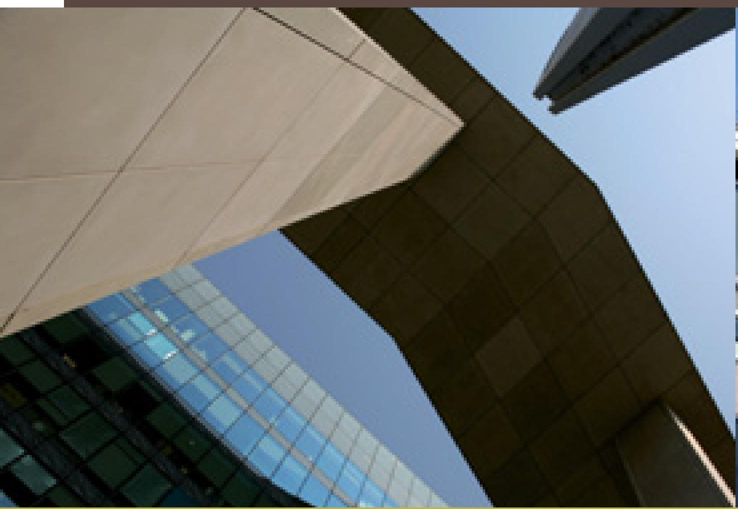
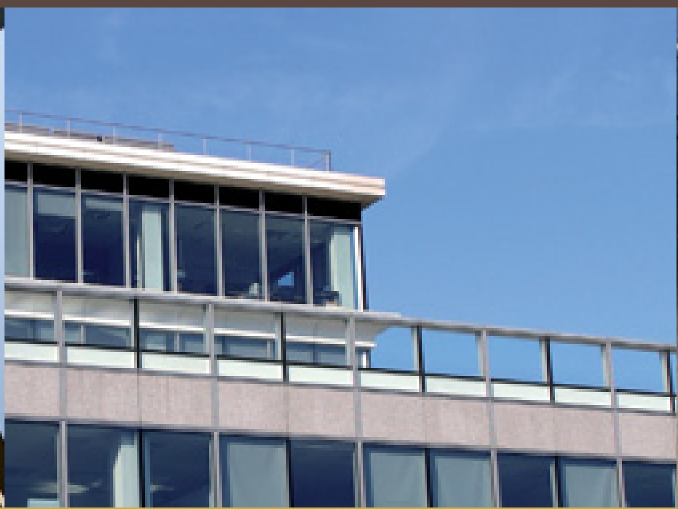
CeGeREAL


ANNUAL REPORT 2007

PROFILE

CeGeREAL is the owner of three large property complexes located in sought after business districts immediately outside Paris: La Défense (Europlaza), Boulogne-Billancourt (Arcs de Seine) and Charenton-le-Pont (Rives de Bercy).
Each of these assets –recent and of high quality level of services– offers its tenants high level services meeting their legitimate expectations in terms of functionality, modularity and comfort. These buildings are leased to large national and international companies with whom CeGeREAL enjoys good relations, based on responsible management and the desire to consistently improve the buildings' daily functioning on an environmental, social and economic level.

Listed on the stock exchange since March 2006, CeGeREAL has chosen the status of quoted real-estate investment company (SIIC) with the aim of growing and optimizing the value of its assets and distributing high and regular dividends to its shareholders. At the suggestion of the Annual General Meeting on 18 June 2008, shareholders will receive an increased dividend this year, in line with the increase in rents and the valuation of the assets during 2007. Also, signs are very good for the future, as CeGeREAL plans to acquire new assets.

To keep up to date with the company and changes in rights attached to shares, as well as reading this company report which covers 2007, visit our website regularly at **www.cegereal.com**

ASSETS
€1.32 Bn

OCCUPANCY RATE
100%

RETURN
6.1%

CONTENTS

COMPANY REPORT

FINANCIAL REPORT

Figures

MARKET CAPITALISATION OF

€1.032 Bn

COMPANY ASSET VALUE
(NET OF TAXES)
Valuation by CB Richard Ellis
as of 12/31/2007

3 PROPERTIES

RECENT PROPERTIES*
OF HIGH STANDING

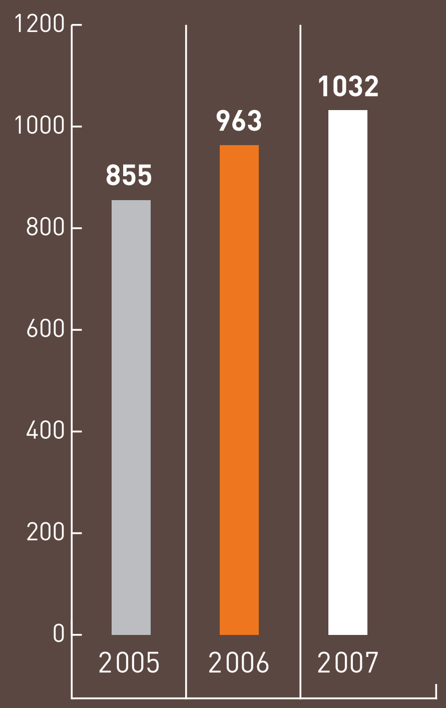
AREAS BETWEEN

30,000 m² and 50,000 m²

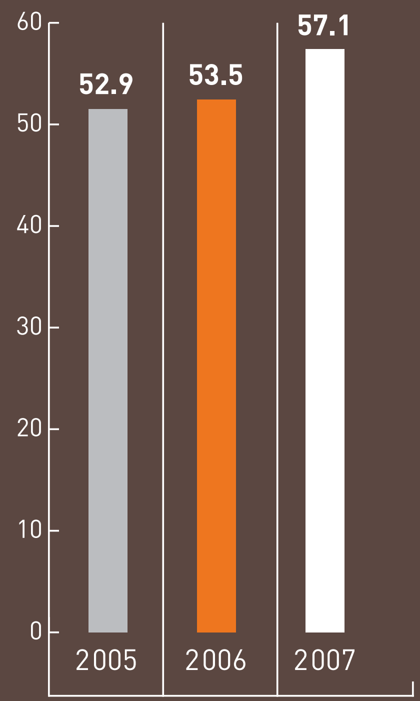
NET ASSET VALUE
PER SHARE

€47.5

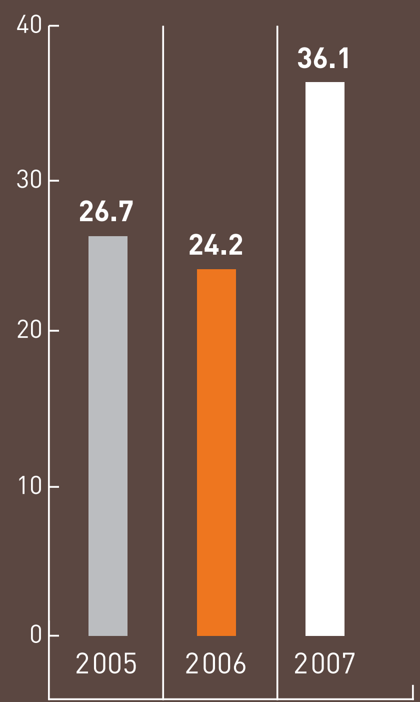
• COMPANY ASSET VALUE
IN MILLIONS EUROS



• RENTALS
IN MILLION EUROS



• CURRENT CASH-FLOW
IN MILLION EUROS**



* From the second quarter of 2008, CeGeREAL may own more than three assets, following the German law of 28 December, 2007, relating to German mutual funds.

** Costs of stock market listing and opting for the SIIC regime in 2006.

CeGeREAL ON THE VERGE OF GROWTH

> “We are going to develop our portfolio of high-end office buildings.”

After an exceptional year in 2006, 2007 saw the French corporate property market again recording very good performances despite global financial turbulence triggered by the subprime crisis in the United States. This growth context demonstrated high levels of investment and marketing. It especially benefited the market segment in which CeGeREAL has positioned itself: high quality buildings with a surface area greater than 5,000 m², located in the most sought-after sectors of the Paris region.

In this favorable environment, our company has achieved most satisfactory results. With 100% occupancy rate, the Company has been able to capture a growth in rents of +6% and has seen its current assets re-valued by 68.4 million euros, enabling it to break through the symbolic billion-euro barrier at the end of the financial year.

Following a change in German legislation relating to investment funds, CeGeREAL, with the backing of a healthy and solid financial structure, can safely make plans to begin a development phase for its asset portfolio of high-end offices from the second quarter of 2008. As well as pursuing its high-yield objectives, CeGeREAL's ambition will not change: the Company will focus on enabling its shareholders to benefit from this future growth as it has done in the past two years since listed on the stock exchange.

Richard Wrigley
Chairman of the CeGeREAL Board of Directors

A SOUND AND PROFITABLE INVESTMENT

By investing in CeGeREAL securities, in 2007 as every year since the Company was listed on the stock exchange, its shareholders have shared the fruits of a strategy focussed on sustainable performance.

CeGeREAL is quoted on Euronext (Paris) on the Eurolist B market (Code ISIN: FR0010309096).
Its securities are included in the Euronext IEIF "SIIC France" and SBF 250 indices. The Company's stock presents an extremely solid profile. Since its listing on the stock exchange, CeGeREAL securities have experienced less volatility than the main indices in the sector.

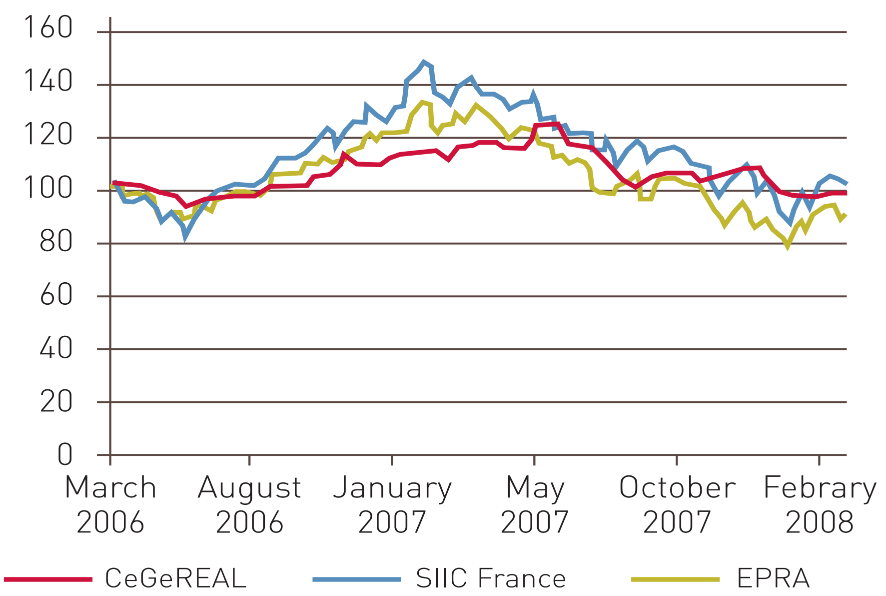
This solidity is also reflected in its main indicators. Operating cash-flow per share is €3.90 and current cash-flow €2.69 per share. The ANR, which is €47.5 per share has therefore seen its value increase by 16% since December 31, 2006, and by 44% since CeGeREAL securities were listed on the stock exchange.

In accordance with the proposal of the General Meeting on June 18, 2008, shareholders will benefit from a 6% higher dividend in line with rental changes and valuation of assets recorded during 2007.

Conscious of transparency, CeGeREAL offers shareholders a complete system of tools enabling them to stay informed about the Company and share changes: the website (www.cegereal.com), financial advice in the press as well as annual and quarterly reports.
The corporate reference document is also available on CeGeREAL's Website.

» A DEFENSIVE PROFILE

From its extremely solid profile, since it was listed on the stock exchange CeGeREAL securities have experienced less volatility than the main indices in the sector.



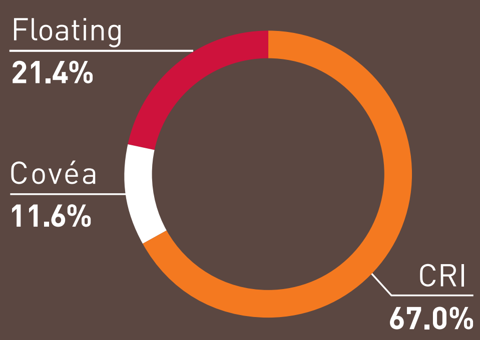
» CRI and hausInvest europa in brief
CRI manages a €33 Bn property portfolio throughout the world. It particularly manages hausInvest europa, which is the biggest German property investment fund with 9.7 billion euros in 2007. CRI owns 67% of CeGeREAL for account of hausInvest europa.

Shareholders may also contact the Company directly:
CeGeREAL
Shareholder and Investor Relations
21-25, rue Balzac - 75008 Paris - France
Tel.: + 33 (0)1 42 25 76 36
www.cegereal.com

DIARY DATES FOR 2008:

- June 18, 2008: General meeting
- August 2008: Quarterly results

• STOCK OWNERSHIP AT MARCH 31, 2008



» Covéa, acting on behalf of GMF Vie, MAAF Vie and MAAF Assurances, increased its investment at the beginning of 2008 and now holds 11.6% of the capital and voting rights.

• PER-SHARE DIVIDEND

In M€	12/31/2007 (12 months)
Operating cash-flow	**€3,90 / share**
Current cash-flow	**€2,69 / share**
Per-share dividend	**1.95**
Return	
Quoted stock price (March 18 N + 1)	6.1%
Stock launch price	6.1%
Distribution rates of the current cash-flow	**72%**

» The dividend proposed to the General Meeting is increased by 6%, in line with rental changes and valuation of assets in 2007.

ON COURSE FOR GROWTH

With the help of a change in German regulations governing investment funds, CeGeREAL will be able to acquire new assets from the second half of 2008. This is a new development opportunity and one which the solidity of the Company's financial situation and that of its main shareholders will easily enable it to fulfill.

2008 – a market returning to stability

Observers of the French property market, such as experts CB Richard Ellis, remain relatively optimistic about the outlook for 2008. The strong performances recorded in the last quarter of 2007, when financial unrest from the American credit crisis was certainly already being felt, are a positive sign. Despite the likely slowdown in economic growth, the maturity and liquidity of the French market should save it from a hard landing. Nevertheless, the new financial context and how the various actors adapt to it should also lead to the return to greater realism in transaction and investment decisions after several boom years. While remaining dynamic, the market should regain the stability so popular with property and capital investors.

Brakes finally taken off CeGeREAL's development

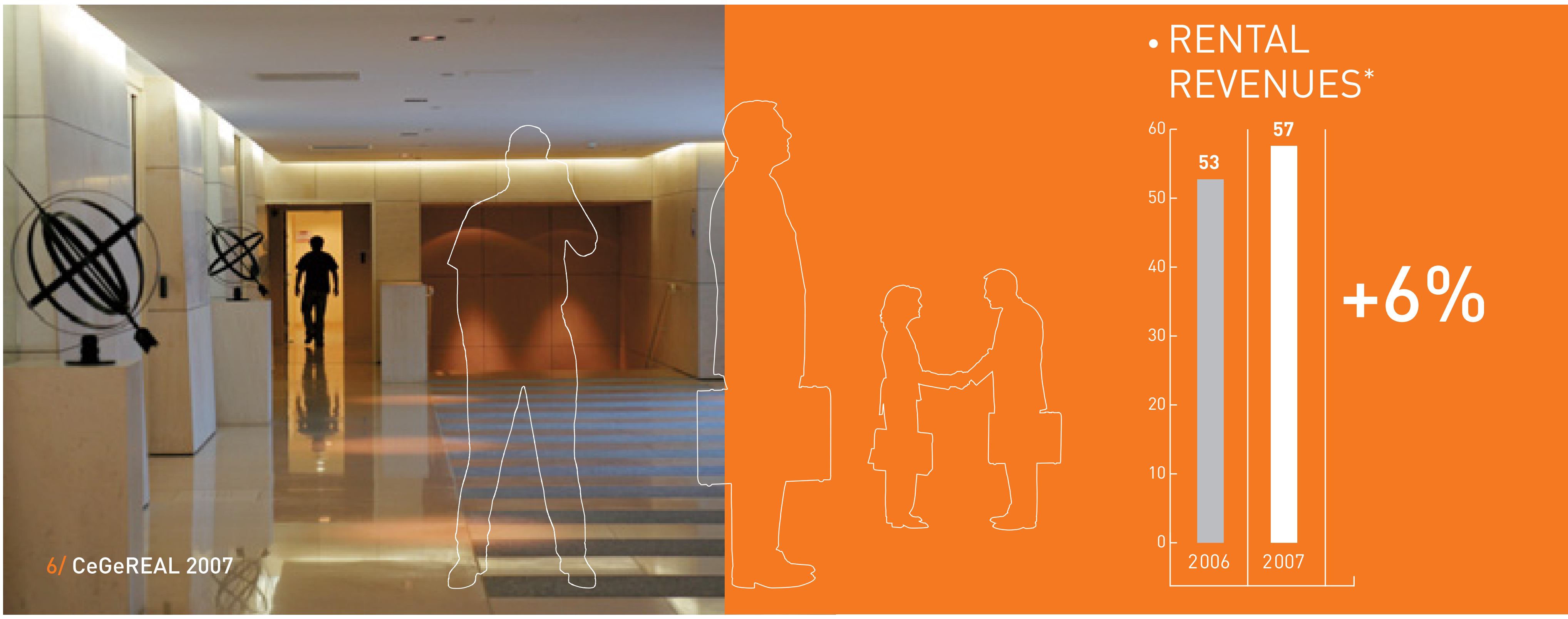
Along with this favourable context, CeGeREAL also has a new development opportunity in the months and years to come. On December 28, 2007, a German regulatory barrier, which up until now prohibited any company owned by an investment fund in Germany from owning more than three assets through one company, has been lifted by a change in the law. CeGeREAL, whose major shareholder is CRI for account of the hausInvest europa real estate investment fund, may therefore acquire further assets. This possibility will be fully available following an amendment to the terms and conditions of the fund, which is expected to become effective in the 3rd quarter 2008.

Once this happens, CeGeREAL can expect to increase its level of activity while remaining loyal to the position which has helped it succeed from the beginning.

Financial health conducive to growth

For its future development, CeGeREAL has many advantages:

- new or restructured property assets, fully rented out and valued at 1 billion euros,
- an important current cash-flow,
- a limited bank debt (376 million euros) enjoying excellent financial terms,



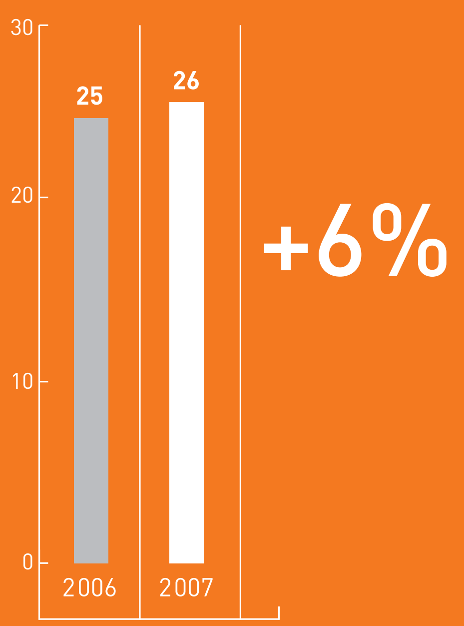
- a high level of shareholder equity (633 million euros),
- the support of a first class shareholder (CRI),
- the continuing benefit of its SIIC* tax status.

CeGeREAL has a healthy and secure financial situation giving it access to resources for its future growth under advantageous conditions.

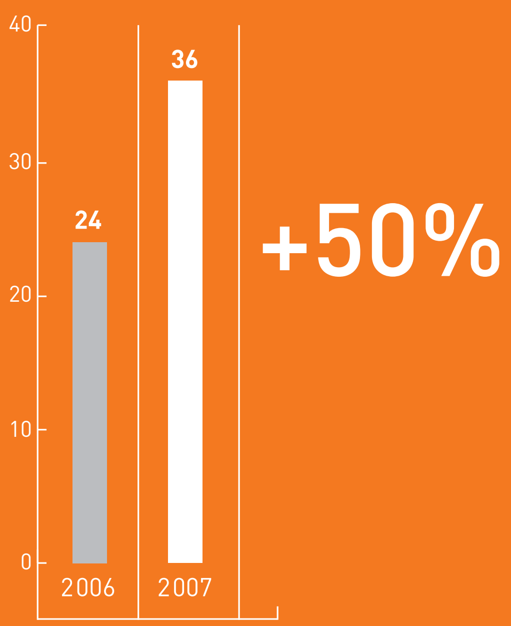
* Considering the Company's development outlook and the small amount of debt in place, CRI plans to reduce its share of 67%, to below 60% in order to maintain the benefit of tax advantages offered by its SIIC (quoted real-estate investment company) status.

> **"Acquiring new buildings from the second half of 2008."**

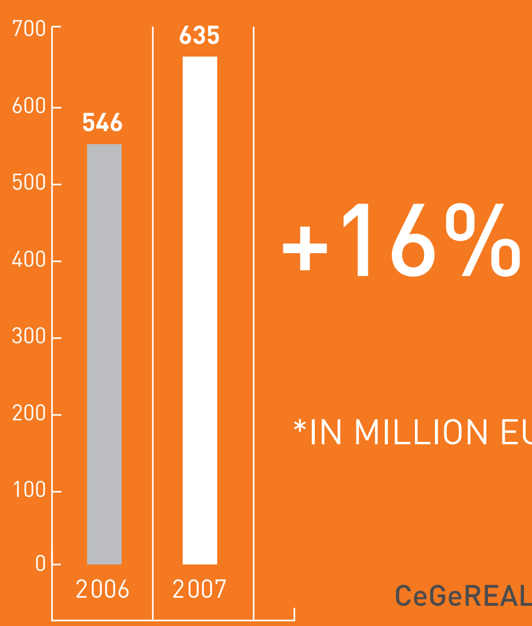
• DIVIDENDS*



• CURRENT CASH-FLOW*



• NET ASSET VALUE*



*IN MILLION EUROS

RIGOROUS STANDARDS OF CORPORATE GOVERNANCE

CeGeREAL's corporate governance is vested in the Company's Board of Directors, three committees and the management team composed of two members.
With a view to maintaining transparency, the Board of Directors, and the three committees which assist it, have adopted standards of governance based on recommendations made in the Bouton report published in 2002, which outlined guidelines for the improvement of the corporate management of publicly listed companies in France.

» Martin Weinbrenner » Raphaël Tréguier

The management team

CeGeREAL's general management is vested in two Executive Officers who combine a great deal of experience in the corporate property sector with an in-depth knowledge of the Île-de-France market.

» Martin Weinbrenner
Managing Director

42 years old, formerly a financial consultant with Eschner & Partners, a German property company, he joined CRI in 1994, and is Executive Director of the Asset Management division.

» Raphaël Tréguier
Deputy Managing Director

33 years old, manager of CeGeREAL's operational department since February 2008, his main role is to mission will consist will consist in developing the company's assets.
He brings 10 years' experience in Property and Corporate Finance during which he was involved in managing take-over operations of listed and non-listed companies, as well as large portfolios. In particular he spent seven years working in the Acquisition team of GE Real Estate France.

The three committees:

Investment Committee

- » **Richard Wrigley,** (Chairman), Independent Director
- » **Graham Spensley,** Independent Member
- » **Henk J. Jacobs,** Independent Member

Principal tasks: 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.

Audit Committee

- » **Richard Wrigley,** (Chairman), Independent Director
- » **Jean-Pierre Bonnefond,** Independent Director
- » **Dr Heiko Beck**

Principal tasks: to assist the Board of Directors in the review and finalization of the interim and annual accounts, to ensure the independence of the Auditors of CeGeREAL, to review internal procedures regarding internal inspection, auditing, accountancy and 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.

Appointment and Compensation Committee

- » **Jean-Pierre Bonnefond,** (Chairman), Independent Director
- » **Graham Spensley,** Independent Member
- » **Henk J. Jacobs,** Independent Member

Principal tasks: to propose CeGeREAL's management team's 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.

THE BOARD OF DIRECTORS

The Board of Directors of CeGeREAL is supported by individuals of recognized 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

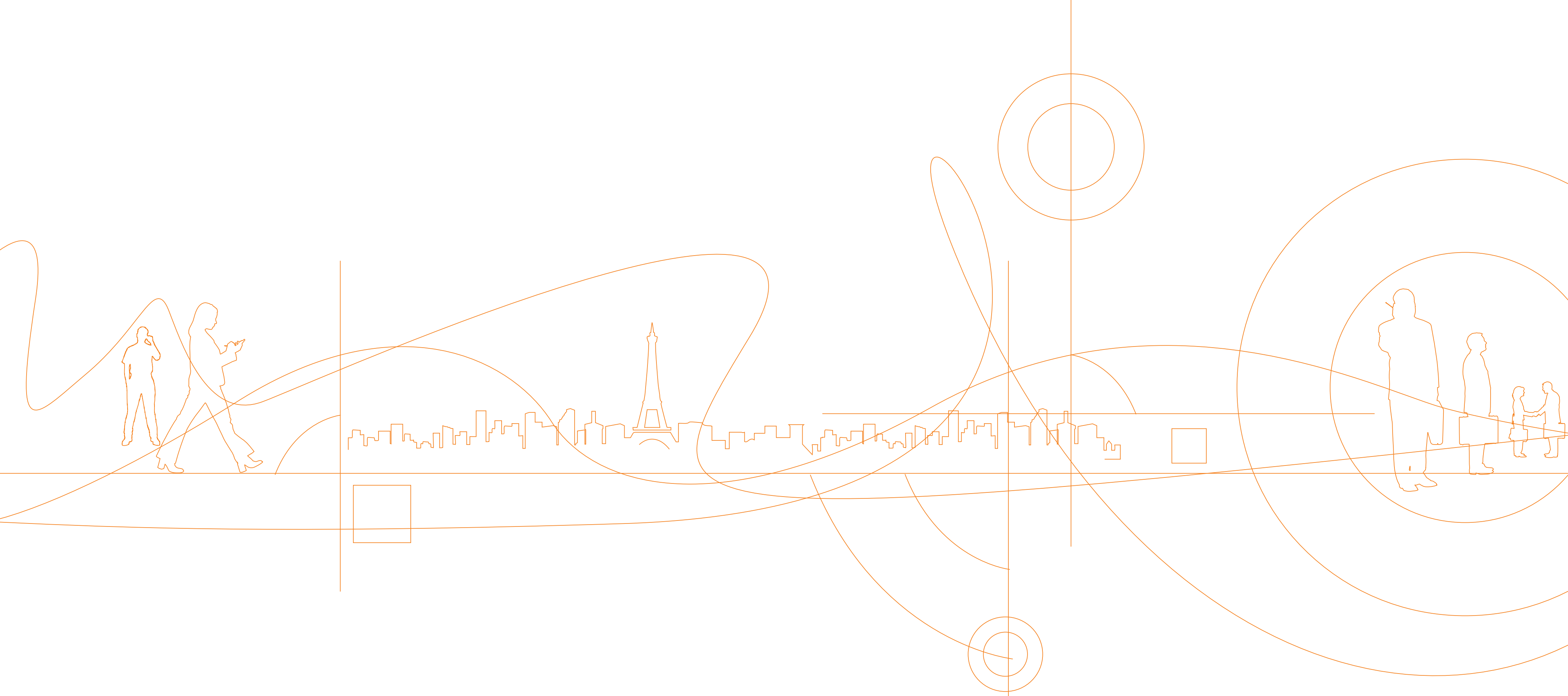
60 year's old, holder of a Bachelor of Science Estate Management degree from London University. A specialist in property asset management, he has been, notably, the Chief Executive Officer of Imperial Chemical Industries Pensions Funds. In 1985, he set up the company Corporate Property Management Services running a property portfolio of 1 million m² on behalf of international investors.

» Heiko Beck,
Member of the CRI Board

42 year's old, he joined CRI's management team in 2006. A doctor of law from the University of Heidelberg and an attorney, he was Corporate Legal Director at Deutsche Börse AG and at the same time a member of the Board of Directors for the Frankfurt Stock Exchange (Wertpapierbörse) prior to joining Deka Bank as corporate legal director.

» Jean-Pierre Bonnefond,
Independent Director

62 years old, holder of a DESS in Private Law from the University of Sorbonne-Panthéon, he worked until 2004 as Chairman of the Groupement Foncier Français, a subsidiary of the Groupe Caisse des Dépôts. He currently works as a consultant in capital strategy.



» Thomas Lämmerhirt,
Director
43 years old, Chartered Surveyor and holder of a degree in economics from the University of Gießen. Mr. Lämmerhirt worked from 1995 until 2005 for several German real estate banks with executive positions.
In 2005 he took the responsibility for the sale of credit portfolios of more than €1.5 billion and for various real estate companies from Aachen Münchener Lebensversicherung AG.
Since 2007 Mr. Lämmerhirt is the CEO of GO German Office AG.

» Mario Schüttauf,
Director
Holder of an Economics and Business administration degree from the University of Freiberg. He joined CRI in 2001, where he is the Head of Portfolio Management.

» Klaus Waldherr,
Director
43 years old, a doctor of law and qualified attorney holding degrees from the University of Nancy II and from the University of Mainz, and a specialist in foreign property investments, he has worked as an n-house lawyer for CRI since 1998.

A STILL VERY DYNAMIC MARKET

Despite the financial uncertainties which have marked the end of the year, the offices market in Île-de-France ended 2007 with a strong performance. And in a context of tight availability, large new or restructured buildings in the most highly-prized business districts have done well once again.

Investors are still banking on offices

Years follow on from each other and not much changes. After two exceptional years, and despite less marked economic growth than expected (+1.9%), 2007 enabled the French corporate property market to again achieve a new record in terms of commitments. Their volume reached 27 billion euros, up 17% compared with 2006. Once again, offices and the Île-de-France were the investors' favorites with 74% and 85% respectively of total transactions

Source: CB Richard Ellis

Strong demand in the face of dwindling supply

Despite a slight decrease compared with 2006, the Île-de-France office market recorded performances which remain very high, with 2.7 million m² being marketed. And the effects of the American credit crisis have not slowed down the pace of marketing in 2007. This means that 676,000 m² were marketed in the fourth quarter, which represents nearly 1 000 transactions recorded. As proof of the scarcity in supply, which impacts firstly on the most attractive market segments in terms of quality and location, the Île-de-France vacancy rate has fallen below the 5% mark with a 3% reduction in available stock. Rents have continued to increase despite a recorded slow-down in the last quarter. Average annual rent in the Île-de-France had reached 327 euros excl. taxes/m² at January 1, 2008 representing an increase of +7% compared with January 1, 2007.

Source: CB Richard Ellis

€412/m²

OFFICE BUILDINGS AVERAGE ANNUAL RENT IN PARIS'S INNER SUBURBS AT JANUARY 1, 2008 (EXCLUDING TAXES, PARKING AND OTHER AREAS).

"Prime" rents: Paris in the top three in the world

According to CB Richard Ellis, "prime" rents[1] in Paris rose to 750 euros excl. taxes/m²/year at 1 January 2008. This means the French capital is far behind London's West End (1700 euros) and Tokyo (1350 euros) but ahead of Manhattan (552 euros) and Madrid (480 euros). With the exception of London, Paris offers a much higher return than any other European capital.

(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 500m² being taken into account.

CeGeREAL still positioned in a growth market

In 2007, the various Île-de-France office property market indicators once again demonstrated the wisdom of CeGeREAL's positioning. Because in terms of commitments, investors' strategy has come in line with the strategy behind CeGeREAL performance when it first entered the French market. La Défense and western Paris, two sectors where CeGeREAL has an asset, are continuing to be the focus of most investments (63%). The same is true for take-up. Good quality surface areas (new and restructured), the category which most of the Arcs de Seine, Europlaza and Rives de Bercy buildings fall into, represented 36% of take-up, a proportion which has remained restricted by supply. And whereas demand for large surface areas (more than 5000 m²) is less consistent than in 2006, it nevertheless remains at a very high level with nearly 1 million m² and 76 transactions. As in previous years, companies needing to move into new premises have favored as well as central-western Paris, La Défense, the western crescent sector and Paris's inner suburbs where CeGeREAL's three assets are located. At the same time, these sectors have recorded a fall in the vacancy rate for their premises and seen their available stock fall throughout the year. These conditions are contributing to the unchallenged maintenance of advertised rents for high-quality buildings, as CeGeREAL was able to note in recent negotiations conducted at the end of the year, despite the banking crisis.

Source: CB Richard Ellis

Paris: the less risky city in Europe

According to the study "Emerging Trends in Real Estate Europe 2008" conducted by PricewaterhouseCoopers for the Urban Land Institute (ULI) in Washington, out of all the European cities, Paris is the one which presents the least risk for investors. In the same study, the French capital appears in fifth place in the list of cities recommended by 500 investors around the world, after Moscow and Istanbul, then Hamburg and Munich. London, Paris's historic rival, falls from second to 15th place in the list, due to its dependence on financial jobs currently threatened by the American financial crisis.

AN ORIGINAL AND REWARDING STRATEGY

Occupancy rates of 100% for its buildings in 2006 and 2007. This figure alone shows the wisdom of the market position CeGeREAL has chosen. By concentrating on large, quality properties which offer the highest level of services responding to the expectations of the biggest companies, the Company is operating in a very profitable sector of the market.

Highly sought-after premises

Security and profitability: these two objectives alone define the original differentiation and positioning strategy adopted by CeGeREAL. The Company stands out from other property companies operating in the French property market through the decision to concentrate on high-end premises offering large surface areas to rent. This option enables CeGeREAL to respond to the expectations of large French and international companies whose search priority is large buildings to rationalize their property locations. With properties in the 30,000-50,000 m² range, CeGeREAL is in one of the most dynamic market segments for office property. This is why, according to CB Richard Ellis, the demand for surface areas of more than 5000 m² has remained stable and solid in 2007 with nearly 1 million m² and 76 transactions agreed.

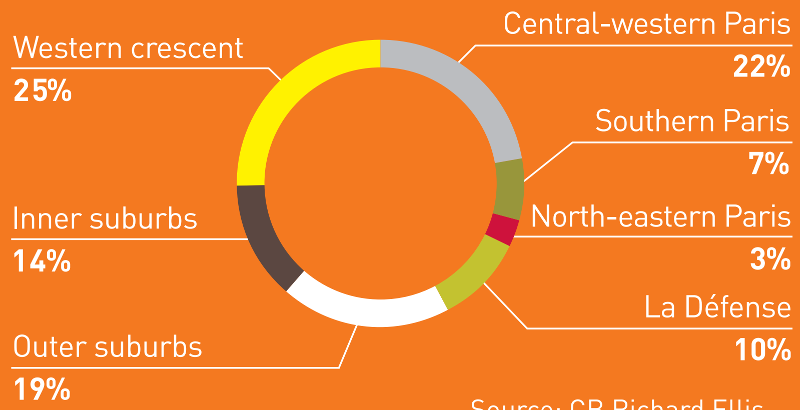
Modern and modular spaces

Built or restructured recently, Rives de Bercy, Europlaza and Arcs de Seine also offer their tenants services with the highest level of comfort and safety, explaining the 100% occupation rate recorded by all the buildings for several years. These offer modern, extremely functional spaces, due to the fact that they are very modular making it possible to adapt them to the specific needs of each tenant. Mainly delivered as open-plan, they nevertheless lend themselves to partitioning in order to fit in with companies' pace of life – for example by adapting to the permanent reconfiguration of teams required by project-mode working or organizational changes related to mergers/acquisitions or the quest for improved competitiveness. Proof of greater effectiveness, this ability to adapt also offers the advantage of optimizing the ratio of m² per work station, thereby responding to one of the main expectations of companies when they relocate.

Exceptional locations

Another of CeGeREAL's strategic advantages is the strategic location of its assets. Its three building complexes are located in the Île-de-France, a region which has confirmed again in 2007 the exceptional appeal it enjoys within the European property

• GEOGRAPHICAL DISTRIBUTION OF FULFILLED DEMAND (AS A PIE CHART)



Source: CB Richard Ellis

119,500 m²

THE TOTAL CURRENT SURFACE AREA OF THE THREE BUILDINGS OWNED BY CEGEREAL

EUROPLAZA

20, avenue André-Prothin
92927 Paris La Défense 4

ARCS DE SEINE

15-22, quai du Point du Jour
1, place Abel-Gance
92100 Boulogne-Billancourt

RIVES DE BERCY

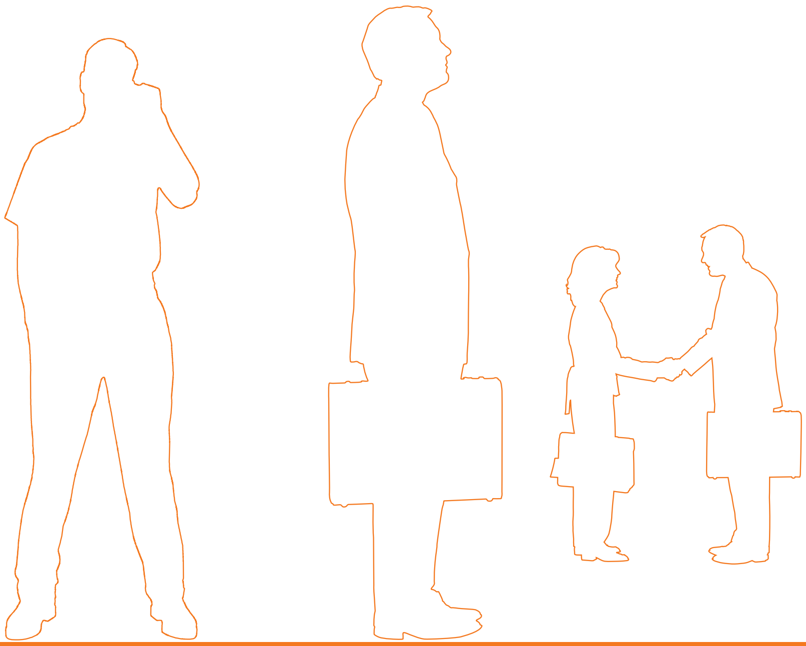
4, quai de Bercy
94220 Charenton-le-Pont

market. With nearly 50 million m² of offices and nine transactions out of 10 being rentals, the region is still the major services hub in Europe and the number one offices rental market on the continent. Located in Paris's inner suburbs, its properties respond to the requirements of the biggest companies which want to be close to the centre of decisions and offer their staff good working conditions, favoring the immediate edges of the capital when locating their head offices or subsidiaries.

High returns

Finally, because CeGeREAL's buildings were built or restructured during the past 10 years, they do not need significant work carried out over time. This advantage, added to the "prime" rents justified by the quality of the Company's assets, explains their high and safe return.

> "High-end services and a strategic location for the three assets."



€57.1 M

TOTAL AMOUNT OF RENT RECEIVED IN 2007 BY CEGEREAL

+6%

THE GROWTH IN RENT FOR CEGEREAL'S PROPERTIES RECORDED IN 2007

A PROPERTY COMMITMENT

Faced with the need to preserve our planet, an increasing number of economic players are taking steps to promote responsible and environm entally friendly development. Property companies are taking new approaches to their business to limit the impact of the construction and operation of their buildings.

-20%

LESS ENERGY CONSUMPTION IN TERTIARY BUILDINGS OVER THE 5 COMING YEARS,

THAT IS THE OBJECTIVE SET OUT BY THE “GRENELLE” ENVIRONMENTAL DEBATE ON OCTOBER 25, 2007.

As demonstrated by the recent environmental debate initiated by the French government, awareness of this issue is becoming widespread.

At a time when opinions are increasingly latching on to these topics, no business sector can now avoid questioning its practices and its impact on the environment and society. The entire property sector – developers, architects, builders, technical centers, property companies and users – has already been participating in the sustainable development approach for several years. Proof of this is the creation in many countries of labels and certifications guaranteeing that a building respects environmental commitments while offering its occupants a healthy and comfortable environment which fits harmoniously into its immediate environment.

For instance, since 2005 HQE® (high environmental quality) certification has become established in France in relation to both housing and tertiary buildings – see opposite. Very many building projects are now managed to ensure that performance targets set out for HQE® certification for tertiary buildings are met.

Even so, the sustainable development approach as championed by HQE® certification does not only concern future buildings. During restructuring and renovation work as well as during daily operation, existing tertiary buildings can play a full part by implementing several levers: control of energy and water consumption, waste management, improvement of working conditions, reduction of sanitary risk, relations with local authorities, etc.

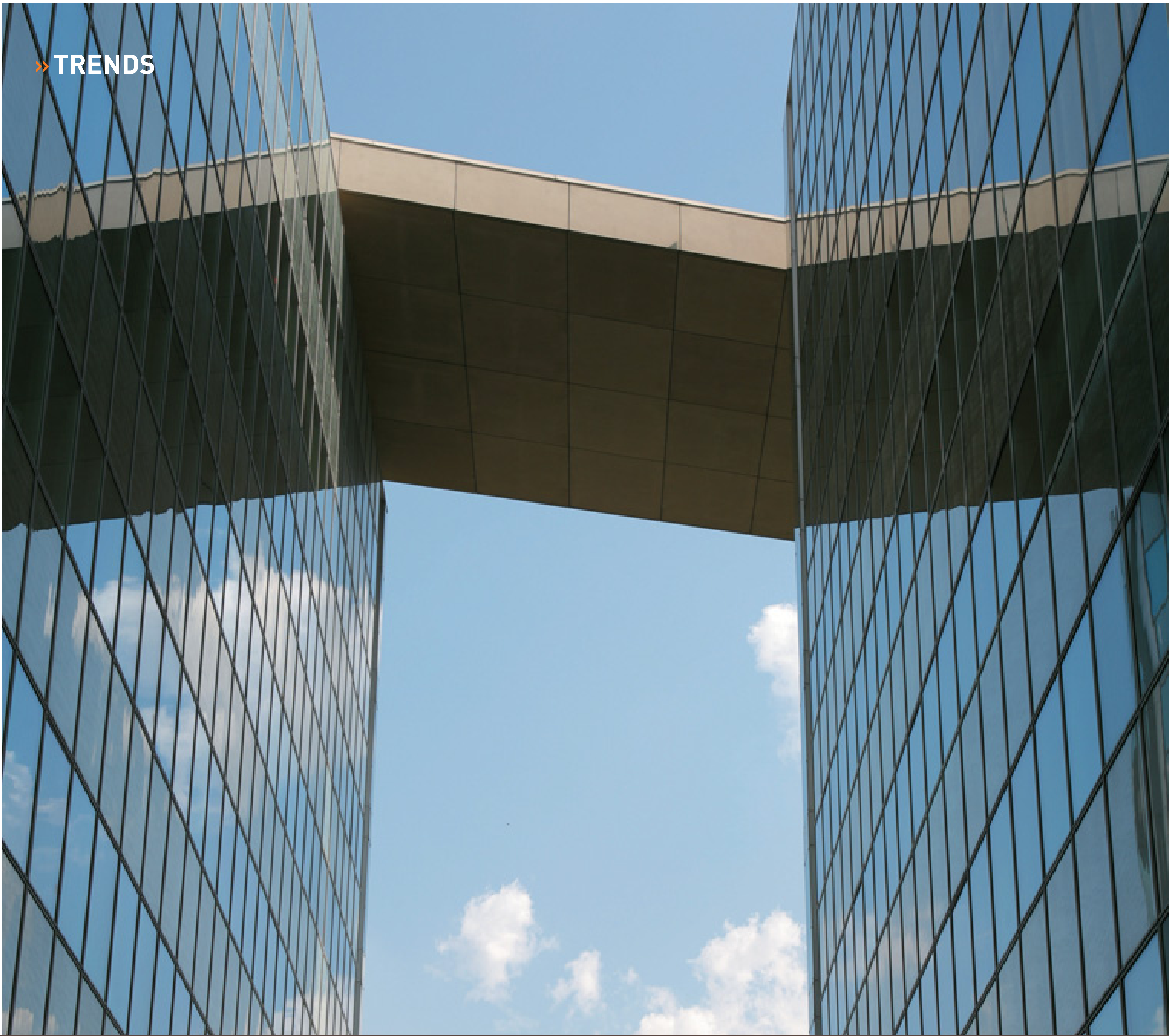
As well as its positive environmental impact, this move by property professionals, of whom CeGeREAL would like to be one of the leaders (see following pages), is becoming more and more of an obligation. While awaiting the likely reinforcement of regulations and the rise of new concepts such as positive energy

buildings, it remains fundamentally important to respond to the expectations of customers, who are increasingly putting sustainable development at the centre of their work and their brand policy.

"Questioning its practices and its impact on the environment."

Focus on HQE® certification

The objective of "NF bâtiments tertiaires – Démarche HQE®" certification (French high environmental quality standard for office buildings) is to produce healthy and comfortable buildings whose environmental impact, assessed over their entire life cycle, is as positive as possible, in a perspective of sustainable development. This proactive initiative involves a project management system which must very effectively achieve at least three of the 14 targets pre-defined by the label. The 14 targets are: the building's relationship with its immediate environment; the integrated choice of construction products, systems and procedures; the low environmental impact of the construction site; energy management; water management; management of waste from activities; maintenance and sustainability of environmental performances; heat and moisture, acoustic, visual and olfactory comfort; cleanliness of spaces, air and water. Certification, which involves three phases (planning, design and production), is not an end in itself but a means of obtaining a sustainable development objective.



The environment and sustainable development are at the heart of General Electric's strategy.
This topic has been worked on jointly with CeGeREAL and its representatives, leading to our decision to renew our relationship for nine years.

General Electric,
Europlaza tenant since 1999

For us, sustainable development is not a concept but a reality. Bouygues Telecom is pleased to find that CeGeREAL takes an active interest in this topic. Following the joint implementation of an energy savings plan at our head office, we obtained a more than 10% reduction in our consumption over two years.

Martin Bouygues - Bouygues Telecom,
Arcs de Seine tenant since 2000

SUPPORT SUSTAINABLE DEVELOPMENT ON A DAILY BASIS

Well before sustainable development became a by-word in the property sector, the former owner of the three assets, CRI, and then CeGeREAL, made it a priority to defend its principles and translate them into concrete actions – an approach the Company takes with and on behalf of its clients.

As a major player in tertiary property, CeGeREAL wants to contribute to the achievement of sustainable development objectives through responsible management of its buildings. This firm decision is in line with the wishes of its tenants, who have themselves committed to an environmental and corporate responsibility approach. Like Bouygues Telecom, General Electric and Crédit Foncier, everyone is paying more and more attention to the environmental impact on their activities.

To assist its clients with their own sustainable development approaches, CeGeREAL is constantly working with them in conjunction with its partner, Yxime, which manages the buildings with CRI. Through this long-term action, CeGeREAL is establishing solutions and best practice which make it possible to continuously improve the everyday functioning of buildings on an environmental, corporate and economic level.

In environmental terms, CeGeREAL feels it is important, for instance, to reduce energy consumption, optimize waste management as well as reduce water consumption. This sort of ambition can be achieved in many ways: installation of low-energy light bulbs, maintenance of technical facilities, systems for detecting water leaks or timers to switch off lights, through users' awareness of how to sort waste for recycling, use of "green" cleaning and maintenance products, etc.

From a corporate and social perspective, CeGeREAL is also making it a particular priority to offer its buildings' occupants healthy and comfortable working conditions in order to help reduce professional risk.

Finally, CeGeREAL's work benefits its clients through greater economic efficiency, in the form of reduced water and electricity bills, for example.

The choice of a responsible partner

To implement its sustainable development policy, CeGeREAL uses the recognized expertise of Yxime, which has been entrusted with technical management of its buildings and has drawn up a sustainable development charter which is used daily by staff. This aims to help protect the environment by saving energy (control of consumption, analysis of thermal insulation, etc.) and prevent pollution (recycling of waste, reduction in use of toxic chemicals) and improve the quality of life and safety of occupants (various levels of inspections: lead, water quality, legionnaire's disease, etc.). This charter improves CeGeREAL's response to the sustainable development expectations of its stakeholders and so contributes to sustainable promotion of its assets.

Arcs de Seine – an exemplary building

In 2003 when Bouygues Telecom, TF1 and Boursorama moved into the Arcs de Seine building, an energy management initiative was launched. The first phase, in which a diagnostic of the building was carried out, in the first year of operation made it possible to understand how it functioned and take tenants' needs into account (level of lighting comfort, air-conditioning, water, etc.). CeGeREAL and Yxime then moved on to a detailed campaign of measurements in order to precisely identify areas where energy savings could be made. With tenants' agreement, work was then carried out on the building's fittings and utilities (heating, lighting, etc.). This included fitting of low-energy bulbs, programming of timers for air-conditioning and lighting adapted to the needs of each tenant and turning off the car-park lights after 10pm – work which all contributed to electricity, water and heating savings, as a result of which the Company won the Environment challenge organized by Bouygues Telecom across all of its sites for the second time in 2007.

EUROPLAZA

Located in the heart of the biggest European business centre, the Europlaza complex – which has been a CeGeREAL property since December 2005 – comprises a main 31-storey tower as well as a four-storey building. Built in 1972 as the Tour Septentrion, the building benefited from a complete restructuring program carried out by HRO in 1998-1999.

Since then, this 47,500 m² office complex has offered its tenants high-end services in an environment of ultra-modern design.

Welcome to Europlaza

Entering Europlaza's entrance hall decorated with majestic chandeliers, examples of contemporary art and comfortable art deco armchairs, visitors are struck by an impression of refinement combined with a feeling of reassurance instilled by the monumental character of the premises. Having presented themselves at one of the two reception desks, depending on the tenant they are visiting, they are soon hit by the light which bathes each of the 1300 m² floors and by the panorama which the occupants enjoy. On one side of the tower, these overlook a landscape of greenery, and on the other they look out onto the constant bustle and dynamism of the high-tech La Défense district.

At the heart of the largest European business centre

Remarkable accessibility

With 3.5 million m^2 of offices, 150,000 employees and 1500 companies, La Défense is the largest business centre in Europe. Situated to the west of the capital, the district, whose boundaries are expanding each year, is accessible from Paris in a few minutes. Europlaza rubs shoulders with the towers of Axa, BNP Paribas, Total, Société Générale and EDF and enjoys remarkable accessibility by public transport and by car, thanks to its immediate proximity to the La Défense ring-road. With the recent construction of new buildings, including the neighboring tower which has been named Exaltis, Europlaza has seen its immediate environment totally renovated.

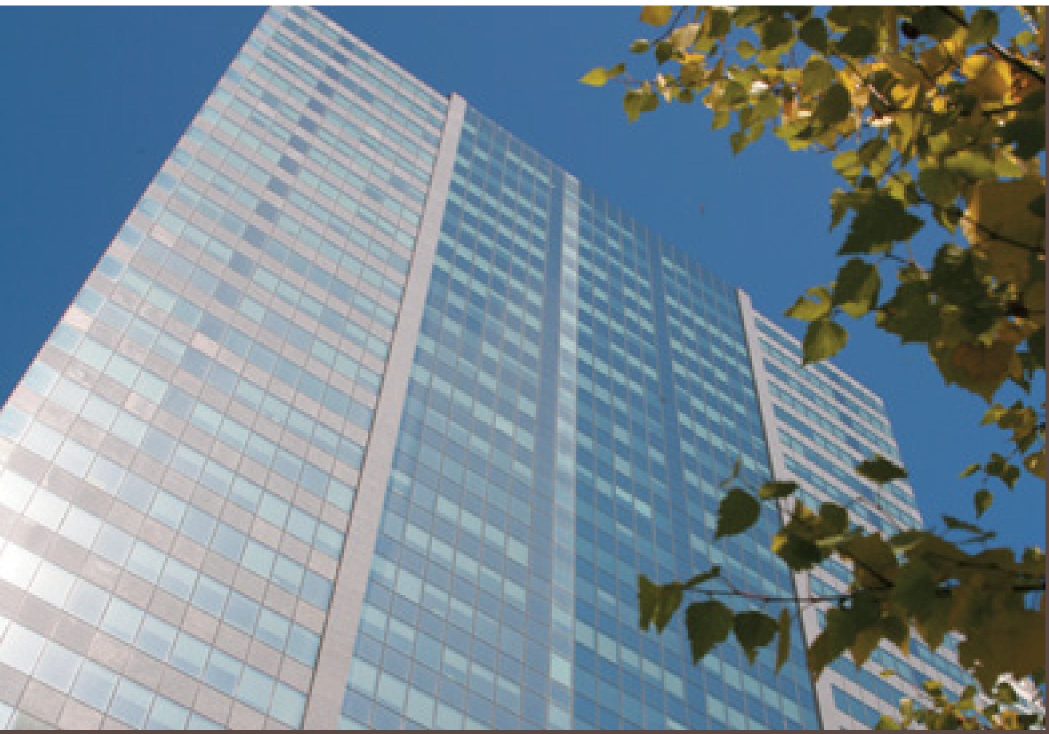
1300 m^2 on each of the 31 floors

Out of the three complexes owned by CeGeREAL, Europlaza is the biggest with 49,322 m^2 total rental surface area, 47,567 m^2 of which is offices and 1755 m^2 storage areas. Each floor offers a 1300 m^2 office area which can be arranged as general open-plan or with a clear and light central corridor around which tenants can distribute areas as they wish.

Top level equipment

As well as this exceptional modularity, enabling each tenant to adapt its office configuration to its own organization and ways of functioning, Europlaza is characterized by services in step with the requirements of large companies in terms of comfort and security (air-conditioning, fire protection, video-surveillance, etc.). The complex, which has an auditorium and a sports hall with sauna and sports instructor, includes a complete catering area with a staff canteen, cafeteria, snack bar and VIP rooms designed by interior designer Alberto Pinto, a cafeteria and a snack bar.

The permanent presence of a manager and two technicians guarantees users that their daily comments and concerns will be taken into account.



Key figures

47,500 m^2
OF OFFICES

100%
OCCUPATION RATE
IN 2006 AND 2007

€22.1 M
OF RENT IN 2007

€459 M
VALUATION NET OF TAXES*

Tenants

Major IT operators Cap Gemini France and Cap Gemini Telecom & Media between them occupy almost half of the surface area of the Europlaza tower. With GE Capital, a subsidiary of the American group General Electric which operates in the electricity, property, financial services and healthcare sectors, they represent more than 60% of rents and are its main tenants, along with the Galderma laboratories – a Nestlé and L'Oréal joint venture set up in 1981. The Europlaza complex is let with investor type commercial leases enabling CeGeREAL to recoup almost all building charges.

* Valuation carried out by CB Richard Ellis on 12/31/2007

ARCS DE SEINE

Located in Boulogne-Billancourt, immediately outside Paris, this high-end architectural complex comprises three buildings of five, seven and eight floors totaling a surface area of 42,000 m². has been owned by CeGeREAL's predecessor since 2000.

Welcome to Arcs de Seine

On every floor, as well as at the tables of the staff canteen located on the ground floor of the principal building, users enjoy exceptional light which reinforces the feeling of comfort. The building's windows benefit from impressive views on one side over the Seine and, on the other, the relaxing greenery of the three buildings' private gardens. The buildings, which were all built or restructured within the last 10 years, are marked by an atmosphere which combines modernism and technology and offers very high quality working conditions.

A complete complex, with a real auditorium

Three very recent buildings

Arcs de Seine, which owes its name to its original architecture in the form of an arch, comprises three buildings of 25,547 m², 10,571 m² and 9033 m² arranged around a private park and each with its own independent entrance. Two of them were completely restructured by HRO in 1999 and 2000, the third was built in 2000.

At the gateway to Paris

The complex benefits from exceptional accessibility thanks to the district's public transport links (metro, bus and tramway) and to its situation along the banks of the Seine and the Paris ring-road, making it possible to reach Paris and the major roads out of the capital in just a few minutes.

Quality services

Arcs de Seine offers its users high quality services. In each of its buildings, every floor has been designed to enable tenants to modulate and adapt the areas according to their needs (open-plan or partitioned organization). The complex offers the highest level of comfort and security (air-conditioned, high voltage, video-surveillance, meeting rooms, etc.). It also has an auditorium for hosting events aimed at external visitors thanks to its classification as an establishment which can receive the public (ERP), an advantage which helps reinforce the site's appeal. Arcs de Seine houses a complete catering complex including a staff canteen decorated by the famous interior designer Alberto Pinto, a management restaurant, a cafeteria and a snack bar. And in order to provide users with the best level of service and respond to all their daily concerns, a dedicated manager and technicians are permanently on call in the building.

Key figures

42,000 m²

SPREAD OVER THREE BUILDINGS

100%

OCCUPANCY RATES OVER THE LAST THREE YEARS

€23.8 M

IN RENT IN 2007

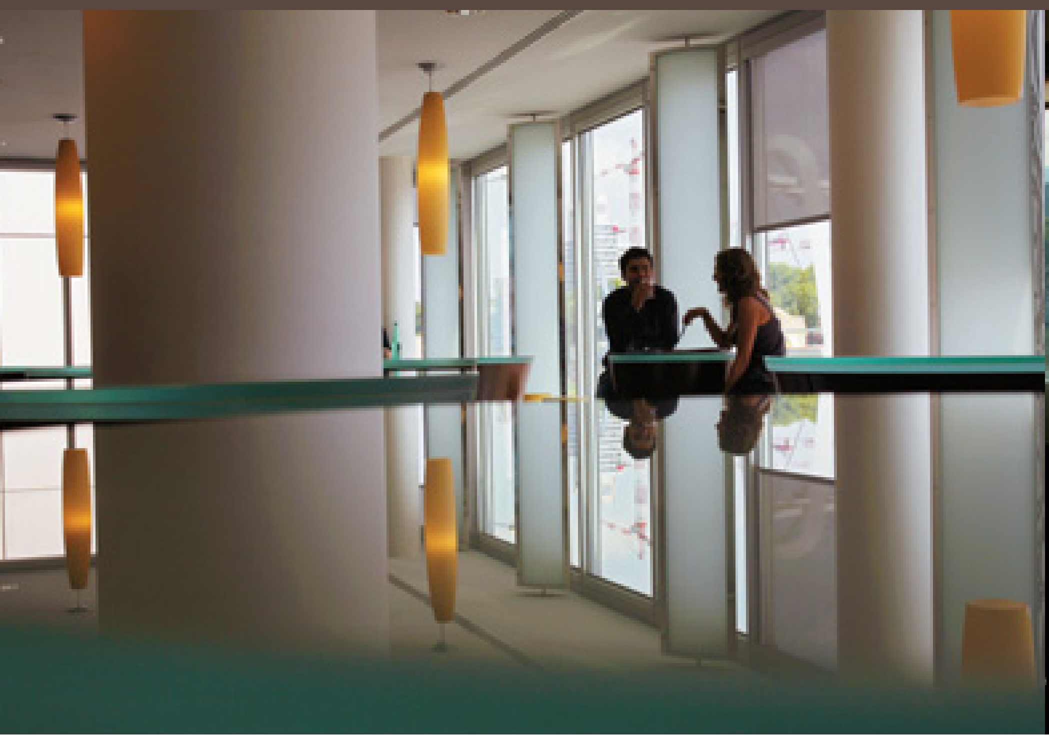
€386 M

VALUATION NET OF TAXES* IN 2007

* Valuation carried out by CB Richard Ellis on 12/31/2007

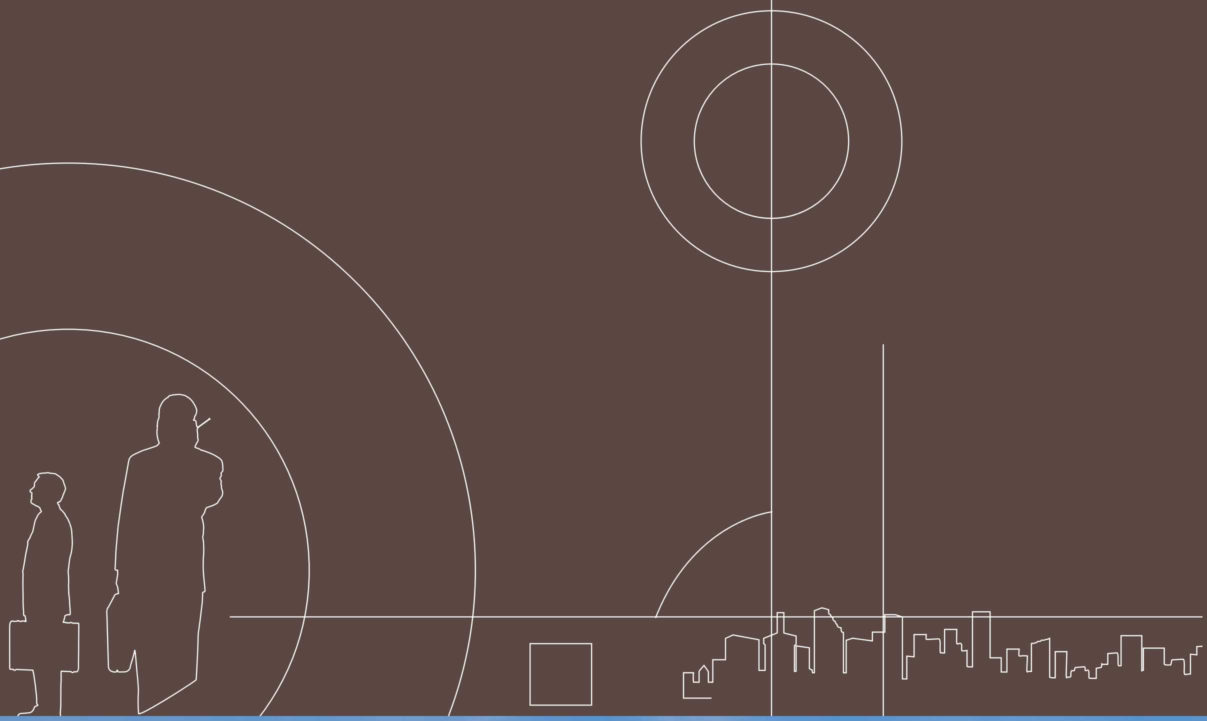
Tenants

Arcs de Seine has three tenants which are all major players in their sectors: Bouygues Telecom, which has based its head office there, television channel TF1 and Boursorama, one of the French leaders in online brokering and financial information via the internet. CeGeREAL has signed an investor-type commercial lease with each of them as a result of which it recoups almost all charges.



RIVES DE BERCY

A few minutes from Paris, the Rives de Bercy building offers its users the highest level of services and environment. Acquired by CRI when it was under construction, then contributed to CeGeREAL in December 2005, the complex of more than 30,000 m² spread over seven floors, developed by HRO, has been home to the head office of Crédit Foncier since it was let out in 2003.



Welcome to Rives de Bercy

Through its design and internal ambiance, the building's volumes, which are on a human scale, and the modernity evoked by its architecture, Rives de Bercy is deeply contemporary. Benefiting from exceptional light on all floors thanks to glass curtain walls and walkways, users have a calming view over the nearby Seine or the internal Japanese garden laid out by Crédit Foncier, synonymous with refinement and serenity. On a day-to-day level, the site is characterized by the great friendliness of its grassed panoramic terraces, walkways linking the buildings and the moments of relaxation offered by the sports gym.

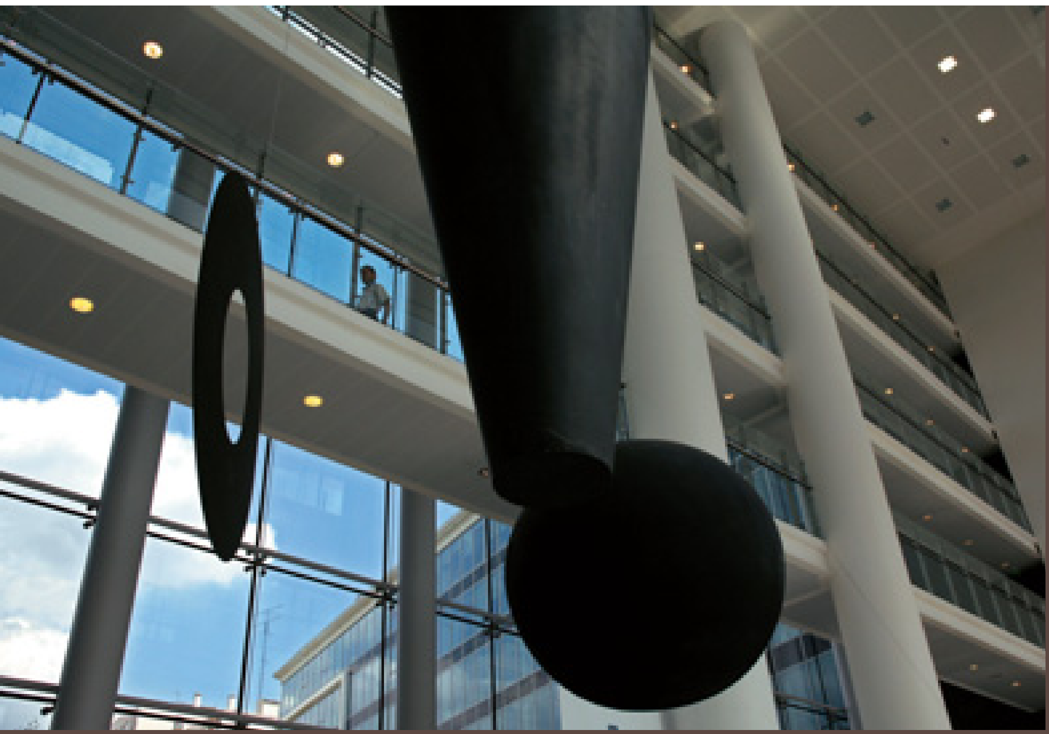
High-end architecture and comfort in eastern Paris

Paris rises in the east

The Rives de Bercy building is located in Charenton-le-Pont, in one of the new business districts which symbolize the rebalancing of the Île-de-France's economic development towards the east of Paris. As well as Crédit Foncier (Caisses d'Epargne group), which has chosen Rives de Bercy to establish its head office, the town, which is just the other side of the Paris ring-road, also houses large companies such as CSC Peat Marwick, Essilor and Natixis, which enjoy high quality premises for rents below those to the west of the capital. Situated along the Seine, the Rives de Bercy complex is easily accessible due to the proximity of the metro station and the banks of the Seine, the Paris ring-road and the A4 motorway.

A very comfortable working environment

On a 16,374 m² site, the Rives de Bercy building offers a 31,942 m² premises spread over seven floors and two levels underground, offering 657 parking spaces. The complex, which is just five years old, stands out for its modernism and its high quality architecture: the buildings various wings are connected by suspended passageways and a monumental hall giving onto the Quai de Bercy. Offering an agreeable working environment and security services which comply with the latest standards in force, the site offers users numerous facilities such as a staff canteen, a cafeteria, an auditorium for hosting conferences, meeting rooms of various sizes and a sports gym.



Key figures

30,000 m²

OF OFFICES

100%

OCCUPANCY RATE
SINCE BEING LET OUT

€11.1 M

IN RENT IN 2007

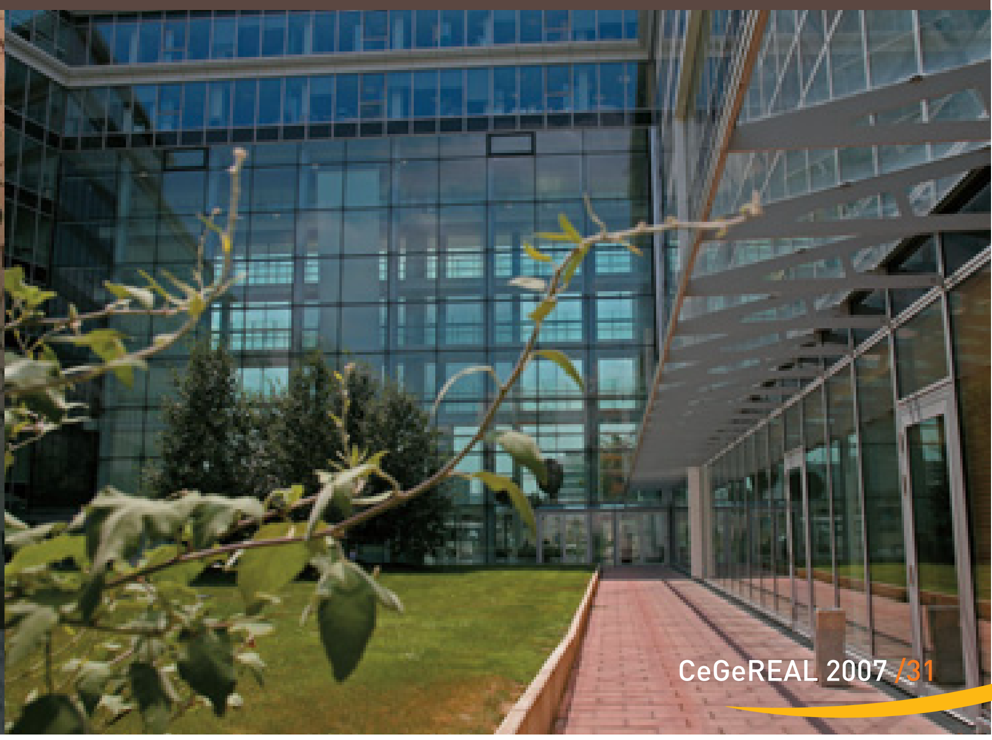
€187 M

VALUATION NET OF TAXES*

A single tenant

Despite being completely divisible, and therefore able to house several tenants, the building has been solely occupied by Crédit Foncier since it was let in 2003. The lease signed between the financial establishment and CeGeREAL is a triple-net commercial lease, meaning building charges are entirely recouped by CeGeREAL and all works paid for by the tenant.

* Valuation carried out by CB Richard Ellis on 12/31/2007



SUSTAINABLE REVENUES FROM A RENTAL POLICY FOCUSED ON TENANT SATISFACTION

From its first acquisition, CeGeREAL has built a policy of rental management based on a strong relationship with its clients, which include top level companies. This decision has enabled it to strengthen the loyalty of its tenants and its revenues in the long term.

Sound rental contracts

CeGeREAL as far as possible favours the signing of long-term commercial leases, for six or nine years. These include the transfer of all operating and maintenance costs for the buildings to the tenant, as well as most repairs. Similarly, the various taxes related to the property are generally passed on to tenants.

Top level tenants

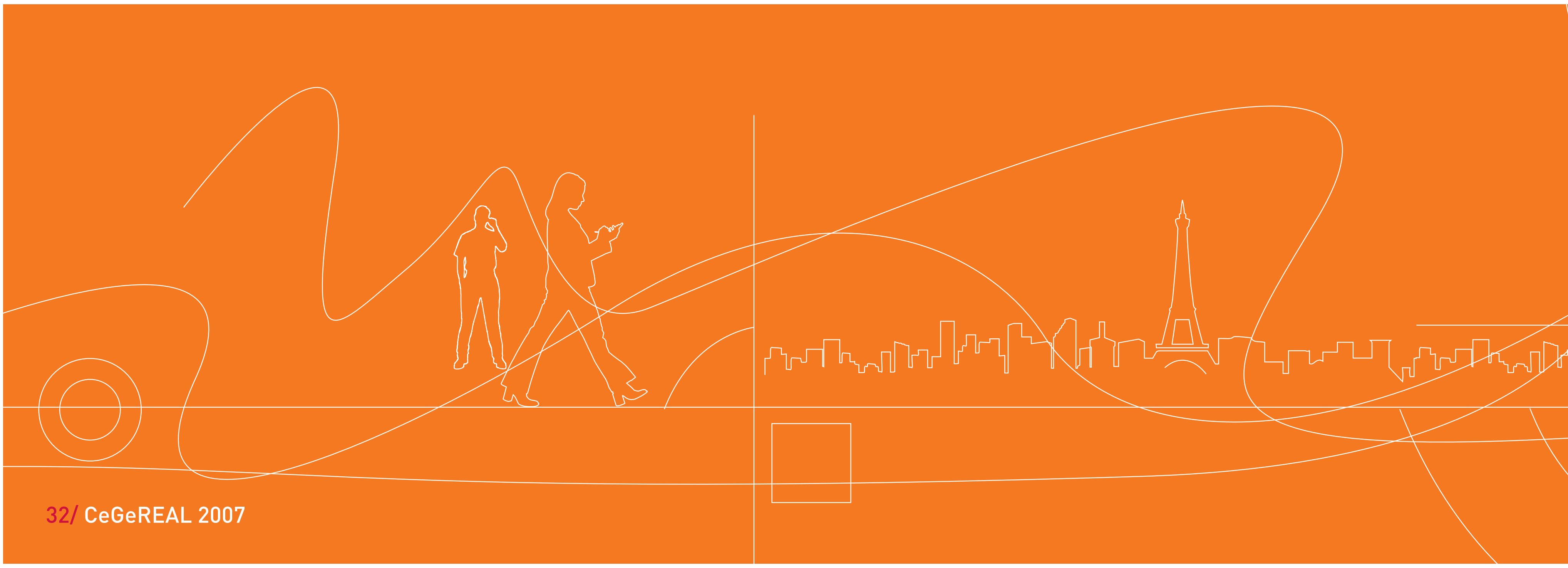
Top rentals for first class tenants: as a result of the quality of its properties, CeGeREAL's rental policy is selective. Like Bouygues Telecom, Cap Gemini France, Cap Gemini Telecom & Media, Crédit Foncier, GE Capital and TF1, all tenants are national or international level companies, leaders in their business sector, and therefore with a very good standing. This has allowed CeGeREAL to record a maximum rental recovery rate.

Staggered balance in lease expiration

Between now and 2017, the annual proportion of rents from leases which are approaching their renewal date or for which the tenants have an exit option is well balanced over time. The location and size of buildings as well as the quality of the services also favour the rapid renewal of leases.

A long-term and day-to-day relationship with tenants

By founding its rental policy on values of proximity and transparency and on the quality of its relations with its clients, CeGeREAL demonstrated its ability to reach the best occupancy rates for its buildings. The teams responsible for the day-to-day management of the buildings are constantly on hand to listen to the suggestions and, where pertinent, any complaints from tenants and



establish with them all the services they need (caretaking, maintenance, etc.). A representative of the management regularly meets each tenant to catch up on its needs and its plans.

Anticipate to better satisfy clients

This policy enables CeGeREAL to build a relationship of trust with each of its tenants and contributes to building loyalty amongst them. In return, the tenants inform the Company of their property plans at a very early stage. CeGeREAL can therefore anticipate and offer them the solutions most likely to meet their needs.

> “Tenants are national or international level companies.”

OPTIMIZED RENTAL MANAGEMENT

CeGeREAL has chosen to outsource its asset management activities to CRI and a property management to a specialist, which has been working in the three buildings for many years. This strategy enables CeGeREAL to benefit from the best skills while optimizing its operating costs.

CRI's expertise

CeGeREAL relies on its major shareholder, CRI, to asset manage its properties, enabling it to benefit from economies of scale and the expertise acquired by CRI in the Île-de-France market as well as the knowledge and reactivity of its marketing and operations teams. The Company has signed an asset management contract with CRI to cover this, including consultancy work in relation to its property investments and analysis of the management of its assets.
This contract particularly includes the drafting of an annual business plan for investments made by CeGeREAL, an evaluation of its assets and its performances, provision of data regarding the development of the property market, and the guidance in relation to leases and the letting recommendations.

The contractual agreement also includes production by CRI of an annual report on what CeGeREAL's competitors are offering, quarterly inspection reports for its buildings (in particular concerning communal equipment and any re-arrangement by tenants). Finally, CRI is tasked with analyzing the Company's rental strategy and advising on how to optimize it.

CRI in brief

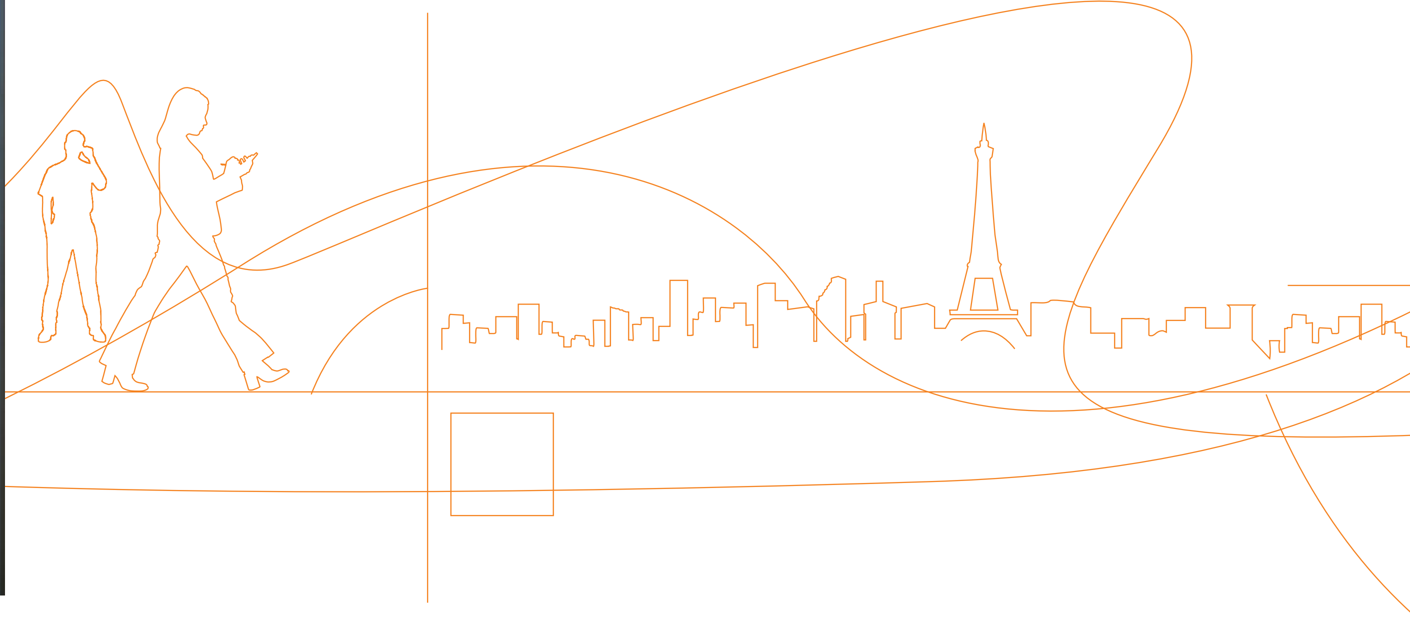
Created in 1992, Commerz Real Investmentgesellschaft , formerly named Commerz Grundbesitz Investment Gesellschaft, is a subsidiary of Commerz Real, German bank Commerzbank AG's investment and asset management branch.

CRI manages 33.3 billion of property assets wordwide and in particular hausInvest europa, a major German investment fund created in 1974, whose property assets now represent 9.7 billion euros.

Property management – Yxime's expertise

CeGeREAL delegates property management of its three buildings to Yxime (formerly A&PM). This external partner took on the role when Europlaza, Arcs de Seine and Rives de Bercy were acquired.
This means that it has an excellent knowledge of the history of each building and their tenants. This outsourcing, associated with the nature of tenancy leases, means CeGeREAL can allocate the costs of rental management to the buildings' operating charges and so recoup them from the various tenants.

Yxime's role covers relations with tenants and checking that they ensure the lease's terms and conditions are being applied and



their contractual obligations are properly fulfilled in terms of maintenance of premises, insurance and compliance with internal regulations. CeGeREAL's partner also carries out administrative and accounting management of the buildings (invoicing, recovery of rents and charges, pre-litigation management of non-payments, etc.). Furthermore, Yxime takes care of managing all technical contracts for the Europlaza and Arcs de Seine buildings. This means that the manager negotiates the various maintenance contracts (lifts, façades, air-conditioning, etc.), utilities (electricity, water, gas, etc.) and services (cleaning, reception, gardens, etc.) and ensures they are monitored. Yxime is also service provider to Crédit Foncier, the tenant in the Rives de Bercy building which carries out the technical management directly. In order to best fulfill its tasks and meet users' expectations, Yxime staff (managers and technicians) are constantly present in each of CeGeREAL's buildings. Yxime also conducts an annual satisfaction survey of tenants.

Yxime in brief

A&PM, which was created in 1999 now has as its major shareholder the Groupe Financière Duval –which became Yxime in 2007. Yxime is one of the largest property management companies in Paris, and currently manages more than 3,000,000 m² of premises in France.

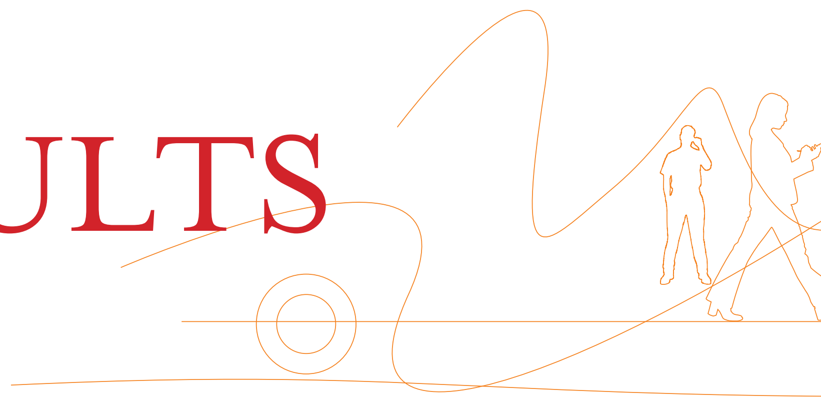
The group currently has more than 100 employees and works on a managed portfolio with a value of more than 11 billion euros. The importance of this property portfolio has enabled it to develop expertise in property management and generates economies of scale which benefit CeGeREAL's tenants.

"Technical management of the three buildings is entrusted to Yxime, which has a good knowledge of the tenants."

€33 Bn

THE VALUE OF PROPERTY INVESTMENTS WORLDWIDE CURRENTLY MANAGED BY COMMERZ REAL

SUMMARY FINANCIAL RESULTS



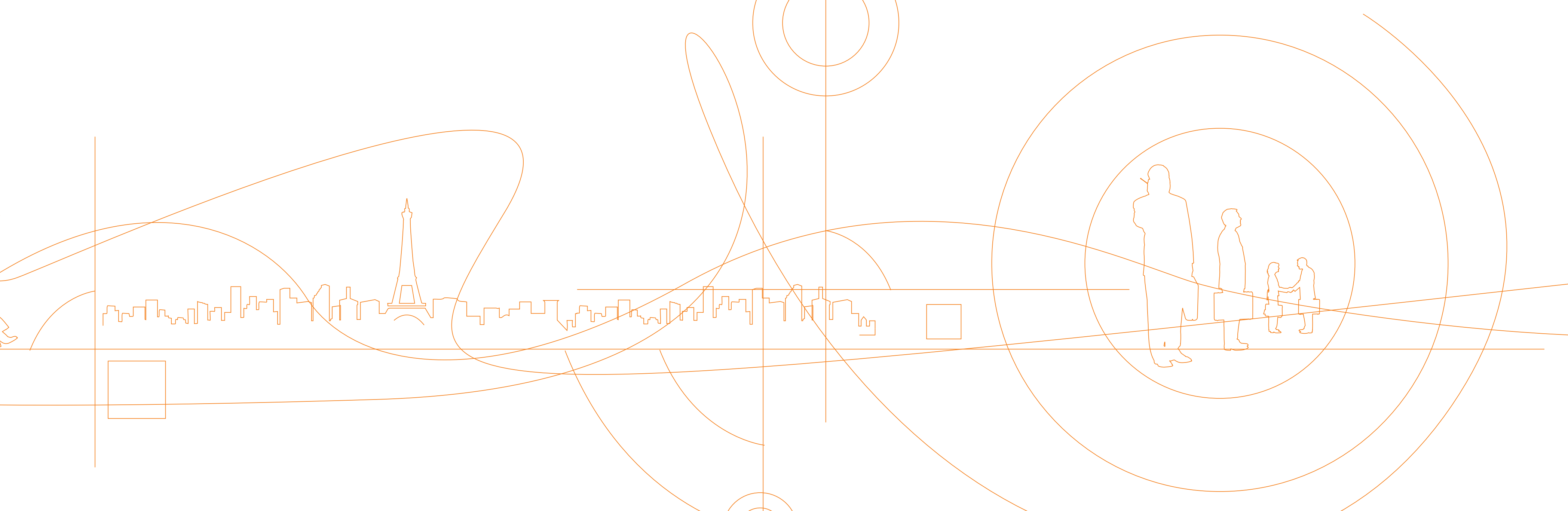
Simplified Financial Data

Annual Financial Statements

Assets in thousands of euros	Dec 31, 2007	Dec 31, 2006
Investment property	822,521	848,073
Other financial fixed assets	605	602
Fixed assets	**823,126**	**848,675**
Accounts receivable	24,231	19,499
Other receivables	10,025	12,065
Cash and cash equivalent	19,780	31,254
Prepaid expenses	2,046	2,108
Current assets	**56,083**	**64,926**
TOTAL ASSETS	**879,210**	**913,601**

Equity and liabilities in thousands of euros	Dec 31, 2007	Dec 31, 2006
Share capital	160,470	160,470
Merger premium, reserve and retained earnings	65,542	57,739
Revaluation reserve	181,916	181,916
Net income for the period	10,076	32,401
Shareholders' equity	**418,004**	**432,526**
Non-current borrowings	381,714	381,519
Accounts payable and other current liabilities	79,491	99,556
Liabilities	**461,206**	**481,075**
TOTAL EQUITY AND LIABILITIES	**879,210**	**913,601**

Income statement in thousands of euros	Dec 31, 2007 12 months	Dec 31, 2006 9 months
Operating income	24,916	16,231
Including rental revenue	*61,095*	*43,408*
Net financial expense	(14,843)	(11,495)
Net non recurring income	3	2
Provision for taxes		27,664
NET INCOME	**10,076**	**32,401**



IFRS balance sheet

Assets in thousands of euros	Dec 31, 2007 IFRS Accounts	Dec 31, 2006 IFRS Accounts
Investment property	1,031,900	963,000
Other non-current assets	2,339	4,479
Non-current assets	**1,034,239**	**967,479**
Accounts receivable	24,231	19,496
Other operating receivables	10,131	10,215
Cash and cash equivalents	19,780	31,254
Current assets	**54,142**	**60,964**
TOTAL ASSETS	**1,088,381**	**1,028,443**

Equity and liabilities in thousands of euros	Dec 31, 2007 IFRS Accounts	Dec 31, 2006 IFRS Accounts
Capital	160,470	160,470
Merger premium and retained earnings	370,211	277,349
Net income for the period	102,156	117,555
Shareholders' equity	**632,837**	**555,374**
Non-current liabilities	399,286	419,101
Current liabilities	56,258	53,968
Non current and current liabilities	**455,544**	**473,069**
TOTAL EQUITY AND LIABILITIES	**1,088,381**	**1,028,443**

Pro forma income statement in thousands of euros	Dec 31, 2007 12 months	Dec 31, 2006 9 months
Operating income	119,371	131,158
Including: Net rental income (*)	*52,933*	*37,532*
Increase in the fair value of investment property	*68,436*	*95,419*
Net financial expense	(17,380)	(13,766)
Corporate income tax	165	163
NET INCOME	**102,156**	**117,555**

(*) Rentals + other services - building related costs.

FINANCIAL REPORT

We present you with the annual financial report bearing on the fiscal year ended on December 31, 2007, established in compliance with the provision of Articles L.451-1-2 I of the *Code Monétaire et Financier* (i.e., French monetary and financial code, hereinafter referred to as the "CMF") and 222-3 *et seq.* of the AMF's General Regulations.
This report was disseminated in compliance with the provisions of Article 221-3 of the AMF's General Regulations. In particular, it is available on our company's website www.cegereal.com .

COMPANY MANAGER'S ATTESTATION

"I attest that, to my knowledge, the financial statements have been prepared in compliance with the applicable accounting standards and give a sincere image of the company's assets, financial situation and results and that the management report presents a sincere image of the development of the company's business, results and financial situation, as wells as a description of the main risks and uncertainties that it faces."

March 4, 2008

Mr. Richard Wrigley

MANAGEMENT REPORT

To the June 18, 2008 general meeting of shareholders fiscal period ended at December 31, 2007

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 year ended at December 31, 2007.

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).

At December 31, 2007, 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.

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

The company's corporate accounts show a sales turnover of €61,095,461 and a result of €10,075,564, against a loss of €32,400,844 for the preceding fiscal year.
We request that you approve these financial statements. (Article L.225-100)

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

a- The company's situation and activity during the fiscal year (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 year ended at December 31, 2007. The tenants are nationally and internationally famous companies. The average annual rent is €465 per m² for the office space, €1,400 per unit for the parking places and €260 per m² for the other premises. The leases entered into with the tenants are commercial leases and generally have nine-year terms.

The company had opted to benefit from the SIIC regime and that it has been applicable to it since the beginning of the fiscal year that began on April 1, 2006. That option allows it to benefit from a corporate income tax exemption on profits made from leasing its realty assets and transfers of its buildings wherever the company distributes at least 85% of the profits generated from the leasing of buildings and 50% of the capital gains on any transfers of buildings.
If a company withdraws from the SIIC regime in the 10 years following the option, it will need to pay additional corporate income tax on any capital gains that have been taxed at the reduced rate of 16.5%.

Reduction in CRI's ("ex-CGI" or "CGI") shareholding

The 2006 Amended Finance Act (cf. Article 208 C I of the General Tax Code) also stipulates that, to benefit from the SIIC regime, no more than 60% of the share capital or the voting rights must be held by one or several entities acting jointly in the meaning of Article L.233-10 of the Commercial Code. The companies involved have until December 31, 2008, to comply with that new condition.

In said respect, the tax authorities have therefore considered that, as CGI, CeGeREAL's main shareholder, holds 67% of that company's capital, it will need to decrease its shareholding to at least 60% in order for the company to continue to benefit from the SIIC regime.

Consequently, before December 31, 2008, CGI will decrease its shareholding to below the legal threshold of 60% so that the company may continue to benefit from the SIIC regime.

20% levy

The chairman reiterated that the 2006 Amended Finance Act (cf. Article 208 C IIter of the General Tax Code) provides for the application of a 20% levy to be paid by the SIIC on any dividends distributed to shareholders, other than natural persons, that hold at least 10% of the dividend rights of that SIIC and that are not subject to corporate income tax or an equivalent tax on any dividends received (of which the amount is more than € less than the French tax). The levy is not, however, due wherever the beneficiary of the distribution is a company subject to an obligation to distribute all of any dividends that it receives. That regime is applicable to any distributions made on or after July 1, 2007.

After a discussion with the tax authorities, said authorities decided to apply tax transparency by deeming that the unit holders of the fund hold a stake in CeGeREAL directly.

On the basis of that transparency approach, the tax authorities deemed that:

(i) dividends that are, in the end, paid to fund unit holders who are natural persons do not come within the scope of the 20% levy;
(ii) dividends that are paid to legal-entity unit holders of the fund are not subject to said levy insofar as said unit holders do not satisfy the criteria set forth in Article 208 C II ter of the General Tax Code (i.e., companies that (a) hold more than 10% of the voting rights and (b) are not subject to corporate income tax or an equivalent tax on any such income receive.

Thus, it was confirmed that, in view of all the current fund unit holders, the company must not bear that 20% levy on dividend distributions made in favor of CGI.

If, however, a legal entity came to hold more than 10% of the voting rights and was not subject to corporate income tax or an equivalent tax on any such income received, the company must bear the corresponding levy. The board of directors is not aware of any shareholders holding more than 10% of the voting rights that could generate the 20% levy.

Consequences of the option for the SIIC regime

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 €89,967 K 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 year result.

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

CeGeREAL will be able to enlarge its realty portfolio for the reasons indicated in Paragraph g) below (amendment to the German legislation on investments and German investment funds).

c- Significant events that have occurred since the date at which the annual accounts were settled, i.e., December 31, 2007 (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 year.

e- Progress made (R.225-102)

The company's activity is stable.

f- Difficulties encountered (D.148)

The company did not encounter any special difficulties during the fiscal year ended at December 31, 2007.

g- Future prospects (R.225-102) Amendments of the corporate purpose and the limitations upon the managing director's and delegate managing directors' powers

CeGeREAL is a realty company held by Commerz Real Investmentgesellschaft mbH (CGI), its majority shareholder, on behalf of the hausInvest europa fund. As a CGI subsidiary, CeGeREAL is, with respect to investments and German investment funds, indirectly subject to certain provisions of German legislation applicable to CGI.

In said respect, the German lawmaker (in the Investment Act as amended by the Investment Amendment Act on December 28, 2007) has repealed the restriction imposed on subsidiaries of German investment funds with respect to holding more than three realty assets. The repeal will allow such subsidiaries to increase their realty portfolios as soon as the hausInvest europa fund's by laws have been accordingly amended.

Consequently, we propose amending the company's corporate purpose to allow it to hold more than three realty assets. The condition precedent to that amendment to the bylaws would be the amendment of the hausInvest europa fund's by laws which should be effective in August 2008 as indicated hereafter.

Finally, we propose amending the managing director's and the delegate managing directors' powers by limiting the sureties and guarantees that may be granted, in the name and on behalf of the Company.

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

1. STATUTORY ACCOUNTS FOR THE YEAR END AT DECEMBER 31, 2007

The financial statements for the year end at December 31, 2007, 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.

The information presented in the income statement and statement of cash-flows relates to the 9-month period to December 31, 2006 and the 12-month period to December 31, 2007.

1.1 Financial situation / financial statements

The shareholders' equity, which was €432,526 K at the first day of the year, are €418,004 K at December 31, 2007. That decrease follows the distribution of dividend for an amount of €24,596 K (net of dividend relating to own shares), as approved by the shareholders meeting at June 6, 2007, and a profit for the period of €10,076 K.

Available funds were €19,780 K at December 31, 2007, down €11,473 K compared to december 21, 2006. The main movements of the fiscal year ended on December 31, 2007, which participated in the level of available funds, are the following:

• The €36,086 K in cash-flow from operation during the period.

• The payment of dividend in June 2007 for €24,596 K.

• The second payment, i.e., €22,492 K, of the exit tax in December 2007. The tax and social liabilities, i.e., €49,070 K, are composed of exit tax balance for €44,984 K, which result from the option to the SIIC regime. Exit tax has to be paid in four installments on December 15, 2008 and 2009, for €22,492 K each.

• The €4,732 K 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 2008 that the tenants had not paid at December 31, 2007. 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 €2,040 K decrease in other receivables. The variation is mainly due to the reverse of free rent receivable for an amount of €2,121 K.

• The €884 K increase of prepaid revenue, due to increase of the rental.

1.2 Result of the period / financial statements

The result of the period represents a profit of €10,076 K. The main aggregates that compose it are:

Operating proceeds € (61,215 K)

- The period's sales turnover was €61,095 K, for the 12 month period, vs. €43,408 K for the 9 month period ended 31 December 2006. That figure is mainly made up of rent and recharge of expenses according to rental agreement.

- At December 31, 2007, rental revenue for the 12 month increases by 6% compared to the same period in 2006. The variation is mainly due to rental indexation during the period, as resulting from rental agreements.

Operating charges € (36,299 K)

- The other purchases and external charges represent €6,315 K and are essentially composed of fees, of which €3,579 K corresponds to asset management services. The other expenses are mainly constituted of insurance premiums, building upkeep expenses that were not invoiced to tenants and various fees.

- The depreciation allocation was € 26,016 K, of which € 6,173 K corresponds to the additional depreciation subsequent to the revaluation of the fixed assets previously done.

On the basis of the operating elements described above, the period's operating result was €24,915 K.

Financial results € (-14,843 K)

- The financial result comprises €16,107 K in interest expenses and €1,264 K in financial proceeds.

Extraordinary results € (3 K)

- The period's extraordinary result was €3 K, corresponding to operations on the company's own shares.

Corporate income tax

- 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 rental of investment properties, no income tax was noted for that period. This tax exemption is subjected to the respect of some criteria, mostly relating to distribution of dividend.

- The €27,664 K in tax proceeds generated in the financial statement ended December 31, 2006, result from the application of the SIIC regime option. This option generates the reinstatement of the provision for taxes, previously recorded in accordance with Article 210 A of the *General Tax Code*. As a result, a profit of €27,664 K composed the corporate income tax.

2. IFRS ACCOUNTS FOR THE YEAR ENDED AT DECEMBER 31, 2007

The IFRS accounts at December 31, 2007, presented as a comparison, the figures for the 9 month period ended December 31, 2006.

2.1 Financial situation

The shareholders' equity, which was €555,374 K at the first day of the year, are €632,837 K at December 31, 2007. That increase mainly resulted from the profit generated over the period, i.e., €102,156 K and the dividend paid, as approved by the shareholders meeting at June 6, 2007, for an amount of € 24,596 K, net of dividend for own shares.

2.2 Comparison of the result of the annual accounts with the IFRS at December 31, 2007

The profit of the twelve-month period ended at December 31, 2007, was, according to IFRS, €102,156 K and, according to the financial statements, €10,076. The comparative elements were the following:

Valuation of the buildings at the fair value

The buildings are recorded at the fair value in the IFRS accounts at December 31, 2007. The variation of the fair value is recorded in the result.

The increase in the fair values of the buildings during the twelve months of the year represented €68,437 K. €26,016 K in allocations for depreciation were recorded in the annual accounts and canceled in the IFRS accounts.

Therefore, the variations from the accounting standards led to increasing the IFRS results by €94,452 K, when compared to the statutory accounts.

Financial result

The exit tax debt relating to the revaluation of the properties of which one fourth is due annually since December 15, 2006, is being discounted in the IFRS financial statements. Therefore, the €6,907 K change between the initial debt and the discounted debt was

accounted as a profit in the IFRS accounts at March 31, 2006. That difference decreases as the exit tax payments are made. At December 31, 2007, the remaining discounted variance is €2,722 K. The decrease in said difference constituted a financial cost for €2,722 K in the IFRS financial statements of the fiscal year ended at December 31, 2007.
Therefore, the variations from the accounting standards led to decreasing the IFRS results by €2,073 K, when compared to the annual accounts.

Retreatment of the costs of setting up loan

The costs supported in March 2006 for the setting up of loan, were, in the IFRS accounts, spread 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 IFRS results by €464 K, when compared to the annual accounts

2.3 Adjusted net asset value ("ANAV")

At December 31, 2007, the Adjusted Net Asset Value per share is estimated for €47.49. It represents an increase of 16.1% compared to December 31, 2006.

ANAV is determined according to recommendation of EPRA, « Triple net » method:

	12/31/2007	12/31/2006	Change
ANAV per share (net of taxes)	47.49 €	40.90 €	16.1%
ANAV per share (including taxes)	52.28 €	44.74 €	16.8%

ANAV Determination

ANAV is calculated on the basis of shareholders' equity under IFRS, which includes inter alia unrealized gains or losses on real estate assets.

The Company did not acquire or dispose of any real estate assets during the year 2007.

The value of the real estate assets taken into account to calculate these unrealized gains or losses is set out below:

In million of euros	12/31/2007	12/31/2006	Change
Real estate assets	1,032	963	7.2%

The measurement of the properties valuation was done on December 31, 2007 by the external real estate valuation firm CB Richard Ellis Valuation.

The assets were measured using various methods. One of these methods is the "Hardcore Capitalization" method, which essentially consists of capitalizing current market rents and factoring in the differential between actual rents and market rents.

Taxes are determined based on the tax position of each property at the appraisal date, transfer duties were taken into account at the rate of 6.20%.

The adjusted net asset value incorporates the fair value of debt instruments, which essentially involves marking fixed-rate debt to market.

As the Company is subject to tax treatment as an SIIC, it is exempt from income tax and no tax liability was taken into consideration.

Treasury shares were not taken into account when calculating the adjusted net asset value per share.

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 78% of the total rent received at December 31, 2007. 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 89.01)

- Currency exchange risk

At the closing of the fiscal year, 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 year, 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 M, composed of three *tranches* (A, B and C, of principals of, respectively, €199.9 M, €180 M and €45 M).

The interest rate applicable to *tranches* A and B is a fixed rate of 3.55% per year, plus the applicable 0.60% margin, for a total percentage of 4.15%. *Tranche* C, which will, from the time of its possible use by the company, bear interest at a floating rate (Euribor), plus the 0.60% margin.

In addition, in the terms of a credit line and remediation facility (*facilité de remédiation)* with no underwriting clause, Eurohypo AG granted the company a credit line of a maximum of €45 M (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 10-year fungible Treasury bonds went from 3.81% at December 31, 2006, to 4.35% at December 31, 2007 (Source: La Banque de France). The company is not able to 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 undertaking

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 Transfers 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 €45,000,000, which was unused at December 31, 2007.

In addition to that third tranche of credit, the company, on July 31, 2006, entered into a €45,000 K credit agreement and a remediation facility with no underwriting clause intended to finance the exit tax. At December 31, 2007, 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;
- Daily Transfers 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 to L.145-60 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 subject to a six months prior notice.

(iii) Bank guarantees

In addition to the deposits recorded under financial debts in the financial statements of the fiscal year ended at December 31, 2007, the company benefits from bank guarantees granted by certain tenants. At December 31, 2007, such guarantees were €39,949,340.

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, 2007, 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 year ended at December 31, 2007, we neither acquired a stake in nor took over any other company.

1.3 Labor consequences of the activity

At the end of the fiscal year, 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 year.

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.

Yxime, 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, Yxime 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, 2007, which is €10,075,564

to which the retained earnings are added, indicated in the balance sheet as €9,750,141

i.e., a distributable amount of €19,825,705 in the following manner:

1. Distribution of dividends:
Dividend of €1.48 per share, i.e., for 13,372,500 shares €19,791,300
2. The balance, i.e. €34,405
To the account "Other reserves"

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.

Lastly, we propose that you transfer a portion, i.e., €10,803,002, of the sums recorded in the revaluation reserve at

December 31, 2007, to the "Other reserves" account, which would then have a net allocation of €10,837,407.

2.2 Payment of the dividends

The dividends will be payable on June 26, 2008. The date on which the coupon is to detached is set on June 23, 2008.
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 243 bis of the *General Tax Code*)

In compliance with the provisions of Article 243 bis of the *General Tax Code*, we inform you that, during the last three fiscal years, the following dividend were distributed:

For Fiscal Year	Income eligible for reductions		income not eligible for reductions
	Dividends	Other income distributed	
2004	€ 0		
2005	€ 0		
2006 (Mar. 31)	€ 0		
2006 (Dec. 31)	€ 24,605,400		

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.

2.5 Distribution of the reserves

We proposed, pursuant to the provisions of Paragraph 2 of Article L.232-11 of the Commercial Code, the distribution of an additional dividend of €6,285,075 per share, to be levied from the "Other reserves" account, i.e. the unit dividend of €0.47 per share.

3. COMPANY'S SHARE CAPITAL

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

At December 31, 2007, the share capital was set at €160,470,000. It is divided into 13,372,500 shares with a nominal value of €12 each, all fully paid.

Between January 1 and December 31, 2007, 1,481,257 company shares were exchanged.

The price of the shares reached, on August 29, 2007, its lowest level (€31) and, on May 21, 2007, its highest level (€39.98) and ended the fiscal year at (€33.7).

At December 31, 2007, the market value was €450,653,250 i.e., 13,372,500 shares at the price of €33.7.

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, 2007, more than 5%, 10%, 15%, 20%, 25%, €, 50%, €, 90 or 95% of the share capital or voting rights at general meetings of shareholders.

Shareholders at Dec. 31, 2007	In capital	In voting rights
GMF Vie Holding more than 5%	904,000	904,000
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%		
CRI (Formerly CGI) Holding more than 2/3rds	**8,959,567**	**8,959,567**
Holding more than 90%		
Holding more than 95%		

It reiterated that GMF VIE held 638.718 shares on December 31, 2006.

No undertaking for keeping the Company's shares was entered into in the framework of the provisions of the favorable tax regime instituted by the August 1, 2003 Dutreil Act.

The mutual insurance company COVÉA (7, place des Cinq-Martyrs-du-Lycée-Buffon, 75015 Paris), in its January 30, 2008 letter and other correspondence, in particular that of February 4, declared, with a view to regularizing its situation, that it had, on January 11, 2008, indirectly exceeded the thresholds of 10% of CeGeREAL's share capital and voting rights, i.e., that it indirectly held 1,460,561 CeGeREAL shares, which represent as many voting rights, i.e., 10.92% of that company's share capital and voting rights (1), broken down in the following manner:

	Shares and voting rights	% of capital and voting rights
GMF Vie (2)	904,000	6.76
MAAF Assurances SA (2)	354,202	2.65
MAAF Vie (2)	202,359	1.51
Total Covéa	**1,460,561**	**10.92**

That crossing of the thresholds is the result of a purchase of CeGeREAL shares on the market. Furthermore, COVÉA also specified that, at January 30, 2008, it indirectly held 1,550,212 CeGeREAL shares representing as many voting rights, i.e., 11.59% of that company's capital and voting rights (1), broken down in the following manner:

	Shares and voting rights	% of capital and voting rights
GMF Vie (2)	926,464	6.93
MAAF Assurances SA (2))	389,980	2.92
MAAF Vie (2)	211,304	1.58
GMF Assurances (2)	22,464	0.17
Total Covéa	**1,550,212**	**11.59**

(1) On the basis of a share capital composed of 13,372,500 shares representing as many voting rights, pursuant to the 2nd paragraph of Article 223-11 of the General Regulations.
(2) Companies controlled by the company of the COVÉA mutual insurance group.

3.3 Elements that could have in impact in the event of a public offering (L.225-100-3)

Pursuant to Article L.225-100-3 of the *Commercial Code;* we specify the following points that could have an impact in matters of public offering:

-The capital structure, as well as any direct or indirect shareholdings known in the company's capital and any information in said respect is described in Paragraphs 3.1 and 3.2 above.

- There are no bylaw restrictions to the exercise of voting rights, subject to that which is indicated in Paragraph 3.7 below.

- To the company's knowledge, there are no signed agreements or other undertakings between shareholders.

-There are no titles relating to special control rights.

- There are no control mechanisms provided for in a possible personnel shareholding system where the control rights are not exercised by said personnel.

- The rules governing appointments and recalls of members of the board of directors are the legal and bylaw rules set forth in Article 15 of the bylaws. The board's internal rules and regulations contain no special provisions in said respect. Therefore, directors are appointed and replaced in compliance with the law. They may be recalled by an ordinary general meeting at any time. The president is appointed by the board of directors, which may recall him/her at any time.

- With respect to the board of directors' powers, the powers of attorney in progress are described in Paragraph 3.8. (Share repurchase program) of this report and in the table of delegations for the increase in capital appended. In addition, the board of directors has the powers and exercises its duties in the conditions set forth in Article L.225-35 of the *Commercial Code* and the company's bylaws.

- Our company's bylaws are amended in accordance with the legal and regulatory provisions. In effect, only an extraordinary general meeting is empowered to amend all the provisions of the bylaws; it must, however, be specified that it cannot increase the shareholders' undertakings without a unanimous agreement.

- Those agreements entered into by the company that are amended and terminated in the event of a change in control are the following (asset management contract…):

- Asset management agreement: CeGeREAL and CRI,

- "Property management" agreements for the Europlaza, Arcs-de-Seine and Rives-de-Bercy buildings: CeGeREAL and Yxime (formerly A&PM),

- Contract with Publicis,

- Contract of liquidity: CeGeREAL and Exane,

- Contract entitled "Agreement for account opening and services",

- Contract of insurance Chubb.

- There are no particular agreements providing for indemnification in the event that a member of the board of directors ceases his/her duties, subject to what is indicated in Paragraph 7.

3.4 Self-checking actions (Article L.233-13)

The company does not control any other companies.

3.5 Note of shareholding and alienation of cross-shareholdings

During the fiscal year 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. (Article R.233-19).

During the fiscal year for which we request that you approve the financial statements, the company did not transfer any shareholdings (Article R.233-19).

3.6 Number of its own shares purchased and sold by the company during the fiscal year (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 year began and that on which it ended, carried out the following purchases and sales of its own shares:

- Number of shares purchased: 34,897
  Average price of the purchase: €35.22
- Number of shares sold: 31,689
  Average price of the sales: €35.49

Number of shares held in portfolio: 9,393

Assessed value according to the purchase first in/last out method of €312,366

Nominal value: €12

Reasons for the purchases	% of share capital
Price coordination	100%

3.7 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 L.233-7 of the *Commercial Code*.

In addition, it is proposed that the general meeting convened to rule on the financial statements of the fiscal year ended on December 31, 2007, amend Article 10 of the bylaws. The amendment consists of adding the definition of "Shareholder with a Levy," its obligations and penalties in the event of any noncompliance with its obligations (the new wording is inserted in Paragraph 9).

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 June 6, 2007 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 the next general meeting of shareholders in its Thirteenth resolution in an extraordinary capacity.

We propose that you set the minimum purchase price at €63.60 per share and, consequently, the maximum amount of the operation at €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 (Article R.225-10)

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)

Corporate officers:	Offices in the company: Date appointed	Offices in the company: Date on which office ends	Other duties in the company	Corporate offices held in other companies (in and outside group) (1) (2): Company name	Corporate offices held in other companies (in and outside group) (1) (2): Offices held and/or duties exercised
Richard Wrigley Director and Chairman of the Board of Directors	12/31/2005	General meeting ruling on the financial statements of the fiscal year closed on December 31, 2010		CPAS SAS	Member of the board
				Manitoba France SA	Member of the board
				Scandimmo RKW SA	Member of the board
				CPMS SAS	Président
				CPI SARL	Manager
				CPI Massy	Manager
				SCI Galopinvest	Manager
				SCI Le Barragiste	Manager
				Princeton France	Manager
				SNC Foncière Meudon	Manager
				Stamford Holdings	Manager
				Scandimmo SA	Chairman
				SCI Hume	Manager
Mario Schüttauf Director	10/30/2007	General meeting ruling on the financial statements of the fiscal year closed on December 31, 2010		Forum Almada Lda	Manager
				Forum Algarve Lda.	Manager
				Brafero Sociedade Imobiliara S.A.	Manager
				Forum Montijo Lda.	Manager
Thomas Lämmerhirt Director	02/05/2008	General meeting ruling on the financial statements of the fiscal year closed on December 31, 2010		CG New Venture 2 Verwaltungs-Gesellschaft mbh	Manager
				Schloß Bensberg Management GmbH	Manager
				Euregio Service Management GmbH	Manager
				Visenio GmbH	Manager
				German Office AG	Chairman of the Board

Corporate officers:	Offices in the company: Date appointed	Offices in the company: Date on which office ends	Other duties in the company	Corporate offices held in other companies (in and outside group) (1) (2): Company name	Corporate offices held in other companies (in and outside group) (1) (2): Offices held and/or duties exercised
Commerz Real Investmentgesellschaft mbH (représentant permanent : Heiko Beck) Director	12/31/05	General meeting ruling on the financial statements of the fiscal year closed on December 31, 2010		Forum Algarve – Gestão de Centro Comercial, Sociedade Unipessoal, Lda. II & Comandita	Joint manager
				Forum Almada – Gestão de Centro Comercial, Sociedade Unipessoal, Lda. II & Comandita	Joint manager
Jean-Pierre Bonnefond Director	02/20/06	General meeting ruling on the financial statements of the fiscal year closed on December 31, 2011		JPB & A	Président
				SCPI Hoche Placement Pierre	President of supervisory board
Martin Weinbrenner Executive Director of the Asset Management division	12/31/05	General meeting ruling on the financial statements of the fiscal year closed on December 31, 2010		Immobilière de Croisades SA	Corporate officer
				CGI Victoria Square Ltd	Corporate officer
				CGI Victoria Square Nominees Ltd	Corporate officer
				Manmall Successor LLC	Corporate officer
				Houston Main GP LLC	Corporate officer
				HK Immobilien AG	Member of supervisory board
				CGG Benelux GmbH	Corporate officer
				CG-78 Shanton Way Singapore Private Ltd	Corporate officer
				CR-71 Robinson Road Singapore Private Ltd	Corporate officer
				CG Japan GmbH	Corporate officer
				Charles Square Center s.r.o.	Corporate officer
				Le Président A SA	Corporate officer
				Le Président B SA	Corporate officer
				Le Président C SA	Corporate officer
				Commerz Real France GmbH (formerly: CGG France GmbH)	Managing director

Corporate officers:	Offices in the company: Date appointed	Offices in the company: Date on which office ends	Other duties in the company	Corporate offices held in other companies (in and outside group) (1) (2): Company name	Offices held and/or duties exercised
Klaus Waldherr Director	12/31/2005, to the office of delegate managing director; 02/05/2008, to the office of director	General meeting ruling on the financial statements of the fiscal year closed on Dec. 31, 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 Successor 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
				CG-78 Shanton Way Singapore Private Ltd	Corporate officer
				CR-71 Robinson Road Singapore Private Ltd.	Corporate officer
				CG Choongmuro Building Speciality LLC	Corporate officer
				CG Japan GmbH	Corporate officer
				Charles Square Center s.r.o.	Corporate officer
				Lacerta Immobiliare S.r.l.	Corporate officer
				Alfa S.r.l.	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 co-optations

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

We propose that you ratify the appointments of:

- Mr. Ralf Schwarzer appointed to replace Mr. Leo Lousberg by the board at its July 27, 2007 meeting,
- Mr. Mario Schüttauf appointed to replace Mr. Frank Porschke by the board at its October 30, 2007 meeting,
- Mr. Thomas Lämmerhirt appointed to replace the Caisse Centrale de Réescompte by the board at its February 5, 2008 meeting,
- Mr. Klaus Waldherr appointed to replace Mr. Ralf Schwarzer by the board at its February 5, 2008 meeting.

4.4 Directors' fees

Individual payments made to the directors with respect to the fiscal year ended at December 31, 2007

In compliance with the June 6, 2007 joint general meeting of shareholders, an overall maximum sum of €45,000 in directors' fees for all the directors was acknowledged in the company's financial statements.

During the fiscal year ended at December 31, 2007, the following directors' fees were paid to the directors:

- €7,500 to Mr. Richard Wrigley
- €7,500 to Mr. Jean-Pierre Bonnefond
- €7,500 to Mr. Daniel Terminet

Rules governing the distribution of directors' fees

The method for distributing the directors' fees was set by the February 5, 2008 board of directors' meeting according to the following conditions:
From February 5, 2008, and until a new decision is made, directors' fees will be distributed in equal shares among the board members. In the event that one or several directors cease their duties, the distribution of directors' fees will be prorated to the length of each director's term of office.

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 €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, 2007 (Article L.225-102-1)**

Corporate officers (whatever the length of the office during the fiscal year)	In the company, in controlled companies and in the controlling company (1) (2)					
	Compensations			Directors' fees	Benefits-in-kind	Total
	fixed	variable	exceptional			
M. Richard Wrigley - Paid in N-1 (3) - Paid in N - Remaining due for N	€ 50,000 (n)	0	0	€ 7,500 (n-1)	0	€ 57,500
M. Leo Lousberg - Paid in N-1 (3) - Paid in N - Remaining due for N	0	0	0	0	0	0
M. Frank Pörschke - Paid in N-1 (3) - Paid in N - Remaining due for N	0	0	0	0	0	0
Commerz Real Investmentgesellschaft mbH - Paid in N-1 (3) - Paid in N - Remaining due for N	0	0	0	0	0	0
Caisse Centrale de Réescompte - Paid in N-1 (3) - Paid in N - Remaining due for N	0	0	0	0	0	0
M. Jean-Pierre Bonnefond - Paid in N-1 (3) - Paid in N - Remaining due for N	0	0	0	€ 7,500 (n-1)	0	€ 7,500
M. Martin Weinbrenner - Paid in N-1 (3) - Paid in N - Remaining due for N	0	0	0	0	0	0
M. Klaus Waldherr - Paid in N-1 (3) - Paid in N - Remaining due for N	0	0	0	0	0	0
M. Axel Portz - Paid in N-1 (3) - Paid in N - Remaining due for N	0	0	0	0	0	0
M. Ralf Schwarzer - Paid in N-1 (3) - Paid in N - Remaining due for N	0	0	0	0	0	0
M. Mario Schüttauf - Paid in N-1 (3) - Paid in N - 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 year.
(3) Guide for preparing the reference documents dated January 27, 2006 (Interpretation no. 4) and recommendation of the AFEP/MEDEF report

• Undertakings of any nature corresponding to the elements of compensation, indemnities or benefits due or that could be due owing to the assumption of, ceasing of or a change in the duties of representative or subsequent thereto:

We inform you that the Company has subscribed private unemployment insurance (*i.e., Garantie sociale des chefs et dirigeants d'entreprise*, "GSC") in favor of Mr. Tréguier, delegate managing director.

As soon as the 12th month of insurance is completed, and if Mr. Tréguier is still corporate officer of the Company at such date, the Company shall take out the extension to such insurance, for a maximum duration of coverage of 24 months, subject to the terms and conditions of such insurance contract.

The cost of such insurance shall be borne by the Company, which constitutes a benefit in kind.

Considering the 12-month waiting period before the private unemployment insurance becomes effective, it is also agreed that, in case Mr. Tréguier is removed from his officer position as *Directeur Général Délégué* before such 12-month period expires, he shall benefit from an indemnity determined as a lump-sum amount of €150,000 (one hundred and fifty thousand euros). The purpose of this indemnity is to cover the moral and reputation damage which Mr. Tréguier considers he would suffer from, if he was only for such a relatively short period of time at the Company's Management.

It is however also agreed that Mr. Tréguier must accomplish all useful steps to benefit from the employee's unemployment insurance, the amounts he shall be paid under such insurance being deducted from said €150,000 amount.

It is agreed that such indemnity shall not be paid if Mr. Tréguier's removal is due to facts that, if employment law was applicable, could reasonably be characterized as serious misconduct.

It is also agreed that the indemnity above shall only be due if the following cumulative performance criteria are achieved at the date of Mr. Tréguier's removal:

The average weighted evolution of the value of each asset held by the Company, at any time during Mr. Tréguier's time in office, shall not be more than 10% below the evolution of the value of comparable assets within the Paris market during the same period of time. The parties agree to appoint a competent third party professional to decide whether or not this condition is met, if the parties disagree in this respect.

In addition, we ask you to approve the undertaking that the Company has made in favor of Mr. Tréguier, delegate managing director, which corresponds to an indemnity that could be due to him owing to the ceasing of his duties.

5. STATUTORY AUDITORS

None of the statutory auditors' terms of office 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 year (Article L.225-102)

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

6.2 Proposal to insert a clause providing for the conditions of nominating candidates for the position of the director representing the employee shareholders in the bylaws (L.225-23)

The December 30, 2006 Act for the development of shareholding and employee shareholding modified the regime governing employee shareholder representations on boards of directors for listed company of which more that 3% of the capital is held by employees in the framework of a company savings plan and/or a mutual fund. Henceforth, it provides that the employee shareholders must propose candidates for the offices of director according to the conditions set forth in the bylaws. In addition, Article 32 of the Act indicates that an extraordinary general meeting must amend the bylaws by the date of the coming ordinary general meeting at the latest.

As the employee shareholding as defined in Article L.225-102 of the Commercial Code is less than 3% of the company's capital, an extraordinary general meeting is neither obliged to amend the bylaws at the coming ordinary general meeting nor rule on a proposed resolution providing for the company personnel's election of one or several directors.

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 Yxime (formerly A&PM) of Groupe Financière Duval. In particular, that activity involves:

(i) relations avec 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, appraisals 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.

Yxime, 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 company, 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.
Yxime, 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 realty 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 determine 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, information 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 attractive aspects 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 economic terms of the proposed leases. Each quarter, CGI meets with the team in charge of managing the leasing activity with a view to analyzing the progress made and making recommendations with a view to improving rental strategy. That analysis assignment also bears on monitoring 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 keeping / 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

• Amendment of the Company's corporate purpose and the limitations upon the managing director's and the delegate managing directors' powers

As reiterated above, CeGeREAL is a realty company held by Commerz Real Investmentgesellschaft mbH, its majority shareholder (hereinafter referred to as "**CGI**"), on behalf of hausInvest europa (hereinafter referred to as the "**Fund**"). CeGeREAL, as CGI's subsidiary, is indirectly subject to certain provisions of German legislation that are applicable to CGI with respect to investments in German investment funds.
Thus, CGI may, on behalf of the Fund, hold shares in realty companies.

In said respect, German lawmakers have just repealed (in the Investment Act as amended by the Investment Amendment Act on December 28, 2007) the provision restricting German investment funds' subsidiaries from holding more than three realty assets. The repeal will allow CeGeREAL to enlarge its realty portfolio as soon as the hausInvest europa fund's by laws have been accordingly amended.

German legislation does, however, continue to impose that CGI, the Company's majority shareholder, comply with the various thresholds applicable according to the category in which the asset held by the Fund is placed, i.e.:

- the gross value of the realty assets held by all the realty companies may not exceed 49% of the total value of the Fund's assets;
- the gross value of a realty asset held by a realty company, taken separately, may not exceed 15% of the Fund's gross value; compliance with that threshold is appraised at the date on which such assets are purchased and then, again, whenever any changes in the realty company's portfolio are made;
- the gross value of all the realty assets held by the realty companies in which CGI does not hold the majority of the capital and voting rights allowing it to amend such companies' bylaws must not exceed 30% of the fund's gross value.

Said thresholds are prorated to the shareholding that CGI holds in the company.

Consequently, we propose amending the company's corporate purpose to allow the company to be in compliance with the German legislation relating to investments and German investment funds stated above.

Consequently, we propose amending subject to the condition precedent of amending the hausInvest europa fund's regulations, Articles 2 and 17, paragraph 17.4 to the bylaws as follows:

ARTICLE 2 CORPORATE PURPOSE

The purpose of the Company, directly or indirectly, is:
- *the purchase, transfer, construction or renovation, directly or indirectly through a wholly-owned subsidiary, the leasing and management, in France, of the full ownership of any business realty assets,*
- *the purchase and management of any other personalty or realty assets and rights relating to the buildings of which the company is the owner that are required to manage buildings,*
- *and, generally, any financial, commercial, industrial, realty, personalty operations that can be directly associated*

with the purposes stipulated above or any other related.

The paragraph 17.4 of Article 17 will be amended and completed as follows:

ARTICLE 17 GENERAL MANAGEMENT

(...)

17.4 Limitations upon the managing director's and delegate managing directors' powers

(...)

The managing director and/or the delegate managing director may not, in the name and on behalf of the Company, without having received the board of director's approval thereto beforehand issued in compliance with the German regulations applicable to investment companies and management companies, conclude any loan agreement, grant any securities, pledges, mortgages of any kind, or, more generally, enter into agreements or contracts, the direct or indirect purpose and/or effect of which would result in concluding any loan agreement, granting any securities, pledges, mortgages of any kind.

The general manager and the delegate general manager may not carry out, in the name and on behalf of the Company, purchases, exchanges and sales of realty assets and real estate rights or perform any contractual steps that could lead up to such operations without having received the board of director's approval thereto beforehand issued in compliance with the German regulations applicable to investment companies and management companies.

Consequently, we ask you to grant the board of directors full powers to acknowledge the completion of the condition precedent referred to above, amend the Company's bylaws accordingly and carry out any and all required formalities.

- **Amendments to Articles 10 and 27 to the bylaws**

The chairman reiterated that the 2006 Amended Finance Act (cf. Article 208 C II ter of the *General Tax Code*) provides for the application of a 20% levy to be paid by the SIIC on any dividends distributed to shareholders, other than natural persons, that hold at least 10% of the dividend rights of that SIIC and that are not subject to corporate income tax or an equivalent tax on any dividends received (of which the amount is more than 2/3 less than the French tax). The levy is not, however, due wherever the beneficiary of the distribution is a company subject to an obligation to distribute all of any dividends that it receives. That regime is applicable to any distributions made on or after July 1, 2007.

After a discussion with the tax authorities, said authorities decided to apply tax transparency by deeming that the unit holders of the fund hold a stake in CeGeREAL directly.

On the basis of that transparency approach, the tax authorities deemed that:

(i) dividends that are, in the end, paid to fund unit holders who are natural persons do not come within the scope of the 20% levy;

(ii) dividends that are paid to legal-entity unit holders of the fund are not subject to said levy insofar as said unit holders do not satisfy the criteria set forth in Article 208 C IIter of the General Tax Code (i.e., companies that (a) hold more than 10% of the voting rights and (b) are not subject to corporate income tax or an equivalent tax on any such income receive.

Thus, it was confirmed that, in view of all the current fund unit holders, the company must not bear that 20% levy on dividend distributions made in favor of CGI.

If, however, a legal entity came to hold more than 10% of the voting rights and was not subject to corporate income tax or an equivalent tax on any such income received, the company must bear the corresponding levy. The board of directors is not aware of any shareholders holding more than 10% of the voting rights that could generate the 20% levy.

Consequently, the board unanimously decided to propose that the general meeting amend Articles 10 and 27 (entitled, respectively, "Transfers of shares" and "Allocations of the results and distributions of profits" of the bylaws with a view to placing the financial charge of the 20% levy due on those shareholders that trigger said levy.

Articles 10 and 27 to the bylaws will be completed as follows:

ARTICLE 10. TRANSFERS OF SHARES

(...)

"Shareholders with Levies:

"Any shareholder other than an individual person that holds and/or comes to hold, either directly or through the intermediary of the entities that it controls in the meaning of Article L.233-3 of the Commercial Code, 10% of the Company's dividend rights must indicate, by declaring when it has crossed that threshold or subsequent thereto, whether it is a Shareholder with a Levy as defined in Article 27 of the bylaws. In the event that shareholder declares that it is not a Shareholder with a Levy, it must substantiate that upon any request to do so by the Company and, if the Company so requests, provide the Company with the legal opinion of a internationally renowned tax firm within ten (10) business days before the notification of a payment of dividends at the latest. Any shareholder other than an individual person that has already notified that it has, directly or indirectly, exceeded the threshold of 10% of the dividend rights must notify the Com-

pany of any change in its tax status that could cause it to maintain or lose its Shareholder with a Levy capacity as quickly as possible and, in any case, within ten (10) business days before the notification of a payment of dividends at the latest.

"Failing to make such a declaration in the conditions provided for in the preceding paragraph, any shares exceeding the portion that should have been declared are deprived of voting rights in general meetings wherever, at the occasion of a general meeting, the failure to make such a declaration is acknowledged and where one or several shareholders that, together, hold at least 2% of the capital so request at that general meeting. Forfeitures of voting rights may be applied by any general meetings that are held before the end of the two years following the date on which the declaration was corrected.

"The shares of any Shareholders with Levies will be registered."

ARTICLE 27. ALLOCATIONS OF RESULTS AND DISTRIBUTIONS OF PROFITS

(...)

"Any shareholder other than an individual person:

(i) directly or indirectly holding, at the time of a notification of the payment of dividends, reserves, premiums or deemed distributed income in the meaning of the General Tax Code, at least 10% of the Company's dividend rights, and

(ii) of which its own situation or that of its shareholders holding, with respect to a notification of the payment of dividends, reserves, premiums or deemed distributed income in the meaning of the General Tax Code, at least 10% of the Company's dividend rights makes the Company liable to the 20% levy referred to in Article 208 C IIter of the General Tax Code (the "Levy") (such a shareholders is referred to herein as a "Shareholder with a Levy"),

will, at the time of any payments of dividends, reserves, premiums or deemed distributed income in the meaning of the General Tax Code, owe the Company a sum of which the amount will be determined in such a way as to fully neutralize the expense of the Levy owed by the Company with respect to that distribution.

"In the event of a multiplicity of Shareholders with Levies, each Shareholder with a Levy will owe the Company the portion of the Levy generated by its direct or indirect shareholding. The Shareholder with a Levy capacity is appraised at the date on which the dividend payment is notified.

"Subject to the information provided in compliance with Article 10 of the bylaws, any shareholder other than an individual person that holds or comes to hold, directly or indirectly, at least 10% of the Company's dividend rights will be presumed to be a Shareholder with a Levy.

"The amount of any debt owed by a Shareholder with a Levy will be calculated in such a manner that the Company is, after the payment thereof and in view of any taxation that may be applicable thereto for that reason, in the same situation as if the Levy had not become due.

"Payments of dividends to a Shareholder with a Levy will be carried out by means of recordings in that shareholder's individual current account (but such sums will not produce interest); reimbursements of current accounts will take place within five (5) business days from such recordings once, pursuant to the provisions provided for above, the sums owed by the Shareholder with a Levy have been offset.

"The general meeting will be able to grant each shareholder, for all or part of the dividends or any interim dividends of which the payment has been notified, an option between the payment of the dividend or interim dividend in cash or in shares. In the event that a Shareholder with a Levy opts to receive the payment of its dividends in shares, it will receive a part thereof in shares (but no fractional shares will be created) and the other part in cash (which will be recorded in the individual current account), in such a manner that the offset mechanism described above may be applied with respect to the portion of the distribution paid via the recording in the individual current account.

"In the event that a distribution is made at the occasion of a public share exchange offer, the Company will issue the shares intended for the Shareholder with a Levy for its participation in the public share exchange offer only once all the sums that the Shareholder with a Levy owes pursuant to the provision provided for above have been fully paid in cash.

"In the event that:

(i) it is, after the Company's distribution of dividends, reserves, premiums or deemed distributed income in the meaning of the General Tax Code, disclosed that a shareholder was a Shareholder with a Levy at the date on which the payment of such sums was notified, and/or

ii) the Company should have made the appropriate reduction from the sums that it paid to that shareholder,

the Shareholder with a Levy will be bound to pay the Company not only the sum that it owed the Company pursuant to the provisions of this article, but also an amount equal to any late-payment interest owed to the Company as a consequence of the late payment of the Levy.

Where applicable, the Company will be entitled to offset the amount of its claim against any and all payments that could be made to the Shareholder with a Levy at later dates."

10. CONCLUSION

We request that you grant both your board of directors full and final discharge for its management of the fiscal year ended at December 31, 2007, 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 EUR	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 year	Residual amount at the date on which the table was prepared
Authorization to increase share capital and maintain shareholder's subscription right	June 6, 2007	August 6, 2009	€ 300,000,000	None	None	
Authorization to increase share capital and cancel shareholder's subscription right	June 6, 2007	August 6, 2009	€ 300,000,000	None	None	
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	June 6, 2007	August 6, 2009	10% of the share capital	None	None	
Authorization to issue share subscription options						
Authorization to grant free shares to be issued						

ANNEX 2 :
RECAPITULATION OF THE TRANSACTIONS IN SECURITIES CARRIED 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 year; Article 223-26 of Financial Market Authorities' General Regulations)

Nil

BALANCE SHEET ASSETS in EUR	Notes	Gross amount	Depr., Amort. & Prov.	12/31/2007	12/31/2006
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	365,072,706
Buildings		607,521,785	150,993,376	456,528,409	481,957,714
Technical plant, equipment and industrial machinery		1,028,652	473,685	554,967	657,833
Other property, plant and equipment		535,727	170,336	365,391	385,446
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		604,823		604,823	601,530
FIXED ASSETS	**4-5**	**974,763,693**	**151,637,397**	**823,126,296**	**848,675,229**
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	6-8	24,245,200	13,858	24,231,342	19,498,911
Other receivables	8	10,025,336		10,025,336	12,064,816
Subscribed capital, called up but not paid					
Short-term investment securities					
Cash and cash equivalents	7	19,780,208		19,780,208	31,253,507
CURRENT ASSETS		**54,050,744**	**13,858**	**54,036,886**	**62,817,233**
Prepaid expenses	11	2,046,378		2,046,378	2,108,663
Adjustment accounts					
TOTAL ASSETS		**1,030,860,815**	**151,651,255**	**879,209,560**	**913,601,125**

BALANCE SHEET EQUITY AND LIABILITIES in EUR	Notes	12/31/2007	12/31/2006
Capital			
Share capital (including paid-up capital: 160,470,000)		160,470,000	160,470,000
Additional paid-in capital		39,745,105	39,745,105
Revaluation reserve	14	181,916,226	181,916,227
Reserves			
Legal reserve		16,047,000	16,047,000
Statutory or contractual reserves			
Regulated reserves			
Other reserves			
Income			
Retained earnings		9,750,141	1,946,965
Income for the period		10,075,564	32,400,844
Investment subsidies			
Regulated provisions			
SHAREHOLDERS' EQUITY	**12-13**	**418,004,036**	**432,526,140**
Income from the issue of equity instruments			
Contingent advances			
OTHER EQUITY			
Contingency provisions			
Provision for losses			
LOSS AND CONTINGENCY PROVISIONS			
Non-current borrowings			
Convertible bonds			
Other bonds			
Bank borrowings	8	379,900,000	379,900,000
Miscellaneous borrowings and financial debt	8	1,814,470	1,618,839
Accounts payable and other current liabilities			
Advances/down payments received on orders in-progress			
Trade accounts payable	8	2,784,491	2,834,662
Tax and social liabilities	8	49,070,079	71,050,545
Amounts owed to fixed asset suppliers	8	220,137	84,736
Other liabilities	8	12,538,161	11,592,334
Prepaid revenue	11	14,878,186	13,993,870
LIABILITIES		**461,205,524**	**481,074,985**
Adjustment accounts			
TOTAL EQUITY AND LIABILITIES		**879,209,560**	**913,601,125**

Income statement

in EUR	France	Exports	Notes	12 months ended 12/31/2007 Total	9 months ended 12/31/2006
Sales of goods for resale					
Sales of manufactured products					
Sales of services	61,095,461		15	61,095,461	43,408,057
NET REVENUE	**61,095,461**			**61,095,461**	**43,408,057**
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				114,659	55,529
Other revenue				4,654	27,221
Total operating revenue				61,214,774	43,490,807
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			16	6,315,488	5,143,614
Taxes, duties and other levies				3,806,079	2,453,048
Wages and salaries				101,065	68,535
Social security charges				58,748	12,917
On fixed assets: depreciation, amortization			5	26,015,659	19,507,401
On fixed assets: provisions for impairment					
On current assets: provisions for impairment			6	1,319	18,808
Loss and contingency provisions					
Other expenses				916	55,869
Total operating expenses				36,299,274	27,260,191
OPERATING INCOME				**24,915,500**	**16,230,615**
Allocated income or transferred loss					
Loss incurred or transferred income					
Financial income from controlled entities					
Income from other securities and receivables					
Other interest income				1,263,907	821,005
Release of provisions for impairment, other provisions & expense transfers					
Foreign exchange gains					
Net income on sale of short-term investment securities					
Total financial income				1,263,907	821,005
Financial amortization charges, provisions for impairment and other provisions					
Interest expenses				16,107,136	12,315,853
Foreign exchange losses					
Net expenses on sales of short-term investment securities					
Total financial expenses				16,107,136	12,315,853
NET FINANCIAL EXPENSE				**(14,843,229)**	**(11,494,847)**
CURRENT INCOME BEFORE TAX				**10,072,271**	**4,735,768**

in EUR	Notes	12 months ended 12/31/2007	9 months ended 12/31/2006
Non-recurring income on management transactions			
Non-recurring income on capital transactions		68,089	1,734
Release of provisions for impairment, other provisions and expense transfers			
Total non-recurring income		68,089	1,734
Non-recurring expenses on management transactions			
Non-recurring expenses on capital transactions		64,796	204
Depreciation, amortization and provisions for impairment			
Total non-recurring expenses		64,796	204
NET NON-RECURRING INCOME		**3,293**	**1,530**
Employee profit-sharing			
Corporate income tax	3		(27,663,546)
Total income		62,546,770	44,313,546
TOTAL EXPENSES		**52,471,206**	**11,912,702**
NET INCOME		**10,075,564**	**32,400,844**

ANNEX

(in euros)

1. BACKGROUND

1.1 Stock market listing

The Company's shares have been quoted on the Eurolist market (compartment B) of Euronext Paris SA, under the reference no. FR0010309096, since March 29, 2006.

The company was first listed in March 2006. 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).

1.2 Financial periods

In accordance with the decision of the Ordinary General Meeting of February 20, 2006, the accounting period that began on April 1, 2006 was closed off at December 31, 2006. The accounting period ended in 2007 covers a period of 12 months, from January 1, 2007 to December 31, 2007.

The information presented in the income statement and the statement of cash-flows therefore relates to the 9-month period to December 31, 2006 and the 12-month period to December 31, 2007.

1.3 Financial statements

In the absence of any subsidiary companies, the Company does not prepare consolidated financial statements.

2. ACCOUNTING RULES, PRINCIPLES AND METHODS

The Company's financial statements for the year ended December 31, 2007 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.

The main accounting principles applied for the financial statements for the year ended December 31, 2007 are described below.

2.1 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 4 and 5.

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 provision for losses in accordance with the multi-annual building plan.

Depreciable amount

The depreciable amount consists of the asset's 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 lives.

Depreciation periods

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

The depreciation periods for real estate assets held at December 31, 2007 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

Impairment is calculated by the Company at each balance sheet date using impairment tests, once 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 amount. An impairment expense is then recorded if material.

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.

2.2 Treasury shares

Treasury shares held within the scope of the liquidity agreement are stated at cost in assets under "Other long-term investments".

Cash amounts allocated to the liquidity agreement are stated in "Other long-term investments" 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 and interest on the cash amounts allocated to the liquidity agreement are recognized in "Non-recurring income".

2.3 Receivables

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

2.4 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 period up to the date at which the lessee may terminate the lease without suffering any material financial consequences (usually after six years).

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

2.5 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 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.

Owner expenses recharged to the tenants according to the rental agreement are stated in:

- « Sales of services » for the income ;
- « Other purchases and external charges » or « Taxes, duties and other levies » for the expenses.

2.6 Financial expenses

Charges relating to the arrangement of bank loans are expensed over the term of the loan agreement.

3. CHANGE IN ACCOUNTING METHODS

There was no change in accounting methods during the year ended December 31, 2007.

However, the comparability of the financial statements for the periods ended December 31, 2007 and December 31, 2006 is impaired for the following reasons:

– The duration of these accounting periods is not the same (see Note 1.2);
– The impact of election for tax treatment as an SIIC (listed real estate investment company) on the financial statements at December 31, 2006: a release of the provision for taxes which were recognized in previous periods in relation to mergers eligible for the preferential tax treatment provided for under Article 210-A of the French Tax Code, which was classified under "corporate income tax" in 2006, for a negative amount of €27,663,546.

4. STATEMENT OF FIXED ASSETS

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

Heading	Gross value at 01/012007	Increases	Decreases	Gross value at 12/31/2007
Property, plant and equipment	**973,695,439**	**463,433**		**974,158,872**
- Land	**365,072,706**			**365,072,706**
Europlaza	142,136,000			142,136,000
Arcs de Seine	154,416,706			154,416,706
Rives de Bercy	68,520,000			68,520,000
- Buildings	**607,058,352**	**463,433**		**607,521,785**
Europlaza	264,579,341	463,433		265,042,774
Arcs de Seine	227,724,335			227,724,335
Rives de Bercy	114,754,675			114,754,675
- Technical plant, industrial machinery and other property, plant and equipment	**1,564,381**			**1,564,381**
Europlaza	337,584			337,584
Arcs de Seine	53,326			53,326
Rives de Bercy	1,173,471			1,173,471
Financial fixed assets	**601,530**	**2,474,027**	**2,470,735**	**604,822**
Treasury shares	216,584	1,228,997	1,133,215	312,366
Cash used in the liquidity agreement	384,945	1,245,030	1,337,520	292,455
TOTAL GROSS FIXED ASSETS	**974,296,968**	**2,937,460**	**2,470,735**	**974,763,693**

In December 2007, the value of the real estate assets was remeasured by an external real estate valuer in order to identify any impairment. The assets were measured under the "Hardcore Capitalization" method, which essentially consists of capitalizing current market rents and factoring in the differential between actual rents and market rents. All amounts are measured net of taxes (see Note 2.1).

According to the valuer's calculations, the present value of each building exceeds its carrying amount. As a result, no impairment is recognized on the real estate assets.

Security given on property, plant and equipment is analyzed in Note 18.

At December 31, 2007, CeGeREAL held 9,393 of the Company's shares out of a total of 13,372,500.

5. STATEMENT OF DEPRECIATION/AMORTIZATION

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

Heading	Accumulated depreciation /amortization at 01/01/2007	Charges for the period	Releases in the period	Accumulated depreciation /amortization at 12/31/2007
Property, plant and equipment				
- Buildings	**125,100,638**	**25,892,738**		**150,993,376**
Europlaza	60,260,428	11,610,911		71,871,340
Arcs de Seine	48,359,657	9,447,059		57,806,716
Rives de Bercy	16,480,552	4,834,767		21,315,320
- Technical plant, industrial machinery and other property, plant and equipment	**521,101**	**122,920**		**644,021**
Europlaza	150,281	20,055		170,336
Rives de Bercy	370,820	102,865		473,685
TOTAL ACCUMULATED DEPRECIATION/AMORTIZATION	**125,621,739**	**26,015,658**		**151,637,397**

6. STATEMENT OF IMPAIRMENT ALLOWANCES

Changes in this item were as follows:

Heading	At 01/01/2007	Additions	Reversals	At 12/31/2007
Impairment				
On trade accounts receivable	18,808	1,319	6,269	13,858
TOTAL IMPAIRMENT	**18,808**	**1,319**	**6,269**	**13,858**

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31, 2007 can be analyzed as follows:

Cash and cash equivalents	
Bank accounts	5,763,396
Time deposits	14,000,000
Accrued interest receivable	16,812
TOTAL CASH AND CASH EQUIVALENTS	**19,780,208**

Time deposits have a term of one month. The interest rate on time deposits in effect at December 31, 2007 was approximately 3.9%.

8. STATEMENT OF RECEIVABLES AND PAYABLES BY MATURITY

Receivables and payables at December 31, 2007 can be analyzed as follows by maturity:

Receivables	Gross value	Due in ≤ 1 year	Due in > 1 year
Receivables related to current assets			
Trade accounts receivable (a)	24,245,200	24,245,200	
Other receivables (b)	10,025,336	7,686,319	2,339,017
TOTAL RECEIVABLES	**34,270,536**	**31,931,519**	**2,339,017**

(a) Trade accounts receivable mostly comprise rents (net of VAT) for the first quarter of 2008 and are 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)	1,814,470	35,950		1,778,521
Trade accounts payable	2,784,491	2,784,491		
Tax and social liabilities (h)	49,070,079	26,578,239	22,491,840	
Amounts due to fixed asset suppliers	220,137	220,137		
Other liabilities	12,538,161	12,538,161		
TOTAL PAYABLES	**446,327,338**	**42,156,978**	**22,491,840**	**381,678,521**

(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 (see Note 18.2).

(e) Collateral provided on borrowings at December 31, 2007 is analyzed in Note 18.1.

(f) At December 31, 2007, the third tranche of the Company's refinancing loan for an amount of €45 million had not been drawn down. In addition to this loan, the Company entered into a soft underwriting loan and remediation facility agreement whose sole purpose is to finance payment of the exit tax for a maximum amount of €45 million. At December 31, 2007, this loan facility had not been drawn down.

(g) Security deposits paid by lessees are recorded in «Miscellaneous borrowings and financial debt» for an amount of €1,778,521. They are deemed to be long-term debt (maturing in over five 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, 2008. The exit tax liability is not discounted.

9. ACCRUED INCOME AND EXPENSES

At December 31, 2007 accrued income and expenses can be analyzed as follows:

Accrued income	
Trade accounts receivable	4,408,526
Other receivables	
- Deferred rent-free periods	4,333,998
- Credit notes due from suppliers	18,688
Cash and cash equivalents	16,812
TOTAL ACCRUED INCOME	**8,778,024**

Accrued expenses	
Trade accounts payable	2,424,048
Tax and social liabilities	182,838
Other liabilities	179,282
TOTAL ACCRUED EXPENSES	**2,786,168**

10. TRANSACTIONS WITH RELATED PARTIES

The following transactions with Commerz Real Investmentgesellschaft (the fund manager for hausInvest europa) have been identified as related-party agreements:

Transactions with related parties	12/31/2007	12/31/2006
Impact on operating income		
Other purchases and external charges: asset management fees	3,579,050	2,595,847
Total income statement impact	**3,579,050**	**2,595,847**
Impact on balance sheet liabilities		
Miscellaneous borrowings and financial debt	35,402	38,080
Trade accounts payable	1,236,451	1,087,252
TOTAL BALANCE SHEET IMPACT	**1,271,853**	**1,125,332**

11. PREPAID EXPENSES AND REVENUE

At December 31, 2007, prepaid expenses and revenue can be analyzed as follows:

Prepaid expenses and revenue	Expense	Revenue
Operating revenue/expenses		14,878,186
Financial income/expenses	2,046,378	
Non-recurring income/expenses		
TOTAL	**2,046,378**	**14,878,186**

Prepaid revenue consists mainly of rents in respect of the first quarter of 2008 billed in 2007.

Prepaid expenses consist mainly of loan interest relating to a later period paid in the fourth quarter of 2007.

12. COMPOSITION OF SHARE CAPITAL

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

13. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Changes in shareholders' equity over the period were as follows:

Statement of changes in shareholder's equity	Capital	Merger premium	Reserves (including revaluation reserve)	Income	Shareholders' equity before appropriation of net income
At December 31, 2006	**160,470,000**	**39,745,105**	**199,910,191**	**32,400,844**	**432,526,140**
Appropriation of income for 2006			32,400,844	(32,400,844)	
Dividends paid			(24,597,668)		(24,597,668)
Income for 2007				10,075,564	
AT DECEMBER 31, 2007	**160,470,000**	**39,745,105**	**207,713,367**	**10,075,564**	**418,004,035**

The Ordinary and Extraordinary General Meeting of June 6, 2007 approved the following resolutions:

- the distribution of a dividend of €1.84 per share (except on treasury shares);
- delegation of authority to the Board of Directors until August 5, 2009 to increase the share capital up to a maximum amount of €300 million.

14. REVALUATION RESERVE

At December 31, 2007, the revaluation reserve can be analyzed as follows:

Heading	Increase in gross value	Allocation of exit tax liability	Release of the provision for taxes	Revaluation reserve	*o/w portion transferable to distributable reserves*
Land	128,684,798	(46,981,797)		81,703,001	
Buildings	117,530,055	(42,909,289)	25,459,816	100,080,582	*10,775,962*
Technical plant, industrial machinery and other property, plant and equipment	208,917	(76,274)		132,643	*27,040*
TOTAL REVALUATION RESERVE	**246,423,770**	**(89,967,360)**	**25,459,816**	**181,916,227**	***10,803,002***

The additional depreciation linked to the remeasurement of the real estate assets amounts to € 10,803 thousand for the year ended December 31, 2007.

15. BREAKDOWN OF NET REVENUE

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

Heading	12 months ended 12/31/2007	9 months en-ded 12/31/2006
Rental income	57,062,042	40,362,630
Real estate taxes rebilled to lessees	3,704,687	2,361,268
Termination indemnities		395,206
Insurance costs rebilled to lessees	318,619	282,530
Other revenue	10,113	6,423
TOTAL NET REVENUE	**61,095,462**	**43,408,057**

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", respectively.

16. BREAKDOWN OF CERTAIN INCOME STATEMENT ITEMS

Other purchases and external charges can be analyzed as follows:

Heading	12 months ended 12/31/2007	9 months ended 12/31/2006
Insurance [a]	318,619	300,069
Rental expenses	90,174	101,822
Upkeep and repair of buildings	335,457	201,356
Fees [b]	4,902,953	3,919,023
Publications	515,442	573,330
Sundry expenses	152,843	48,014
TOTAL PURCHASES AND EXTERNAL CHARGES	**6,315,488**	**5,143,614**

(a) Rebilled to lessees for an amount of €317 thousand in 2007.
(b) Asset management fees amounted to €3,579,050 in 2007.

17. TAX TREATMENT

Election for tax treatment as an SIIC

In accordance with Article 208 C of the French Tax Code applicable to listed 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. This election took effect on April 1, 2006.

Terms and conditions and impact of tax treatment as an SIIC

a- 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 instalments: on December 15 of the year on which the option takes effect and then on December 15 of each of the three following years. The Company has already paid the first two instalments of exit tax, which totalled €44,983,680. A residual balance in the same amount is payable over the next two years.

b- Listed real estate investment companies that have opted for the preferential treatment are exempted 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 the SIIC, or shareholdings in subsidiaries having opted for preferential tax treatment, provided that 50% of these capital gains are distributed by the end of 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 opts 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%.

c- 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 have until December 31, 2008 to comply with this new requirement. Consequently, the French tax authorities informed CeGeREAL that it could only continue to benefit from preferential tax treatment as an SIIC if its main shareholder (Commerz Real Investmentgesellschaft, "CRI"), which holds 67% of its capital, reduces its interest to less than 60%. CGI is therefore considering reducing its interest in CeGeREAL to less than 60% before December 31, 2008. Consequently, the financial statements of CeGeREAL at December 31, 2007 were prepared taking account of the tax treatment applicable to SIICs.

d- The Amending French Finance Act for 2006 also introduced a 20% withholding tax to be paid by SIICs on dividends distributed to shareholders, other than natural persons, that hold at least 10% of dividend entitlements in said SIICs, and that are not liable for corporate income tax or another equivalent tax on the amounts 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.

Dividend distribution to CGI

As CGI holds the CeGeREAL shares in the name and on behalf of the unit holders of the hausInvest europa property fund, the French tax authorities have decided to treat CGI as a tax-transparent entity and to consider that the unit holders of the hausInvest europa property fund hold a direct interest in CeGeREAL.

Based on this approach, the French tax authorities considered that:

(i) dividends paid to unit holders of the fund do not fall within the scope of the 20% withholding tax if the unit holders are natural persons;

(ii) dividends paid to unit holders of the fund are not subject to the withholding tax if the unit holders are legal entities, provided that they do not meet the criteria set forth in article 208 C-II, ter of the French Tax Code (which provides that the withholding tax is payable if the dividends are paid to a shareholder holding over 10% of the voting rights of the SIIC and the shareholder is not liable for corporate income tax or another equivalent tax on the amounts received).

Considering the status of the current unit holders of the fund, the Company is not liable for the 20% withholding tax on the dividends it distributes.

Dividend distributions to other shareholders

CeGeREAL will not be subject to the 20% withholding tax if it is established that no dividends are paid to shareholders other than natural persons meeting both of the two following conditions:

(i) the shareholder holds, directly or indirectly, at least 10% of the dividend entitlements in the SIIC at the time the dividends are paid;

(ii) the shareholder's dividend is not subject to corporate income tax or another equivalent tax.

Considering CeGeREAL's ownership structure at December 31, 2007, the 20% withholding tax was not levied on any of the dividends it distributed.

18. OFF-BALANCE SHEET COMMITMENTS AND SECURITY PROVIDED

18.1 Loan guarantees

The main guarantees provided in relation to bank borrowings are 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 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.

18.2 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.

18.3 Loan and remediation facility agreement

On July 31, 2006, in addition to the third tranche of the bank loan, the Company entered into a soft underwriting loan and remediation facility agreement, whose exclusive purpose is to finance payment of the exit tax for an amount of €45 million. At December 31, 2007, this loan facility had not been drawn down. The following collateral and guarantees have 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.

18.4 Derivatives

The Company had not entered into any derivative contracts at December 31, 2007.

18.5 Commitments relating to the operating leases offered by the Company

Security deposits received from lessees amounted to €39,949 thousand at December 31, 2007.

Description of the main provisions and resulting commitments of the Company's operating leases.

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 less than nine years and only the lessee has the option of terminating the lease at the end of each three-year period following inception of the lease, subject to six months' notice. 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 are 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 otherwise stipulated in the lease.

18.6 Minimum guaranteed rental income from current operating leases

At December 31, 2007, the minimum annual rental income (excluding VAT and rebilling of taxes and expenses) due to the Company through to the earliest possible termination dates of the different operating leases were as follows (amounts in thousands of euros):

Year	Minimum annual rental income (K€)
2008	60,170
2009	39,585
2010	17,456
2011	10,833
2012	5,049
2013	5,049
2014	5,049
2015	5,049
2016	5,049
2017	3,421

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

19. EXECUTIVE REMUNERATION

The following remuneration was paid to executives in 2007:

- The gross remuneration of the Chairman of the Board of Directors amounted to €50,000 for the year ended December 31, 2007, which is identical to the amount paid for the period ended December 31, 2006.
- Attendance fees paid to the directors amounted to €22,500 for the year ended December 31, 2007, which is identical to the amount paid for the period ended December 31, 2006.

20. AVERAGE HEADCOUNT

The Company had one employee at December 31, 2007.

21. STATEMENT OF CASH-FLOWS

	12 months ended 12/31/2007	9 months ended 12/31/2006
SOURCES		
Funds from operations	36,086,274	24,260,719
Available cash-flow	**36,086,274**	**24,260,719**
Decrease in financial fixed assets		18,860
Increase in shareholders' current account balance		15,967
Increase in other financial debt (security deposits received from lessees))	197,763	382,542
Total sources of funds	**36,284,037**	**24,678,088**
USES		
Dividends paid	24,597,668	
Allocation of exit tax liability to revaluation adjustment		89,967,360
Increase in fixed assets	466,731	622,629
Decrease in intra-group financial debt	2,130	
Decrease in financial debt (bank borrowings)		26
Total uses of funds	**25,066,529**	**90,590,015**
NET CHANGE IN WORKING CAPITAL	**11,217,508**	**(65,911,927)**

* 12 months for 2007, 9 months for 2006.

	12/31/2007		12 months to 12/31/2007	9 months to 12/31/2006
	Uses	Sources		
CHANGE IN OPERATING WORKING CAPITAL				
Change in operating assets				
Trade accounts receivable	4,727,481		(4,727,481)	(7,358,002)
Other receivables		2,039,480	2,039,480	4,589,679
Adjustment accounts and prepaid expenses		62,285	62,285	685,231
Change in operating liabilities				
Trade accounts payable	50,170		(50,170)	(2,413,165)
Tax and social liabilities (excluding exit tax)		511,376	511,376	(819,968)
Amounts owed to fixed asset suppliers		135,401	135,401	
Other operating liabilities		945,827	945,827	248,838
Adjustment accounts and prepaid revenue		884,316	884,316	453,927
Net change in operating working capital	**4,777,651**	**4,578,685**	**(198,966)**	**(4,613,460)**
CHANGE IN NON-OPERATING WORKING CAPITAL				
Change in other receivables				
Change in other payables				
Tax and social liabilities (exit tax)	22,491,840		(22,491,840)	67,475,520
Net change in non-operating working capital	**22,491,840**		**(22,491,840)**	**67,475,520**
Increase or decrease in working capital	**27,269,491**	**4,578,685**	**(22,690,806)**	**62,862,060**
Change in cash on hand	11,473,298		(11,473,298)	(3,049,867)
Net change in cash and cash equivalents	**11,473,298**		**(11,473,298)**	**(3,049,867)**
NET CHANGE IN WORKING CAPITAL	**(15,796,193)**	**(4,578,685)**	**11,217,508**	**(65,911,927)**

IFRS

Financial statements
For the year ended December 31, 2007

IFRS balance sheet of CeGeREAL S.A.

In thousands of euros	Notes	12/31/2007	12/31/2006
Non-current assets			
Investment property	5.1	1,031,900	963,000
Non-current loans and receivables	5.2	2,339	4,479
Total non-current assets		**1,034,239**	**967,479**
Current assets			
Accounts receivable	5.3	24,231	19,496
Other operating receivables	5.4	7,950	7,972
Prepaid expenses	5.11	2,180	2,243
Total receivables		**34,362**	**29,711**
Cash and cash equivalents	5.5	19,780	31,254
Total cash and cash equivalents		**19,780**	**31,254**
Total current assets		**54,142**	**60,964**
TOTAL ASSETS		**1,088,381**	**1,028,443**
Shareholders' equity			
Capital		160,470	160,470
Legal reserve		16,047	16,047
Merger premium		39,745	39,745
Retained earnings		314,419	221,557
Net income for the period		102,156	117,555
Total shareholders' equity	**5.6**	**632,837**	**555,374**
Non-current liability			
Non-current borrowings	5.7	376,675	376,211
Other non-current financial debt	5.8	1,779	1,581
Non-current corporate income tax liability	5.9	20,832	41,309
Total non-current liabilities		**399,286**	**419,101**
Current liability			
Accounts payable		2,908	2,835
Corporate income tax liability	5.9	21,744	21,852
Other operating liabilities	5.10	16,728	15,288
Prepaid revenue	5.11	14,878	13,994
Total current liabilities		**56,258**	**53,968**
TOTAL EQUITY AND LIABILITIES		**1,088,381**	**1,028,443**

IFRS income statement of CeGeREAL S.A.

In thousands of euros	Notes	12 months ended 12/31/2007	9 months ended 12/31/2006
Rental income	5.12	56,651	40 075
Income from other services	5.13	4,557	3 416
Building-related costs	5.14	(8,275)	(5 959)
Net rental income		52,933	37 532
Administrative costs	5.15	(2,006)	(1 772)
Other operating income and expenses		9	(20)
Increase in the fair value of investment property		68,436	95 419
Decrease in the fair value of investment property			
Total change in the fair value of investment property	5.1	68,436	95 419
Operating income		119,371	131,158
Net financial expense	5.16	(17,380)	(13,766)
Corporate income tax	5.17	165	163
NET INCOME		**102,156**	**117,555**
Earnings per share and diluted net profit in euros		**7.64**	**8.79**

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

In thousands of euros	Share capital	Additional paid-in capital	Undistributed reserves and retained earnings	Total share-holders' equity
At 03/31/2006	160,470	39,745	242,781	442,996
Net income for the period			117,555	117,555
Dividends paid			(4,960)	(4,960)
Change in treasury shares			(217)	(217)
At 12/31/2006	160,470	39,745	355,159	555,374
Net income for the period			102,156	102,156
Dividends paid			(24,596)	(24,596)
Change in treasury shares			(96)	(96)
At 12/31/2007	**160,470**	**39,745**	**432,622**	**632,837**

IFRS cash-flow statement of CeGeREAL S.A.

in thousands of euros	12 months ended 12/31/2007	9 months ended 12/31/2006
OPERATING ACTIVITIES		
Net income for the period	102,156	117,555
Elimination of income/expense items with no cash impact:		
Depreciation, amortization and provisions for impairment		19
Adjustments for loans at amortized cost	464	173
Fair value adjustments to investment property	(68,437)	(95,419)
Change in provision for deferred taxation	(165)	(165)
Discounting of liabilities	2,073	2,098
Cash-flows from (used in) operating activities	36,091	24,261
Change in exit tax liability	(22,492)	(22,492)
Other changes in working capital requirements	(114)	(7,716)
Change in working capital requirements	(22,606)	(30,208)
Cash-flows from (used in) operating activities	**13,486**	**(5,947)**
INVESTING ACTIVITIES		
Acquisition of fixed assets	(463)	(21)
Cash-flows from (used in) investing activities	**(463)**	**(21)**
FINANCING ACTIVITIES		
Net increase in other non-current financial debt	196	400
Acquisition of treasury shares	(96)	(217)
Dividends paid	(24,596)	
Cash-flows from (used in) financing activities	**(24,497)**	**183**
Change in cash and cash equivalents	**(11,474)**	**(5,786)**
Cash and cash equivalents at beginning of period	31,254	37,040
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**19,780**	**31,254**

NOTES
To the IFRS financial statements

1. BACKGROUND AND ASSUMPTIONS USED TO PREPARE THE IFRS FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

1.1 Operational context

There were no changes in the Company's operating environment in 2007.

The Company did not acquire or dispose of any real estate assets in 2007.

1.2 Regulatory context

The Company does not have any subsidiaries, and does not therefore prepare consolidated financial statements. The Company's statutory annual and interim financial statements are pre-pared under French GAAP in accordance with current accounting regulations.

In parallel, the Company provides financial information prepared under IFRS for the year ended December 31, 2007.

The Company's IFRS financial statements were prepared in accordance with international accounting standards (IAS/IFRS) applicable to accounting periods ended December 31, 2007, as adopted by the European Union (hereafter referred to as "IFRS").

Any dividend distributions may be decided on the basis of the Company's financial statements prepared under French GAAP and not on the basis of the IFRS financial statements.

1.3 Presentation of comparative financial information

The financial information presented in the IFRS financial statements for the year ended December 31, 2007 includes comparative data for the nine-month period ended December 31, 2006.

1.4 Error correction

At December 31, 2006, deferred tax liabilities arising on the restatement of transaction costs directly attributable to the bank loan were not included in the amount of the exit tax, and the financial statements at that date have been restated to correct this accounting error. The impact of the restatement of the financial statements at December 31, 2006 is described hereafter. The correction of this accounting error has no major impact on the 2007 financial statements.

In thousands of euros	Impact in 2006
Increase of Income tax charges	137
Increase of net income	137
Decrease of deferred tax liabilities	631
(Increase) of non-current corporate income tax liability	(329)
(Increase) of current corporate income tax liability	(165)
Increase of shareholders' equity	137

2. ACCOUNTING PRINCIPLES, RULES AND METHODS USED TO PREPARE THE IFRS FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

2.1 Presentation of the IFRS financial statements

The Company's financial statements at December 31, 2007 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, 2007 and applicable at that date.

2.2 Segment reporting

A business segment is a component of an enterprise that provides services that are subject to different risks and returns than those of other business segments.

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

2.3 Investment property

Property held under long-term operating leases to earn rentals or for capital appreciation or both, and not occupied by the 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. As a result, no depreciation or impairment is recognized on investment property. Fair value is measured net of registration tax based on the fair value of investment property calculated by an external real estate valuer at each balance sheet date. The methodology used by the real estate valuer is described below (see Note 2.4).

Subsequent expenditure may only be allocated to the assets' carrying amount when it is probable that the future economic benefits 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 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 accompanying notes. The Company and the real estate valuer are required to review these estimates and appraisals on an ongoing basis in light of past experience and other factors deemed of material importance with regard to economic conditions. The amounts appearing in future financial statements may differ from these estimates as a result of changes in assumptions or circumstances.

In December 2007 all of the Company's real estate assets were measured at market value by an external real estate valuer, using various methods. One of these methods is the Hardcore Capitalization method, which essentially consists of capitalizing current market rents and factoring in the differential between actual rents and market rents. All amounts are measured net of taxes. Where applicable, transfer duties were taken into account at the rate of 6.20%.

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. The measure of investment property by valuer shows the best estimates as at December 31, 2007, based on transaction recently observed by the market and based on common agreed practice by professionals. Those estimates are not suppose to anticipate any evolution in 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 recorded in the balance sheet in "Loans and receivables". After initial recognition, they are measured at amortized cost using the effective interest rate method. 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 using 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 rate, 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 rate. 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 of the French Association of Investment Firms (*Association Française des Entreprises d'Investissement* – AFEI) and the AFEI code of ethics of March 14, 2005 which was approved by the French financial markets authority (*Autorité des Marchés Financiers* – AMF) on March 22, 2005.

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

Within the scope of the liquidity agreement, the Company owns 9,393 treasury shares for a total amount of €312 K at December 31, 2007.

The value of these treasury shares is deducted from the Company's shareholders' equity.

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

2.9 Corporate income tax liability

A corporate income tax liability ("exit tax") has been recognized in respect of the impacts of election for tax treatment as a listed real estate company ("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

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

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 then on December 15 of the three following years. The Company has already paid the first two installments of exit tax, which totaled €44,983,680. A residual balance in the same amount is payable over the next two years.

b- Listed real estate investment companies that have opted for the preferential treatment are exempted 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 the SIIC, or shareholdings in subsidiaries having opted for preferential tax treatment, provided that 50% of these capital gains are distributed by the end of 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 opts 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%.

c- The Amending French Finance Act for 2006 stipulates that companies may not benefit from preferential tax treatment as an SIIC if 60% or more of their capital or voting rights are held by one or several persons "non SIIC" acting in concert within the meaning of Article L.233-10 of the French Commercial Code (*Code de commerce*). The companies concerned have until December 31, 2008 to comply with this new requirement. Consequently, the French tax authorities informed CeGeREAL that it could only continue to benefit from preferential tax treatment as an SIIC if its main shareholder (Commerz Real Investmentgesellschaft, "CRI"), which holds 67% of its capital, reduces its interest to less than 60%. CRI is therefore considering reducing its interest in CeGeREAL to less than 60% before December 31, 2008. Consequently, the financial statements of CeGeREAL at December 31, 2007 were prepared on the basis of the tax treatments applicable to SIICs.

d- The Amending French Finance Act for 2006 also introduced a 20% withholding tax to be paid by SIICs on dividends distributed to shareholders, other than natural persons, that hold at least 10% of dividend entitlements in said SIICs, and that 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.

Dividend distribution to CRI

As CRI holds the CeGeREAL shares in the name and on behalf of the unit holders of the hausInvest europa property fund, the French tax authorities have decided to treat CRI as a tax-transparent entity and to consider that the unit holders of the hausInvest europa property fund hold a direct interest in CeGeREAL.

Based on this approach, the French tax authorities considered that:
(i) dividends paid to unit holders of the fund do not fall within the scope of the 20% withholding tax if the unit holders are natural persons;

(ii) dividends paid to unit holders of the fund are not subject to the withholding tax if the unit holders are legal entities, provided that they do not meet the criteria set forth in article 208 C-II, ter of the French Tax Code (which provides that the withholding tax is payable if the dividends are paid to a shareholder holding over 10% of the voting rights of the SIIC and the shareholder is not liable for corporate income tax or another equivalent tax on the amounts received).

Considering the status of the current unit holders of the fund, the Company is not liable for the 20% withholding tax on the dividends it distributes.

Dividend distributions to other shareholders

CeGeREAL will not be subject to the 20% withholding tax if it is established that no dividends are paid to shareholders other than natural persons meeting both of the two following conditions:

(i) the shareholder holds, directly or indirectly, at least 10% of the dividend entitlements in the SIIC at the time the dividends are paid;

(ii) the shareholder's dividend is not subject to corporate income tax or another equivalent tax.

Considering CeGeREAL's ownership structure at December 31, 2007, the 20% withholding tax was not levied on any of the dividends it distributed.

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 financial statements, and their tax bases.

2.10 Bank borrowings

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

They are subsequently measured at amortized cost using the effective interest rate method. The long-term portion (due 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 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 after 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 revenue.

2.12 Recognition of rental expenses

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

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

2.13 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»;
– «Building-related costs».

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

Estimates that may give rise to material adjustments to the carrying amount of assets and liabilities for future periods are analyzed below.

The fair value of the Company's real estate assets is measured on the basis of valuations carried out by an external real estate valuer using the methodology described in Note 2.4. However, as these valuations are only estimates, there may be a significant difference between the amount obtained upon the sale of certain real estate assets and their estimated value, even when they are sold in the months following the balance sheet date.

4. MANAGEMENT OF FINANCIAL RISKS

4.1 Risk related to the valuation of the real estate assets

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

All the Company's real estate assets are office buildings with a large surface area located in the inner suburbs of Paris. A fall in demand for this type of building could adversely affect the Company's results, business activities and financial position.

4.2 Risk related to changes in market rent levels for office premises

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

4.3 Risk related to the regulatory framework applicable to leases

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

4.4 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.

The Company is currently dependent on a small number of lessees – namely, Bouygues Telecom, Crédit Foncier de France, Cap Gemini Télécom, GE Capital and TF1 – that account for approximately 78% of all rental income generated over the year to December 31, 2007. 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 position, results and future performance.

4.5 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.

The Company currently receives financing from a single bank.

Notes 5.7 and 5.19 contain a description of the different credit facilities and the early repayment clauses contained in the loan agreements.

4.6 Foreign exchange risk

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

4.7 Interest rate risk

As the Company refinances its debt using a fixed-rate loan, it is not exposed to any future increases in interest rates at December 31, 2007.

5. COMMENTS ON THE IFRS BALANCE SHEET AND INCOME STATEMENT AT DECEMBER 31, 2007

5.1 Investment property

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

In thousands of euros	Rives de Bercy	Europlaza	Arcs de Seine	Total
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
Acquisitions		463		463
Disposals				
Change in fair value	60	46,557	21,820	68,437
December 31, 2007	**187,740**	**458,650**	**385,510**	**1,031,900**

5.2 Loans and receivables

This item can be broken down as follows:

In thousands of euros	12/31/2007	12/31/2006
Rent-free periods (non-current portion)	2,339	4,479
LOANS AND RECEIVABLES	**2,339**	**4,479**

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

5.3 Accounts receivable

This item can be broken down as follows:

In thousands of euros	12/31/2007	12/31/2006
Accounts receivable	24,245	19,515
Provision for impairment of accounts receivable	(14)	(19)
LOANS AND RECEIVABLES	**24,231**	**19,496**

5.4 Other operating receivables

This item can be broken down as follows:

In thousands of euros	12/31/2007	12/31/2006
Rental expenses	5,229	5,369
Rent-free periods (current portion)	1,995	1,976
Receivable with notary		30
Input VAT	393	173
Supplier accounts in debit and other receivables	41	39
Liquidity account/treasury shares	292	385
OTHER OPERATING RECEIVABLES	**7,950**	**7,972**

«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.

«Rent-free periods» corresponds to the current portion of the rent-free periods granted to lessees.

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.

This item is made up of checking account balances amounting to €5,763 thousand, one-month time deposits of €14,000 thousand and accrued interest receivables amounting to €17 thousand. The interest rate on time deposits in effect at December 31, 2007 was approximately 3.9 %.

5.6 Shareholders' equity

At December 31, 2007, shareholders' equity was equal to the Company's statutory equity plus adjustments to income recorded in the IFRS financial statements, less the value of treasury shares held by the Company.

At December 31, 2007, the Company's share capital consisted of 13,372,500 shares with a par value of €12 each. The authorized and issued share capital has been fully paid up.

The Board of Directors may increase the capital by up to €300 million pursuant to a delegation of authority which is valid until August 5, 2009.

5.7 Non-current borrowings

The Company took out a bank loan on March 2, 2006. The loan is broken down into several tranches:

Purpose	Principal (in thousands of euros)	Maturity	Interest rate basis	Interest rate
Refinancing of financial debt	199,900	02/03/2013	Fixed with variable rate option	4.15 %
Refinancing of intra-group debt	180,000	02/03/2013	Fixed with variable rate 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, 2007, the third tranche of €45 million had not been drawn down.

Guarantees granted on the loans are recorded as off-balance sheet commitments (see Note 5.19).

The effective interest rate is 4.3% and 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 (see Note 5.19).

5.8 Other non-current financial debt

Other non-current debt mainly consists of security deposits paid by lessees, which do not bear interest and are not discounted, as the discount effect is non material. They are recorded as non-current debt based on the assumption that lessees will seek to renew their leases if they expire in 2008.

5.9 Non-current corporate income tax liability

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

Corporate income tax liability can be analyzed as follows:

In thousands of euros	12/31/2007	12/31/2006
Gross exit tax liability	44,984	67,475
Discounting	(2,737)	(4,808)
Exit tax liability after discounting	**42,247**	**62,667**
Deferred tax liabilities	329	494
CORPORATE INCOME TAX LIABILITY	**42,576**	**63,161**
Breakdown of liability after discounting		
Current portion	21,744	21,852
Non-current portion	20,832	41,309

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

The Company formally elected for preferential tax treatment as a listed real estate investment company («SIIC») with effect from April 1, 2006. Consequently:

- No deferred tax liabilities are booked in relation to unrealized capital gains on buildings.
- A tax liability has been booked corresponding to the balance of the exit tax.

At December 31, 2006, deferred tax liabilities arising on the restatement of transaction costs directly attributable to the bank loan were included in the amount of the exit tax. The impact of the inclusion of these deferred tax liabilities in the amount of the exit tax at December 31, 2007 and 2006 was €329 thousand and €494 thousand, respectively.

5.10 Other operating liabilities

Other operating liabilities can be broken down as follows:

In thousands of euros	12/31/2007	12/31/2006
Accrued VAT, other taxes and social security charges	4,086	3,576
Accrued rental expenses rebilled to lessees	12,342	11,518
Rent paid in advance by lessees	179	71
Shareholders	36	38
Other operating liabilities	**16,643**	**15,203**
Amounts due to fixed asset suppliers	85	85
Amounts due to fixed asset suppliers	**85**	**85**
OTHER OPERATING LIABILITIES	**16,728**	**15,288**

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.

5.11 Prepaid expenses and revenue

Prepaid expenses consist of interest paid for 2008 on the bank loan. Prepaid revenue consists of rents billed in advance for the following quarter.

5.12 Rental income

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

In thousands of euros	12 months ended 12/31/2007	9 months ended 12/31/2006
Europlaza	22,124	15,877
Arcs de Seine	23,382	16,444
Rives de Bercy	11,145	7,754
RENTAL INCOME	**56,651**	**40,075**

5.13 Income from other services

Income from other services can be analyzed as follows:

in thousands of euros	12 months ended 12/31/2007	9 months ended 12/31/2006
Taxes and insurance costs rebilled to lessees	4,024	2,646
Other amounts rebilled to lessees and miscellaneous income	533	770
INCOME FROM OTHER SERVICES	**4,557**	**3,416**

5.14 Building-related costs

These consist of costs directly attributable to buildings, most of which are rebilled to lessees, and mainly include real property tax and tax on office premises, which amounted to €4,024 thousand in 2007 and €2,646 thousand in 2006. They also include asset management fees, which amounted to €3,579 thousand in 2007 and €2,596 thousand in 2006.

5.15 Administrative costs

Administrative costs mainly comprise professional fees.

5.16 Net financial expense

This can be broken down as follows:

In thousands of euros	12 months ended 12/31/2007	9 months ended 12/31/2006
Financial income	1,264	821
Financial expenses *(a)*	(16,571)	(12,489)
Discounting of exit tax provision	(2,073)	(2,098)
Net financial expense	**(17,380)**	**(13,766)**
(a) Breakdown of financial expenses		
Interest on bank borrowings	*(16,307)*	*(12,202)*
Commissions on bank borrowings	*(264)*	*(287)*
TOTAL FINANCIAL EXPENSES	**(16,571)**	**(12,489)**

5.17 Corporate income tax

This can be broken down as follows:

In thousands of euros	12 months ended 12/31/2007	9 months ended 12/31/2006
Corporate income tax		
Total current tax expense		
Deferred taxation income	(165)	(163)
TAX ASSET	**(165)**	**(163)**

5.18 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, 2007, i.e., 13,752,500.

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

5.19 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 Article L.121-13 of the French Insurance Code relating to 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 in-come/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 surplus cash and, in the event of default, not to pay dividends or repay intra-group loans.

(iii) The Company does not possess any derivative financial instruments.

- **Commitments received**

(i) Security deposits received from lessees amounted to €39,949 thousand at December 31, 2007.

(ii) On July 31, 2006, in addition to the third tranche of the bank loan (see Note 5.7), the Company entered into a soft underwriting loan and remediation facility agreement whose exclusive purpose is to finance payment of the exit tax for an amount of €45 million. No drawdown had been made on this loan facility at December 31, 2007. The following collateral and guarantees have 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 and resulting commitments of the Company's operating leases:

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 less than nine years and only the lessee has the option of terminating the lease at the end of each three-year period following inception of the lease, subject to six months' notice. 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 are 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 otherwise stipulated in the lease.

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

At December 31, 2007, the minimum annual rental income (excluding VAT and re-billing of taxes and expenses) due to the Company through to the earliest possible termination dates of the different operating leases were as follows (amounts in euros):

Year	Minimum annual rental income (K€)
2008	60,170
2009	39,585
2010	17,456
2011	10,833
2012	5,049
2013	5,049
2014	5,049
2015	5,049
2016	5,049
2017	3,421

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

5.20 Transactions with related parties

- **Transactions with related companies**

The following transactions with Commerz Real Investmentgesellschaft (the fund manager for hausInvest europa) have been identified as related-party agreements:

In thousands of euros	12 months ended 12/31/2007	9 months ended 12/31/2006
Impact on operating income		
Building-related costs: asset management fees	3,579	2,596
Total income statement impact	**3,579**	**2,596**
Impact on balance sheet liabilities		
Accounts payable	1,236	1,087
Other operating liabilities	36	38
TOTAL BALANCE SHEET IMPACT	**1,272**	**1,125**

- **Transactions with other related parties**

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

The gross remuneration of the Chairman of the Board of Directors amounted to Ð50,000 for the year ended December 31, 2007, which is identical to the amount paid for the period ended December 31, 2006.

(ii) Attendance fees

Attendance fees paid to the directors amounted to €22,500 for the year ended December 31, 2007, which is identical to the amount paid for the period ended December 31, 2006.

(iii) Loans and securities granted to Company executives

None.

(iv) Transactions entered into with Company executives

None.

5.21 Personnel

The Company had one employee at December 31, 2007.
The impact of the Company's application of IAS 19 was considered non-material.

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Year ended December 31, 2007

To the Shareholders,

Following our appointment as statutory auditor by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2007, on:

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

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

1. OPINION ON THE FINANCIAL STATEMENTS

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

In our opinion, the financial statements give a true and fair view of the Company's financial position and its assets and liabilities, as of December 31, 2007, and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

2. JUSTIFICATION OF OUR ASSESSMENTS

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

Accounting rules and principles

The paragraph 2 of the disclosures describes the accounting rules and methods.

In the context of our assessment of the accounting principles used, we reviewed the appropriateness and the correct application of the accounting methods and the information men-tioned in the disclosures.

Fixed asset

The paragraph 4 of the disclosures indicates that, based on the valuer's calculations as at 31 December 2007, the present value of each building exceeds its carrying amount, justifying that no impairment is recognized on these assets.

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

3. SPECIFIC VERIFICATIONS AND INFORMATION

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

We have no matters to report regarding:

- the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements,
- the fair presentation of the information given in the management report of the Board of Directors in respect of remunerations and benefits granted to the relevant directors and any commitments given to them in connection with, or after, their appointment, termination or change in function.

In accordance with French law, we ascertained that the information relating to the identity of shareholders were given in the management report of the Board of Directors.

Paris La Défense and Paris, March 10, 2008

The statutory auditors,

KPMG Audit
A division of KPMG S.A.

Régis Chemouny
Partner

Charles Leguide

Charles Leguide
Partner

AUDITORS' REPORT ON THE IFRS FINANCIAL STATEMENTS

For the year ended December 31, 2007

Dear Shareholders,

Following your request and as statutory auditors of CeGeReal S.A., we have audited the accompanying IFRS financial statements for the year ended December 31, 2007. These financial statements are presented in accordance with the IFRS admitted in the European Union.

Management is responsible for the preparation and fair presentation of these financial statements. Our responsibility 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 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 the significant estimates made by management as well as evaluating the overall presentation of the financial statements. 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 at December 31, 2007 and of the result of its operations for the year then ended in accordance with IFRS admitted in the European Union.

The auditors

Paris La Défense and Paris, March 10, 2008

KPMG Audit
A division of KPMG S.A.

Régis Chemouny
Partner

Charles Leguide

Charles Leguide
Partner

STATUTORY AUDITORS' REPORT

On regulated agreements and commitments

Dear Shareholders

In our capacity as statutory auditors of your Company, we hereby present to you our report on the regulated agreements and commitments..

1. AGREEMENTS AND COMMITMENTS ENTERED INTO BY THE COMPANY IN 2007

In accordance with article L.225-40 of the Commercial Code we have been advised of agreements and commitments which have been previously authorised by your Board of Directors.

We are not required to ascertain whether any other agreements or commitments exist but to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements and commitments of which we were notified. It is not our role to determine whether they are beneficial or appropriate. It is your responsibility, under the terms of article R.225-31 (or R.225-58) of the Commercial Code, to evaluate the benefits arising from these agreements and commitments prior to their approval.

We conducted our work in accordance with professional standards applicable in France; those standards require that we perform the procedures deemed necessary so as to verify that the information provided to us is in agreement with the underlying documentation from which it was extracted.

- **New commercial lease**

Directors concerned:
Commerz Real Investmentgesellschaft mbH (CRI).

Nature and Purpose:
This contract consists in renting an office area to the benefit of CeGeREAL S.A.

Terms and Conditions:
This contract has been concluded according to general commercial lease conditions (for 3/6/9 years) from March 1, 2007, and its main features are:
Address: 21-25, rue Balzac – 75008 Paris
Area: 127 m²
Revenues: 57,150 € (excluding VAT) per annum indexed-linked on INSEE 2nd quarter of 2006 index
Free rent period: 3 months.
No security deposit paid.
Provision for charges:
Office charges: (127 m² x 78 € excl.VAT per year) i.e. 2,476.50 € per quarter
Office tax: (127 m² x 11.30 € excl.VAT per year) i.e. 358.78 € per quarter
Real estate tax: (127 m² x 28 € excl.VAT per year) i.e. 889.00 € per quarter.

2. CONTINUING AGREEMENTS AND COMMITMENTS WHICH WERE ENTERED INTO IN PRIOR YEARS

Moreover, in accordance with the Commercial Code, we have been informed of the following agreements and commitments, which were approved during previous years and which were applicable during the period:

- **Contract headed « Asset Management Agreement »**

Directors concerned:
Commerz Real Investmentgesellschaft mbH (CRI).

Nature and Purpose:
A contract, « Asset Management Agreement », for the provision by CRI of investment advice concerning the company's property assets.

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

independent expert appointed by the company.

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

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

The expenses for this twelve month period are of 3,579,050 € excluding VAT.

• Signature of the « Credit Facility Agreement » letter

Directors concerned:
Commerz Real Investmentgesellschaft mbH (CRI).

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 CRI and Eurohypo Bank AG to which is annexed a draft contract headed « Credit Facility Agreement », which sets out the terms and conditions of the refinancing loan to be put in place. The letter provides that the said « Credit Facility Agreement » will be translated into the French language to be signed duly certified, and may be subject to amendments or additions subject to certain conditions.

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

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

• Commercial lease resiliated by avenant of February 5, 2007 with effect as at February 28, 2007

Directors concerned:
Commerz Real Investmentgesellschaft mbH (CRI).

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

Terms and Conditions:
Commercial lease 3/6/9 years from January 1, 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 months; No guarantee deposit paid.
Provision for charges: 4,762.50 € excl. VAT per quarter.

• « Heads of Agreement » contract to allow CGI to comply with German investment law

Directors concerned:
Commerz Real Investmentgesellschaft mbH (CRI).

Nature and purpose:
Contract to allow CRI 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 S.A. to comply with German investment law. The Heads of Agreement will lapse entirely when CRI ceases to have any obligation towards Commerzbank AG with respect to the applicable funds regulation.

• Contract headed « Subordination Agreement »

Directors concerned:
Commerz Real Investmentgesellschaft mbH (CRI).

Nature and Purpose:
This contract has been created in order to organize the priority of the payments that CeGeREAL S.A. 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.

The auditors

Paris La Défense and Paris, March 10, 2008

KPMG Audit
A division of KPMG S.A..

Régis Chemouny
Partner

Charles Leguide

Charles Leguide
Partner

STATUTORY AUDITORS' REPORT
ON REGULATED AGREEMENTS AND COMMITMENTS AUTHORIZED BY THE BOARD OF DIRECTORS' MEETING OF THE APRIL 14, 2008
Year ended December 31, 2007

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2007

In our capacity as statutory auditors of your Company, we hereby present to you our report on the regulated agreements and commitments.

AGREEMENTS AND COMMITMENTS ENTERED INTO BY THE COMPANY AS AUTHORIZED BY THE BOARD OF DIRECTORS' MEETING HELD ON APRIL 14, 2008

In accordance with article L.225-40 of the Commercial Code we have been advised of agreements and commitments which have been previously authorized by your Board of Directors.

We are not required to ascertain whether any other agreements or commitments exist but to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements and commitments of which we were notified. It is not our role to determine whether they are beneficial or appropriate. It is your responsibility, under the terms of article R.225-31 of the Commercial Code, to evaluate the benefits arising from these agreements and commitments prior to their approval.

We conducted our work in accordance with professional standards applicable in France; those standards require that we perform the procedures deemed necessary so as to verify that the information provided to us is in agreement with the underlying documentation from which it was extracted.

• Commitment in favor of Mister Raphaël Tréguier in the event of the ceasing of his duties

Directors concerned:

Mr Raphaël Tréguier, Delegate Managing Director.

Nature and Purpose:

Considering the 12-month waiting period before the private unemployment insurance becomes effective, it is agreed that, in case Mr. Tréguier is removed from his officer position as *Directeur Général Délégué* before such 12-month period expires, he shall benefit from an indemnity. In compliance with the law N° 2007-1223 of the August 21, 2007 *« en faveur du travail, de l'emploi et du pouvoir d'achat »* (i.e. « Loi TEPA ») governing pay, advantages and indemnities due in the event of the ceasing of the social mandate of directors of listed companies, the granting of this indemnity is subject to performance criteria of the beneficiary.

Terms and Conditions:

This indemnity is determined as a lump-sum amount of €.150,000.

It is agreed that Mr. Tréguier must

accomplish all useful steps to benefit from the employee's unemployment insurance, the amounts he shall be paid under such insurance being deducted from said €. 150,000 amount.

It is agreed that such indemnity shall not be paid if Mr. Tréguier's removal is due to facts that, if employment law was applicable, could reasonably be characterized as serious misconduct.
It is agreed that the indemnity above shall only be due if the following cumulative performance criteria are achieved at the date of Mr. Tréguier's removal:
- The average weighted evolution of the value of each asset held by the Company, at any time during Mr. Tréguier's time in office, shall not be more than 10% below the evolution of the value of comparable assets within the Paris market during the same period of time. The parties agree to appoint a competent third party professional to decide whether or not this condition is met, if the parties disagree in this respect.

The auditors

Paris La Défense and Paris, May 5, 2008

KPMG Audit *A division of KPMG S.A.*	**Charles Leguide**
Régis Chemouny *Partner*	**Charles Leguide** *Partner*

COMMUNICATION RELATING TO THE STATUTORY AUDITORS' FEES

Fiscal years covered:

Year ended december 31, 2007 [a]

	Charles G. Leguide (e)				KPMG (e)			
	Tax-exclusive amount		%		Tax-exclusive amount		%	
	2007	2006	2007	2006	2007	2006	2007	2006
Audit								
- Statutory auditor, certification, review of individual and consolidated accounts (b)	65,000	60,000	58	63	90,000	80,000	56	62
- Issuer	-	-	-	-	-	-	-	-
- Overall consolidated subsidiaries	-	-	-	-	-	-	-	-
- Other diligences and services directly linked to the statutory auditor's assignment (c)	40,000	35,000	36	37	60,000	50,000	38	38
- Issuer	-	-	-	-	-	-	-	-
- Overall consolidated subsidiaries	-	-	-	-	-	-	-	-
Subtotal	**105,000**	**95,000**	**94**	**100**	**150,000**	**130,000**	**94**	**100**
Other services provided by the overall consolidated subsidiary network (d)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Legal, tax, labor	-	-	-	-	-	-	-	-
- Others (to be specified if > 10% of the auditing fees)	7,000	-	6	-	10,000	-	6	-
Subtotal	**7,000**	**-**	**-**		**10,000**	**-**	**-**	**-**
TOTAL	**112,000**	**95,000**	**100**	**100**	**160,000**	**130,000**	**100**	**100**

(a) With respect to the period under consideration, this is for services carried out with respect to a fiscal year included in the income statement.
(b) Including the services of independent experts or members of the statutory auditor's network who were called to provide assistance in the framework of the certification of the financial statements.
(c) This heading includes the directly linked diligences and services provided by the issuer or its subsidiaries:
- by the statutory auditor in compliance with the provisions of Article 10 of the *Ethics Code*,
- by a member of the network in compliance with the provisions of Article 23 and 24 of the *Ethics Code*.

(d) This is for the non-audit services provided, in compliance with the provisions of Article 24 of the *Ethics Code*, by a member of the issuer's subsidiary network of which the accounts are certified.
(e) Add a column if there are more than two statutory auditors.

CHAIRMAN'S REPORT

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 independent directors are selected [specify the choice criteria for the directors].
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. Klaus Waldherr	February 5, 2008	General meeting ruling on the financial statements of the fiscal year closed at December 31, 2010
Mr. Mario Schüttauf	October 30, 2007	General meeting ruling on the financial statements of the fiscal year closed at December 31, 2010
COMMERZ REAL INVESTMENTGESELLS-CHAFT mbH (ex-CGI)	December 31, 2005	General meeting ruling on the financial statements of the fiscal year closed at December 31, 2010
Mr. Thomas Lämmerhirt	February 5, 2008	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, Executive Director, Mr. Martin Weinbrenner, is the director of CRI's Property Management Department (ex-CGI).

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 president also indicated that the ratifications of the cooptations of Messrs. Klaus Waldherr, Mario Schüttauf and Thomas Lämmerhirt as directors must, pursuant to Article L.225-24 of the *Commercial Code*, must be included on the next general meeting's agenda.

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 five times, i.e., on January 24, 2007 (in the presence of four out of six directors), on March 26, 2007 (in the presence of four out of six directors), on June 4, 2007 (in the presence of five out of six directors), on July 27, 2007 (in the presence of four out of six directors) and on October 30, 2007 (in the presence of four out of five 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. On the other hand, the July 27, 2007 and October 30, 2007 meetings were held without the managing director's being present.

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 4 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 March 26, 2007 board of directors' meeting that reviewed and closed the financial statements of the fiscal year closed at March 31, 2006 and in the July 27, 2007 board of directors' meeting that reviewed and finalization of the semiannual financial statements for the January 1 – June 30, 2007 period.

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. As indicated above, Mr. Weinbrenner did not participate in all the 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 year closed at December 31, 2006;
- the review and finalization of the semiannual financial statements for the January 1 – June 30, 2007 period;
- the review and settlement of the net amount of the sales turnover of the quarter closed on September 30, 2007;
- resignation of delegate managing director and proposition of appointment of delegate managing director;
- authorization to be granted with a view to hiring a senior executive employee;
- the amendment to the provisions of Articles 9.7 and 10 of the board of directors' internal rules and regulations;
- resignation of directors and co-optation of directors;
- corporate strategy, in particular, conclusions, renewals and terminations of lease agreements, performance of the work on the Tour Europlaza building.

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 twice since January 1, 2007.

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 met three times since January 1, 2007.

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 met twice since January 1, 2007.

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, th e 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:

- assist the board of directors in the tasks relating to reviewing and closing the annual and semiannual accounts;
- review the company's annual and semiannual financial statements and the reports relating thereto before they are submitted to the board of directors;
- hear the statutory auditors and receive communication of their work and analyze their conclusions;
- review and formulate an opinion on the candidacies for the company's statutory auditors;
- 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;
- 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;
- 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
- 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:

- 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;

- assess all the other benefits or indemnities from which the managing director or the delegate managing directors benefit;

- 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;

- review the composition of the board of directors;

- 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;

- review the candidacies for the position of managing director and delegate managing director;

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

- formulate any proposals and any opinions with respect to directors' fees or other compensation and benefits in favor of directors and auditors;

- 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

- implement the regular evaluation of the board of directors.

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

- 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"**);

- 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;

- 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;

- examine and formulate an opinion on the annual investment budget;

- receive communication of the analysis work carried out, where applicable, by the statutory auditors with respect to the Investments;

- 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

- 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:

- each director, however he/she is appointed, represents all the shareholders;

- each director sees to it that he/she continually improves his/her knowledge of the company and its sector of activity;

- each director sees to it that he/she maintains his/her independence of analysis, judgment, decision and action in all circumstances;

- each director undertakes not to seek or accept any benefit that could impair his/her independence;

- 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;

- 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;

- 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;

- 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 in-voices 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.

In said respect, at the March 26, 2007 meeting, the board of directors unanimously decided to eliminate the managing director's reporting obligations indicated in Paragraphs (i), (ii) and (v) of Article 10 of the board of directors' internal rules and regulations, i.e.:

"(...)"

(i) Prepare, for the board of directors, reports and recommendations on the decisions that must be submitted to it for approval; said reports must contain all the elements required to fully inform the board and must be provided to its members six days at the latest before the date on which the meeting ruling on such matters is scheduled;

(ii) Prepare, for the shareholders, reports and recommendations on the decisions that are to be submitted to them for approval; said reports must be transmitted to the board of directors for an opinion before being made available to the shareholders;

(v) Prepare the monthly reports on the rental and realty management of the company's assets and have them certified by the statutory auditors on the basis of the company's financial statements once a year;

"(...)"

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, Yxime and the certified public accounting activity is ensured by Pricewater-house-Coopers. 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 endeavor 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.

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 €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 €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 €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 bearing on an amount of over €50,000 per decision or settlement agreement

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.

In said respect, at the July 27, 2007 meeting, the board unanimously decided to delete the requirement of the board's prior approval of any agreements bearing on less than or equal to € 50,000.

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 ON THE PRESIDENT'S REPORT

Statutory Auditors' report prepared in accordance with Article L.225-235 of French company law (*Code de commerce*) on the report prepared by the Chairman of the Board of Directors of the company CeGeReal S.A., on the internal control procedures relating to processing of accounting and financial information

Year ended December 31, 2007

To the Shareholders,

In our capacity as Statutory Auditors of CeGeReal S.A., and in accordance with Article L.225-235 of French company law (Code de commerce), we hereby report on the report prepared by the Chairman of your company in accordance with Article L.225-37 of French company law (Code de commerce) for the year ending December 31, 2007.

It is the Chairman's responsibility to describe in his report the preparation and organization of the Board's work and the internal procedures implemented by the company. It is our responsibility to report to you on the information contained in the Chairman's report in respect of the internal control procedures relating to the preparation and processing of the accounting and financial information.

We conducted our work in accordance with French professional standards. These standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report and existing documentation are based;
- obtaining an understanding of the work involved in the preparation of this information and existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board in accordance with Article L.225-37 of French company law (*Code de commerce*).

Paris La Défense and Paris, March 10, 2008

The Auditors

KPMG Audit
A division of KPMG S.A.

Régis Chemouny
Partner

Charles Leguide

Charles Leguide
Partner

Design, production : Publicis Consultants | France
Writing : Antoine Masson
Photos credits : Thierry Borredon (Buildings) – Jean Chiscano, Stefan Krutsch (Portraits)

May 2008

CeGeREAL
21-25, rue Balzac - 75008 Paris - France
Tel.: +33 (0)1 42 25 76 36
www.cegereal.com