSITION OF SHARE CAPITAL

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

## 13. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Changes in shareholders equity over the period were as follows:

| Statement of changes in shareholders' equity | Capital | Merger premium | Reserves and retained earnings | Shareholders' equity before appropriation of net income |
|---|---|---|---|---|
| **March 31, 2006** | **160,470,000** | **39,745,105** | **17,993,965** | **218,209,069** |
| Revaluation reserve | | | 181,916,227 | 181,916,227 |
| Net income for the period | | | 32,400,844 | 32,400,844 |
| **December 31, 2006** | **160,470,000** | **39,745,105** | **232,311,036** | **432,526,140** |

## 14. BREAKDOWN OF NET REVENUE

Net revenue is generated entirely in France and can be broken down as follows by type of service provided:

| | 9 months ended 31/12/2006 | 3 months ended 31/03/2006 |
|---|---|---|
| Rental income | 40,362,630 | 13,481,380 |
| Real estate taxes rebilled to lessees | 2,361,268 | 722,473 |
| Termination indemnities | 395,206 | 134,391 |
| Insurance costs rebilled to lessees | 282,530 | |
| Other revenue | 6,423 | 6,185 |
| **Total** | **43,408,057** | **14,344,429** |

*The matching entries for real estate taxes and insurance costs rebilled to lessees appear in "Taxes duties and other levies" and "Other purchases and external charges".*

## 15. BREAKDOWN OF CERTAIN INCOME STATEMENT ITEMS

Other purchases and external charges:

| | 9 months ended 31/12/2006 | 3 months ended 31/03/2006 |
|---|---|---|
| Insurance (a) | 300,069 | |
| Rental expenses | 101,822 | 1,334 |
| Upkeep and repair of buildings | 201,356 | 129,682 |
| Fees (b) (c) | 3,919,023 | 6,419,773 |
| Publications | 573,330 | 100,301 |
| Sundry expenses | 48,014 | 1,092,599 |
| **Total** | **5,143,614** | **7,743,688** |

*(a) Rebilled to lessees for an amount of EUR282k at December 31, 2006*
*(b) Asset management fees amounted to EUR2,596k at December 31, 2006*
*(c) Including K EUR 6,154 in stock market listing fees and refinancing costs at March 31, 2006.*

## 16. INCREASE IN FUTURE TAX EXPENSE AND TAX RELIEF

Since its election for treatment as an SIIC, effective retroactively from April 1, 2006, the Company has been exempt from paying corporate income tax as its business activity consists exclusively of the leasing of buildings.

Consequently, disclosure of information regarding the increase in future tax expense and tax relief is no longer necessary.

## 17. OFF-BALANCE SHEET COMMITMENTS AND SECURITY PROVIDED

### 17.1 Loan guarantees

Collateral relating to the Company's real estate assets has been provided on bank borrowings as follows:

- Registration of traditional mortgages on buildings;
- Delegation of insurance pursuant to Articles L.121-13 of the French Insurance Code;
- Assignment of rent receivables under the Dailly Law mechanism.

### 17.2 Loan agreement covenants

Under the terms of the loan agreement, the Company has undertaken:

– To ensure that the interest coverage ratio (ICR) (projected annual net rental income/annual interest expense and charges) is at least equal to 150%;

- To ensure that the loan-to-value ratio (LTV) (outstanding bank borrowings/ market value of real estate assets) remains below 70%;
- In the event of default, not to distribute dividends for an amount greater than that stipulated in 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.

### 17.3 Derivatives

The Company did not have recourse to derivative instruments at December 31, 2006.

### 17.4 Commitments relating to the operating leases offered by the Company

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

## 18. EXECUTIVE REMUNERATION

In accordance with the decision taken by the Board of Directors on January 19, 2006, remuneration 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 maximum and total annual attendance fees for all directors at EUR 45,000. For the year end closed as at December 31, 2006, an amount of EUR 22,500 has been paid as attendance fees.

## 19. AVERAGE HEADCOUNT

The Company had one employee at December 31, 2006.

## 20. STATEMENT OF CASH FLOWS

| | 9 months ended 31/12/2006 | 3 months ended 31/03/2006 |
|---|---|---|
| **SOURCES** | | |
| Funds from operations | 24,260,719 | (23,633) |
| **Available cash flow** | **24,260,719** | **(23,633)** |
| Decrease in financial fixed assets | 18,860 | |
| Increase in shareholders' current account balance | 15,967 | 2,450 |
| Increase in financial debt (bank borrowings) | | 379,900,000 |
| Increase in other financial debt (security deposits received from lessees) | 382,542 | |
| **Total sources of funds** | **24,678,088** | **379,878,817** |
| **USES** | | |
| Dividends paid | | |
| Allocation of exit tax liability to revaluation adjustment | 89,967,360 | |
| Increase in fixed assets | 622,629 | |
| Decrease in shareholders' current account balance | | |
| Decrease in intra-group financial debt | | 180,000 000 |
| Decrease in financial debt (bank borrowings) | 26 | 199,235,525 |
| **Total uses of funds** | **90,590,015** | **379,235,525** |
| **Net change in working capital** | **(65,911,927)** | **643,292** |

| | 9 months ended 31/12/2006 | | | |
|---|---|---|---|---|
| | Uses | Sources | 9 months ended 31/12/2006 | 3 months ended 31/03/2006 |
| **CHANGE IN OPERATING WORKING CAPITAL** | | | | |
| Change in operating assets | | | | |
| Trade accounts receivable | 7,358,002 | | (7,358,002) | 3,009,464 |
| Other receivables | | 4,589,679 | 4,589,679 | (3,181,571) |
| Tax and social liabilities | | | | (269,623) |
| Adjustment accounts | | 685,231 | 685,231 | (2, 793,894) |
| Change in operating liabilities | | | | |
| Trade accounts payable | 2,413,165 | | (2,413,165) | 3,868,827 |
| Tax and social liabilities (excluding exit tax) | 819,968 | | (819,968) | (1,144,410) |
| Other liabilities | | 248,838 | 248,838 | 2,738,496 |
| Adjustment accounts | | 453,927 | 453,927 | 24,996 |
| **Net change in operating working capital** | **10,591,135** | **5,977,675** | **(4,613,460)** | **2,252,284** |
| **CHANGE IN NON-OPERATING WORKING CAPITAL** | | | | |
| Change in other receivables | | | | |
| Change in other payables | | | | |
| Tax and social liabilities (exit tax) | | 67,475,520 | 67 475 520 | |
| **Net change in non-operating working capital** | | **67,475,520** | **67 475 520** | |
| **Increase or decrease in working capital** | **10,591,135** | **73,453,195** | **62 862 060** | **2,252,284** |
| Change in cash on hand | 3,049,867 | | (3,049,867) | 2,895,576 |
| **Net change in cash and cash equivalents** | **3,049,867** | | **(3,049,867)** | **2,895,576** |
| **Net change in working capital** | **(7,541,268)** | **(73,453,195)** | **(65,911,927)** | **643,292** |

*The remeasurement of fixed assets (whose balance sheet impact is analyzed in Note 4) did not have any cash impact and is not reflected in the statement of cash flows.*

# IFRS PRO FORMA

## FINANCIAL STATEMENTS
## FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2006

### Pro forma IFRS balance sheet of CeGeREAL S.A.

| In EUR thousand | Notes | 31/12/2006 (under IFRS) | 31/03/2006 (under IFRS) | 31/12/2005 (under IFRS) |
|---|---|---|---|---|
| Assets | | | | |
| Investment property | 5.1 | 963,000 | 867,560 | 854,960 |
| Loans and receivables | 5.2 | 4,479 | 5,438 | 5,433 |
| Others non-current assets | | | 19 | 19 |
| **Total non-current assets** | | **967,479** | **873,017** | **860,412** |
| Accounts receivable | 5.3 | 19,496 | 12,387 | 14,961 |
| Other operating receivables | 5.4 | 7,972 | 11,217 | 6,914 |
| Corporate income tax receivable | | | 890 | |
| Prepaid expenses | | 2,243 | 2,856 | |
| Total receivables | | 29,711 | 27,350 | 21,875 |
| Cash and cash equivalents | 5.5 | 31,254 | 37,040 | 35,016 |
| Total cash and cash equivalents | | 31,254 | 37,040 | 35,016 |
| **Total current assets** | | **60,964** | **64,390** | **56,891** |
| **TOTAL ASSETS** | | **1,028,443** | **937,407** | **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 | | 221,557 | 128,644 | 86,735 |
| Net income for the period | | 117,418 | 98,090 | 41,909 |
| **Shareholders' equity** | **5.6** | **555,237** | **442,996** | **344,906** |
| Non-current borrowings | 5.7 | 376,211 | 375,966 | 214,756 |
| Other non-current financial debt | 5.8 | 1,581 | 1,198 | 1,218 |
| Corporate income tax liability | 5.9 | 40,980 | 61,144 | 34,067 |
| Deferred tax liabilities | 5.10 | 631 | 659 | 130,292 |
| **Total non-current liabilities** | | **419,402** | **438,967** | **380,333** |
| Current borrowings | | | | 164,460 |
| Accounts payable | | 2,835 | 5,248 | 1,485 |
| Accrued corporate income tax | 5.9 | 21,687 | 21,952 | 822 |
| Other operating liabilities | 5.11 | 15,288 | 14,705 | 11,783 |
| Prepaid revenue | 5.12 | 13,994 | 13,540 | 13,514 |
| **Total current liabilities** | | **53,804** | **55,444** | **192,064** |
| **TOTAL EQUITY AND LIABILITIES** | | **1,028,443** | **937,407** | **917,303** |

## Pro forma IFRS income statement of CeGeREAL S.A.

| In EUR thousand | Notes | 9 months ended 31/12/2006 (IFRS) | 3 months ended 31/03/2006 (IFRS) | 9 months ended 31/12/2005 (IFRS) |
|---|---|---|---|---|
| Rental income | 5.13 | 40,075 | 13,382 | 39,703 |
| Income from other services | 5.14 | 3,416 | 976 | 2 903 |
| Building-related costs | 5.15 | (5,959) | (1,564) | (3,216) |
| **Net rental income** | | **37,532** | **12,794** | **39,390** |
| Administrative costs | 5.16 | (1,772) | (3,074) | (441) |
| Other operating revenue and expenses | | (20) | | (35) |
| Increase in the fair value of investment property | | 95,419 | 12,600 | 40,638 |
| Decrease in the fair value of investment property | | | | |
| Total change in the fair value of investment property | 5.1 | 95,419 | 12,600 | 40,638 |
| **Operating income** | | **131,158** | **22,320** | **79,551** |
| Net financial expense | 5.17 | (13,766) | (18,948) | (14,351) |
| Tax expense | 5.18 | 26 | 94,718 | (23,291) |
| **NET INCOME** | | **117,418** | **98,090** | **41,909** |
| **Earnings per share in euros** | | **8.78** | **7.34** | **3.13** |

## IFRS pro forma statement of changes in shareholders' equity of CeGeREAL S.A.

| In EUR thousand | Share capital | Additional paid-in capital | Undistributed reserves and retained earnings | Total shareholders' equity |
|---|---|---|---|---|
| **At December 31, 2005** | **160,470** | **39,745** | **144,691** | **344,906** |
| Net income | | | 98,090 | 98,090 |
| **At March 31, 2006** | **160,470** | **39,745** | **242,781** | **442,996** |
| Net income | | | 117,418 | 117,418 |
| Restatement of the impact of pro forma tax | | | (4,960) | (4,960) |
| Deduction of treasury shares | | | (217) | (217) |
| **At December 31, 2006** | **160,470** | **39,745** | **355,022** | **555,237** |

## IFRS pro forma cash flow statement of CeGeREAL S.A.

| In EUR thousand | 31/12/2006 | 31/03/2006 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Net income | 117,418 | 98,090 |
| Elimination of income/expense items with no cash flow impact: | | |
| Depreciation, amortization and provisions for impairment | 19 | |
| Reversal of depreciation, amortization and provisions for impairment | | (516) |
| Exit tax liability | | 35,431 |
| Adjustments for loans at amortized cost | 173 | (3,996) |
| Remeasurement of buildings at fair value | (95,419) | (12,600) |
| Change in provision for deferred taxation | (28) | (129,633) |
| Discounting of liabilities to present value | 2,098 | 14,078 |
| Cash flow from operating activities | 24,261 | 854 |
| Change in exit tax liability | (22,492) | |
| Other changes in working capital requirements | (7,716) | |
| Change in working capital requirements | (30,208) | 506 |
| **Net cash from (used in) operating activities** | **(5,947)** | **1,360** |
| **INVESTING ACTIVITIES** | | |
| Acquisition/disposal of investment property | (21) | |
| **Cash flow used in investing activities** | **(21)** | |
| **FINANCING ACTIVITIES** | | |
| Increase/decrease in outstanding borrowings | 400 | 664 |
| Acquisition of treasury shares | (217) | |
| **Cash flow from financing activities** | **183** | **664** |
| **Change in cash and cash equivalents** | **(5,786)** | **2,024** |
| Cash and cash equivalents at the end of the period | 37,040 | 35,016 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD** | **31,254** | **37,040** |

# NOTES

## TO THE IFRS PRO FORMA FINANCIAL STATEMENTS

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

#### 1.1 Regulatory and operational context

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

In addition, the Company has prepared pro forma financial statements under IFRS for the nine-month period ended December 31, 2006, with comparative information 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 December 31, 2006, as adopted by the European Union (hereafter referred to as "IFRS").

#### 1.2 Additional background information

**• 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**

The accounting period that began on April 1, 2006 has been closed off at December 31, 2006. Therefore, the current accounting period covers nine months, compared with three months for the period ended March 31, 2006.

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

**• Refinancing**

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

The group loan and bank loan, which were 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 totaling EUR 425 million, to be provided in three tranches. The last tranche of EUR 45 million will be set aside specifically to finance the exit tax liability. At December 31, 2006, the balance of bank borrowings was equivalent to the sum of the first two tranches, i.e., EUR 380 million (prior to restatement of transaction costs).

**• Election for tax treatment as an SIIC**

In accordance with Article 208 C of the French Tax Code applicable to publicly traded real estate investment companies ("SIICs"), the Company has elected for the preferential tax treatment granted to listed companies whose main business activity is the ownership and management of real estate assets.

The Company formally notified the tax authorities of its tax election on June 2, 2006 and the preferential tax treatment is effective retroactively from April 1, 2006.

The impacts of this tax election are taken into account in all financial periods beginning after March 31, 2006 (see Note 2.9).

#### 1.3 Main assumptions used to prepare the IFRS pro forma statements for the nine-month period ended December 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.

CGF, which became CeGeREAL, did not prepare quarterly interim financial statements to reflect this merger operation.

Accordingly, most of the information presented in respect of December 31, 2005 was obtained by pro-rating the IFRS pro forma P&L figures at December 31, 2005.

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

- There was no change in the number of buildings owned by the Company 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 leases concerned.

- The low volume and recurring nature of overheads.

- Low interest rate volatility in 2005.

Increases in fair value were deemed to have occurred on a straight-line basis between January 1, 2005 and December 31, 2005.

The financial statements at December 31, 2005 exclude the impacts of the exit tax election and tax is applied at the standard rate.

However, 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 based on the actual r isk-free rate at December 31, 2005, i.e., 3.43%.

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

## 2.1 Presentation of the pro forma financial statements

According to European 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 December 31, 2006 have been prepared in accordance with international accounting standards (IAS/IFRS), the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) as published by the International Accounting Standards Board (IASB) at December 31, 2006 and applicable at that date.

By way of an exception to IFRS policies, the cash flow statement for the financial year compares the cash flows for the preceding three-month period (the duration of the previous accounting period) with those for the nine-month period between April 1, 2006 and December 31, 2006.

## 2.2 Segment reporting

A business segment is a component of an entity that (a) provides 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 office real estate properties located in the Greater Paris area.

## 2.3 Investment property

Property held under long-term contracts to earn rental income 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 recognition, 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 each balance sheet date. The methodology used by the real estate valuer is described below. Fair value is calculated net of taxes. Taxes are calculated by the real estate valuer based on the tax position of each property at the appraisal date.

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 Estimates 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 valuer are required to review these estimates and appraisals on an ongoing basis in light of past experience and other factors deemed of relevant 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.

All of the Company's real estate assets were measured by an external real estate valuer at market value dated March 2006. The Hardcore Capitalization method was used which essentially consists of capitalizing current market rents and factoring in the differential between actual and current market rents. All amounts are measured net of taxes.

The main assumptions used when estimating fair value include the following: 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.

## 2.5 Classification and measurement of non-derivative assets and liabilities

**• Loans and receivables**
Loans and receivables that are not designated as held-for-trading or available-for-sale upon acquisition are recognized in the balance sheet in "Loans and receivables". After initial recognition, they are measured at amortized cost at the effective interest rate. A provision for impairment may be recorded when necessary.

**• Non-derivative financial liabilities**
After initial recognition, non-derivative financial liabilities are measured at amortized cost at the effective interest rate.

## 2.6 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. All impairment provisions raised are recorded in the income statement.

## 2.7 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 share issue premium.

## 2.8. Treasury shares

On August 29, 2006, CeGeREAL entered into a liquidity agreement with Exane BNP Paribas. This agreement complies with the standard-type contract referred to in the code of ethics of the French Association of Investment Firms (*Association Française des Entreprises d'Investissement* – AFEI) of March 14, 2005 and approved by the French financial markets authority (*Autorité des Marchés Financiers* – AMF) on March 22, 2005.

Under the terms of this agreement, Exane BNP Paribas may buy and sell CeGeREAL shares within the limits imposed by the law and by CeGeREAL's Board of Directors.

Within the scope of the liquidity agreement, the Company owns 6,185 treasury shares for a total amount of K EUR 217.

Treasury shares have been deducted from shareholders' equity in accordance with IAS 32.

Cash allocated to the liquidity agreement has been stated in "Other operating liabilities".

## 2.9 Corporate income tax liability

A corporate income tax liability has been recognized in respect of the impacts of election for tax treatment as an SIIC. As payment is staggered over the period through December 15, 2009, this liability has been discounted.

**• Terms and conditions and impact of tax treatment as an SIIC**
When a company opts to become an SIIC, 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).

Unrealized capital gains are subject to corporate income tax at a rate of 16.5%, and this tax, generally referred to as "exit tax", must be paid in four installments, on December 15 in the year in which the option takes effect and on December 15 in each of the three following years. As such, the Company paid over an amount of EUR 22,491,840 in exit tax on December 15, 2006. The residual balance to be paid over the next three years amounts to EUR 67,475,520.

Listed real estate investment companies ("SIIC") and their subsidiaries that have opted for the preferential treatment are exempt from paying corporate income tax on the portion of their income resulting from:

- The lease of buildings, provided 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 on the sale of buildings, shareholdings in partnerships falling within the scope of Article 8 of the French Tax Code and having the same purpose as that of a SIIC, or shareholdings in subsidiaries having opted for preferential tax treatment, provided 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 they are redistributed in full during the financial period following the period in which they were received.

In the event that the Company decides to opt out of the SIIC regime in the ten years following election, it will have to pay supplementary corporate income tax on the capital gains that were previously taxed at the reduced rate of 16.5%.

The Amending French Finance Act for 2006 stipulates that companies may not benefit from tax treatment as an SIIC if 60% or more of their capital or voting rights are held by one or several persons acting in concert within the meaning of Article L.233-10 of the French Commercial Code (*Code de commerce*). The companies concerned must comply with these regulations by December 31, 2008. The Company has contacted the French tax authorities to find out if this new condition regarding the tax exemption of SIICs is likely to apply to it insofar as its major shareholder (CGI) holds over 60% of its shares in the name, and on behalf of the unit holders of the Haus-Invest Europa property fund.

Furthermore, the Amending French Finance Act for 2006 has also introduced a 20% withholding tax to be paid by the SIIC on dividends distributed to shareholders, other than natural persons, who hold at least 10% of dividend entitlements in said SIICs, and who are not liable for corporate income tax or another equivalent tax on the dividends received. However, the withholding tax is not payable in the event that the beneficiary is a company that has an obligation to distribute all dividends that it receives.

These provisions apply to all dividends distributed after July 1, 2007.

**• Impact of election for tax treatment as an SIIC**

The impacts in the income statement and balance sheet respectively can be summarized as follows:

| Impact of transition to tax treatment as an SIIC in the income statement (expense)/income | 9 monts ended 31/12/2006 | 3 monts ended 31/03/2006 |
|---|---|---|
| Cancellation of taxation of unrealized capital gains on property at the standard tax rate (i.e., 34.43%) | | 185,325 |
| Taxation of unrealized capital gains on property at the reduced exit tax rate (i.e., 16.5%) | | (89,967) |
| **Impact of transition to tax treatment as an SIIC on tax expense** | | **95,358** |
| Discounting of exit tax provision | (2,098) | 6,907 |
| Cancellation of discounting of the pre-exit tax provision | | (20,985) |
| **Impact of transition to tax treatment as an SIIC on net financial expense** | **(2,098)** | **(14,078)** |
| **Total impact of transition to tax treatment as an SIIC on income** | | **81,280** |

| Impact of transition to tax treatment as an SIIC on the balance sheet | 31/12/2006 | 31/03/2006 | 31/12/2005 |
|---|---|---|---|
| **Non-current liabilities:** | | | |
| Taxation of unrealized capital gains on property at the standard tax rate (i.e., 34.43%) | | | 164,340 |
| Non-current portion of gross exit tax liability (due in more than one year) | 44,984 | 67,475 | |
| Discounting of the non-current portion of the exit tax provision | (4,004) | (6,331) | |
| **Total non-current liabilities related to the taxation of property** | **40,980** | **61,144** | **164,340** |
| **Current liabilities:** | | | |
| Current portion of gross exit tax liability | 22,492 | 22,492 | |
| Discounting of the current portion of the exit tax provision | (805) | (576) | |
| **Total current liabilities related to the taxation of property** | **21,687** | **21,916** | |
| **Total non-current and current liabilities related to the taxation of property** | **62,667** | **83,060** | **164,340** |
| **Reduction in liabilities following transition to tax treatment as an SIIC** | | **81,280** | |

## 2.10 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 using the effective interest rate. 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.

## 2.11 Deferred taxation

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

Due to the application of the SIIC tax regime in the IFRS pro forma financial statements at March 31, 2006 (see Note 2.9), deferred taxes relating to capital gains on investment property and previously recorded at a rate of 34.43% in the IFRS pro forma financial statements at December 31, 2005, were released through the income statement for the three months ended March 31, 2006.

## 2.12 Rental income

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

Rental income is recognized over the lease term.

The financial impact of all of the lease 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 "Income from other services" in operating revenuel.

## 2.13 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 liabilities". These accounts are closed out once annual rental expenses have been correctly rebilled and recorded.

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

## 2.14 Rebilled charges

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

- "Income from other services" (income items),
- "Building-related costs" (expense items).

# 3. MANAGEMENT OF FINANCIAL RISKS

## 3.1 Risk of dependence on certain lessees

The Company is currently dependent on a small number of lessees – namely, Bouygues Telecom, Crédit Foncier de France, Cap Gemini, GE Capital and TF1 – that account for approximately 81% of all rental income generated over the period to December 31, 2006. Although the Company's real estate assets could be, and are leased to many different lessees, financial difficulties experienced by one of the afore-mentioned lessees, a request for more favorable lease terms upon renewal or a decision to terminate their lease, could adversely impact the Company's financial situation, results and future performance.

## 3.2 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, cash flow and fair value risk linked to interest rate fluctuations.

## 3.3 Market risks

- Foreign exchange risks
As the Company only carries out business 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
As the Company refinanced its debt using a fixed-rate loan, it was not exposed to any cash flow or fair value risk relating to interest rates at December 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 AND INCOME STATEMENT AT DECEMBER 31, 2006

### 5.1 Investment property

Changes in the carrying 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 | | | | |
| Disposals | | | | |
| Change in fair value | 3,150 | 9,030 | 420 | 12,600 |
| **March 31, 2006** | **171,300** | **355,340** | **340,920** | **867,560** |
| Acquisitions | | 21 | | 21 |
| Disposals | | | | |
| Change in fair value | 16,380 | 56,269 | 22,770 | 95,419 |
| **December 31, 2006** | **187,680** | **411,630** | **363,690** | **963,000** |

### 5.2 Loans and receivables

Movements in this heading can be analyzed as follows:

| In EUR thousand | 31/12/2006 | 31/03/2006 | 31/12/2005 |
|---|---:|---:|---:|
| Rent-free periods (non-current portion) | 4,479 | 5,438 | 5,433 |
| **Loans and receivables** | **4,479** | **5,438** | **5,433** |

"Rent-free periods" offsets the amounts recorded in the income statement relating to the portion of rent-free periods granted to lessees deferred over more than one year.

### 5.3 Accounts receivable

Changes in this item can be broken down as follows:

| In EUR thousand | 31/12/2006 | 31/03/2006 | 31/12/2005 |
|---|---:|---:|---:|
| Accounts receivable | 19,515 | 12,387 | 14,961 |
| Provision for impairment of accounts receivable | (19) | | |
| **Accounts receivable** | **19,496** | **12,387** | **14,961** |

## 5.4 Other operating receivables

"Other operating receivables" can be analyzed as follows:

| In EUR thousand | 31/12/2006 | 31/03/2006 | 31/12/2005 |
|---|---|---|---|
| Rental expenses | 5,369 | 7,443 | 6,351 |
| Accrued income - rent-free periods | 1,976 | 1,196 | 360 |
| Receivable with notary | 30 | 2,123 | |
| Input VAT | 173 | 423 | 154 |
| Supplier accounts in debit and other receivables | 39 | 32 | 49 |
| Liquidity account/treasury shares | 385 | | |
| **Other operating receivables** | **7,972** | **11,217** | **6,914** |

"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" corresponds to the current portion of the rent-free periods granted to lessees.

The "Receivable with notary" at March 31, 2006 concerned charges related to the refinancing of the Company's debt. A matching provision was set aside in liabilities under "Trade accounts payable".

## 5.5 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.

## 5.6 Shareholders' equity

At December 31, 2005, shareholders' equity was equal to the Company's statutory equity following the merger operations, plus adjustments to income recorded in the IFRS pro forma financial statements.

At March 31, 2006 and at December 31, 2006, shareholders' equity was equal to the Company's statutory equity following the merger operations, plus adjustments to income recorded in the IFRS pro forma financial statements, less the value of treasury shares held by the Company.

At December 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.

## 5.7 Non-current borrowings

On March 2, 2006, the Company refinanced its debt (see Note 1.2.) and raised a bank loan for an amount of 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:

| Purpose | Principal (in K EUR) | Maturity | Interest rate basis | Interest rate |
|---|---|---|---|---|
| Refinancing of financial debt | 199,900 | 02/03/2013 | Fixed with option | 4.15% |
| Refinancing of intra-group debt | 180,000 | 02/03/2013 | Fixed with option | 4.15% |
| Financing of exit tax liability | 45,000 | 02/03/2013 | Variable | Euribor 3-month + 0.6%. |
| **Total** | **424,900** | | | |

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

Guarantees granted on the loans are recorded as off-balance sheet commitments (see Note 5.20).

The effective interest rates on borrowings are as follows:

| | Period ended 31/12/2006 | Period ended 31/03/2006 | Period ended 31/12/2005 |
|---|---|---|---|
| Bank borrowings | 4.45% | 4.45% | 4.50% |
| CGI borrowings | | | 4.23% |

The loan matures on March 2, 2013.

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

## 5.8 Other non-current financial debt

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

## 5.9 Corporate income tax liability

This consists of the corporate income tax liability as described in Note 2.9.

Exit tax liability can be analyzed as follows:

| In EUR thousand | 31/12/2006 | 31/03/2006 | 31/12/2005 |
|---|---|---|---|
| Gross exit tax liability | 67,511 | 90,003 | |
| **Exit tax liability after discounting** | **62,667** | **83,096** | |
| **Breakdown of exit tax liability after discounting:** | | | |
| Current portion | 21,687 | 21,952 | |
| Non-current portion | 40,980 | 61,144 | |
| **Exit tax liability after discountingn** | **62,667** | **83,096** | |

Exit tax liability is discounted using the average yield on long- and medium-term government bonds.

## 5.10 Deferred tax liabilities

Deferred tax liabilities can be analyzed as follows at December 31, 2006:

| Deferred tax liabilities | Fair value adjustment | Other adjustments | Total |
|---|---|---|---|
| **December 31, 2005** | **130,292** | | **130,292** |
| Recorded in shareholders' equity | | | |
| Recorded in income | (130,292) | 659 | (129 633) |
| **March 31, 2006** | | **659** | **659** |
| Recorded in income | | (28) | (28) |
| **December 31, 2006** | **631** | **631** | |

On June 2, 2006, the Company formally elected for preferential tax treatment as a publicly traded real estate investment company ("SIIC") in accordance with Article 208 C of the French Tax Code. The preferential tax treatment is effective retroactively from April 1, 2006.

In consequence, beginning on April 1, 2006:

- All deferred tax liabilities relating to capital gains on buildings have been cancelled,

- The Company has reversed all corporate income tax liabilities relating to the adding back to taxable income of 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 to merger operations that took place prior to December 31, 2005,

- A tax liability corresponding to the balance of the exit tax has been booked for an amount of EUR 90 million (net of the impact of discounting).

Deferred tax liabilities concern 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.

## 5.11 Other operating liabilities

These can be broken down as follows:

| in EUR thousand | 31/12/2006 | 31/03/2006 | 31/12/2005 |
|---|---|---|---|
| Accrued VAT and other taxes | 4,188 | 3,468 | 3,608 |
| Accrued rental expenses rebilled to lessees | 10,887 | 10,651 | 8,113 |
| Rent paid in advance by lessees | 90 | 479 | 42 |
| **Other operating liabilities** | **15,165** | **14,598** | **11,763** |
| Amounts due to fixed asset suppliers | 85 | 85 | |
| **Amounts due to fixed asset suppliers** | **85** | **85** | |
| **Other liabilities** | **15,250** | **14,683** | **11,763** |

Accrued rental expenses rebilled to lessees 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.

## 5.12 Prepaid revenue

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

## 5.13 Rental income

Including the impact of rent-free periods granted, rental income can be broken down by building as follows:

| in EUR thousand | 9 months ended 31/12/2006 | 3 months ended 31/03/2006 | 9 months ended 31/12/2005 |
|---|---|---|---|
| Europlaza | 15,877 | 5,305 | 15,619 |
| Arcs de Seine | 16,444 | 5,498 | 16,410 |
| Rives de Bercy | 7,754 | 2,579 | 7,674 |
| **Rental income** | **40,075** | **13,382** | **39,703** |

## 5.14 Income from other services

Income from other services can be analyzed as follows:

| in EUR thousand | 9 months ended 31/12/2006 | 3 months ended 31/03/2006 | 9 months ended 31/12/2005 |
|---|---|---|---|
| Taxes and insurance costs rebilled to lessees | 2,646 | 722 | 2,275 |
| Other amounts rebilled to lessees and miscellaneous income | 770 | 254 | 629 |
| **Income from other services** | **3,416** | **976** | **2,903** |

## 5.15 Building-related costs

These consist of costs directly attributable to buildings most of which are rebilled to lessees, as well as asset management fees, amounting to K EUR 2,596 at December 31, 2006.

Rebillable costs mainly include real property tax and tax on office premises. They amounted to K EUR 2,372 at December 31, 2006, K EUR 722 at March 31, 2006, and K EUR 1,515 at December 31, 2005.

## 5.16 Administrative costs

Administrative costs mainly comprise professional fees. At March 31, 2006, they included costs related to the Company's stock market listing totaling K EUR 2,567.

## 5.17 Net financial expense

This can be broken down as follows:

| in EUR thousand | 9 months ended 31/12/2006 | 3 months ended 31/03/2006 | 9 months ended 31/12/2005 |
|---|---|---|---|
| Financial income | 821 | 241 | 326 |
| Financial expenses (a) | (12,489) | (5,111) | (12,462) |
| Cancellation of the discounting of the pre-exit tax provision | | (20,985) | (2,215) |
| Discounting of exit tax provision | (2,098) | 6,907 | |
| **Net financial expense** | **(13,766)** | **(18,948)** | **(14,351)** |
| (a) Breakdown of financial expenses | | | |
| Interest on bank borrowings | (12,202) | (4,075) | (12,462) |
| Termination fees related to previous loans | (1,008) | | |
| Commissions on borrowings | (287) | (28) | |
| **Total financial expenses** | **(12,489)** | **(5,111)** | **(12,462)** |

## 5.18 Tax expense

This can be broken down as follows:

| in EUR thousand | 9 months ended 31/12/2006 | 3 months ended 31/03/2006 | 9 months ended 31/12/2005 |
|---|---|---|---|
| Corporate income tax | | (516) | 5,685 |
| Cancellation of corporate income tax provision | | (54,536) | (1,528) |
| Exit tax liability (excluding discounting) | | 89,967 | |
| **Total current tax expense** | | **34,915** | **4,157** |
| Deferred taxation expense/(income) | (26) | (129,633) | 19,134 |
| **+ Tax liability/(asset)** | **(26)** | **(94,718)** | **23,291** |

## 5.19 Earnings per share

Earnings per share are calculated by dividing net profit attributable to shareholders of the Company by the number of ordinary shares at December 31, 2006, i.e., 13,750,000.

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

## 5.20 Off-balance sheet commitments and security provided

All material commitments are listed below. The Company has not entered into any complex commitments at the balance sheet date.

• **Commitments given**

*(i) The loan guarantees are mainly as follows:*

- Registration of contractual mortgages on all of the Company's existing real estate assets;

- Delegation of insurance pursuant to Articles L. 121-13 of the French Insurance Code relating to all of the Company's existing real estate assets;

- Assignment of rent receivables under the Dailly Law mechanism on all of the Company's existing real estate assets.

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

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

- To ensure that the loan-to-value ratio (LTV) (outstanding bank borrowings/ market value of real estate assets) remains below 70%;

- In the event of default, not to distribute dividends for an amount greater than that stipulated in 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) The Company did not have recourse to derivative financial instruments at the balance sheet date.*

• **Commitments received**

*(i) Security deposits received from lessees amount to K EUR 37,621 at December 31, 2006.*

*(ii) On July 31, 2006, the Company entered into a soft underwriting loan agreement and remediation facility in addition to the third tranche of the bank loan (note 5.7), whose exclusive purpose is to finance payment of the exit tax for an amount of K EUR 43,000. At December 31, 2006, this loan facility had not been drawn down. The following collateral has been provided within the scope of this arrangement:*

- Formal undertaking to record contractual mortgages on real estate assets ranking directly after the mortgages recorded under the terms of the main loan agreement;

- Assignment of rent receivables under the Dailly Law mechanism.

*(iii) Description of the main provisions of the Company's operating leases and commitments*

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

Rents are generally payable quarterly in advance and indexed to changes in the INSEE building costs index. The lease may provide for a step-up arrangement or for constant rental payments, and it may include rent-free periods or temporary rent freezes, but in any event, the terms and conditions are fixed at the inception of the lease for the entire lease term. Charges, including real property tax and tax on office premises, are generally borne by the lessee unless the lease contains a provision to the contrary.

*(iv) Minimum guaranteed rental income from current operating leases*

At December 31, 2006, the minimum annual rental income (excluding VAT and excluding recharge of taxes and services charge) due to the Company through to the earliest possible termination dates of the different operating leases were as follows:

| In EUR thousand | Minimum annual rental income |
|---|---|
| 2007 | 42,405 |
| 2008 | 35,406 |
| 2009 | 6,479 |
| 2010 | 1 846 |
| 2011 | 69 |

## 5.21 Transactions with related parties

• **Transactions with related companies**

The following transactions with Commerz Grundbesitz Investmentgesellschaft ("CGI", the fund manager for Haus-Invest Europa) have been identified as related-party agreements:

| In EUR thousand | 9 months ended 31/12/2006 | 3 months ended 31/03/2006 | 9 months ended 31/12/2005 |
|---|---|---|---|
| **Impact on operating income** | | | |
| Administrative costs: asset management fees | 2,596 | 418 | |
| **Impact on net financial expense** | | | |
| Interest expense and related charges | | 1,202 | 5,738 |
| **Total income statement impact** | **2,596** | **1,620** | **5,738** |
| **Impact on balance sheet liabilities** | | | |
| Non-current borrowings | | | 181,908 |
| Accounts payable | 1,087 | 500 | |
| Other operating liabilities | 16 | 22 | 20 |
| **Total balance sheet impact** | **1,103** | **522** | **181,928** |

**• Transactions with related parties**

*(i) Remuneration for the Chairman of the Board of Directors*

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

*(ii) Directors fees*

At the Extraordinary General Meeting of February 20, 2006, the shareholders set the total annual attendance fees for all directors at EUR 45,000. For the year end closed as at December 31, 2006, an amount of EUR 22,500 has been paid as attendance fees.

## 5.22 Personnel

The Company had one employee at December 31, 2006.

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

# AUDITORS' REPORT

## PERIOD OF 9 MONTHS YEAR ENDED 31 DECEMBER 2006

Dear Shareholders,

We have audited the accompanying balance sheet of CeGeREAL S.A. as of 31 December 2006, and the related statements of income, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance refer to relevant national standards. 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 management, as well as evaluating the overall financial statement 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 financial position of the Company as of 31 December 2006, and of the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in France.

Without qualifying our opinion we draw attention to note 4 to the financial statements which exposes the change of accounting method for the valuation of assets as of 1 April 2006.

Paris La Défense, March 27th 2007

**KPMG Audit**
**Department of KPMG S.A**

**Fabrice Odent**
**Partner**

Paris, March 27th 2007

**Charles Leguide**

**Charles Leguide**
**Partner**

# SPECIAL REPORT OF THE AUDITORS

## ON THE REGULATED AGREEMENTS
## ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

Sir/Madam

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

### 1. 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.

#### "Subordination Agreement"

**• Directors concerned:**
Commerz Grundbesitz-Investment GmbH (C.G.I)

**• Nature and Purpose:**
This agreement has been created in order to organize the priorities of the repayments on the loan that CEGEREAL need to pay to the parties of the contract quoted above.

**• Terms and Conditions:**
This contract has been concluded in order to manage the priority of the loans reimbursement in financing the exit tax.

### 2. 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.

#### "Asset Management Agreement"

**• Nature and Purpose:**
The "Asset Management Agreement", entrust the mission of investment advice of the company's property assets to C.G.I.

**• 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.

The expenses for this nine month

period are of EUR 2.595.846,62 excluding VAT.

## Signature of the "Credit Facility Agreement » letter

**• 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", "Arc 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". The "Credit Facility Agreement" 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 Agreemen", 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

**• 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.

## Commercial lease

**• 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 m².
- Rent: 114,300 € exclusive of tax per annum, indexed per the INSEE index.
- Rent-free period: 3 mois ; Aucun dépôt de garantie versé.
- 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

**• 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.

Paris La Défense, March 27th 2007

**KPMG Audit**
**Department of KPMG S.A.**

**Fabrice Odent**
**Partner**

Paris, March 27th 2007

**Charles Leguide**

**Charles Leguide**
**Partner**

# STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

## AS OF 31 DECEMBER 2006 UNDER IFRS RULES
## Period of 9 months ended 31 December 2006

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 9 months ended 31 December 2006. These proforma financial statements are presented in compliance with the IFRS norms admitted in the European Union.

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 December 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, March 27th 2007

**KPMG Audit**

**Department of KPMG S.A**

**Fabrice Odent**

**Partner**

Paris, March 27th 2007

**Charles Leguide**

**Charles Leguide**

**Partner**

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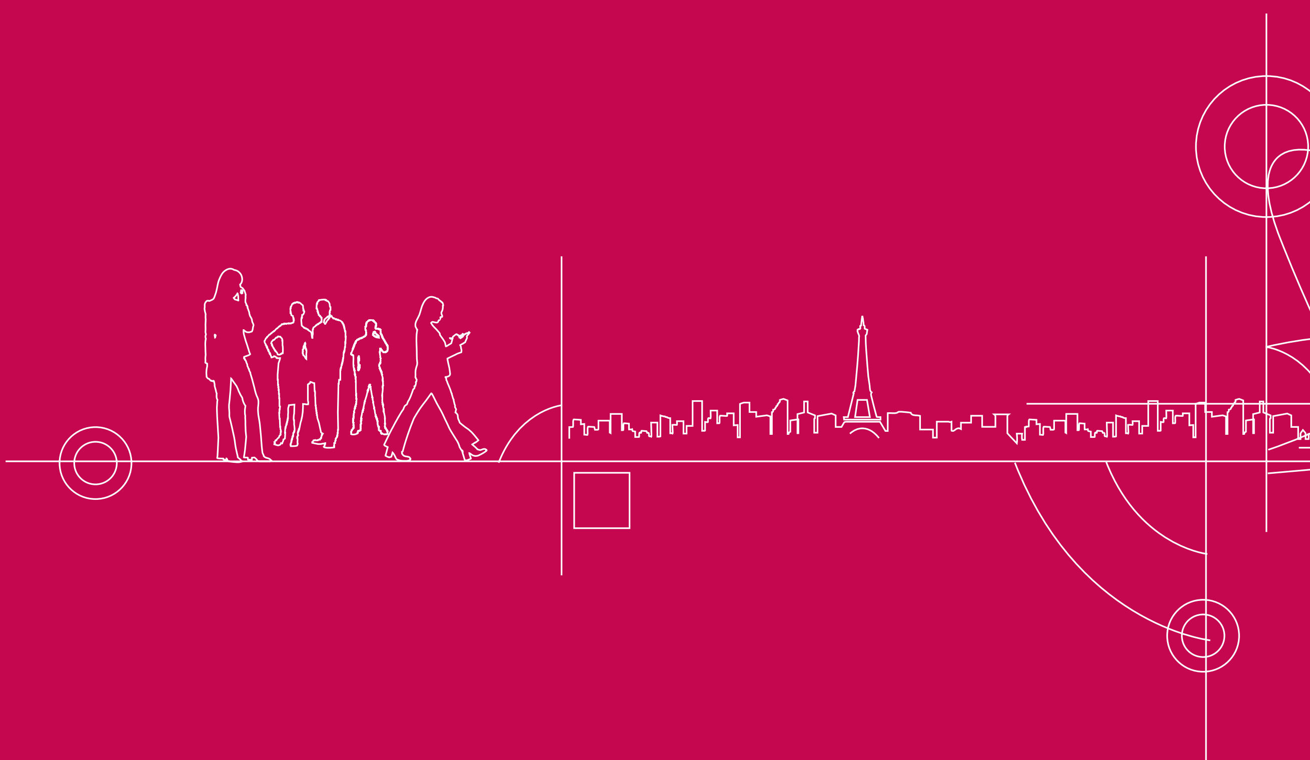
May 2007



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