

HALF-YEAR
REPORT
2008




CeGeREAL

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MESSAGE FROM THE CHAIRMAN



03

RECONCILING GROWTH WITH PROFITABILITY

Following on from the increased transaction level rates and the growth achieved in 2006 and 2007, the company is consolidating its very good results for the first half-year of 2008 and is monitoring closely the increase in rates of return.

Total income has increased by 5.4%, in comparison with that achieved in the first half year of 2007. This is attributable to the renewal of rental leases falling due during the period and to the exploitation in full of the indexation afforded by an occupation rate of 100%.

The IFRS half-year results are down by €76.1 million. This change is primarily due to the decision to make provision from now on for the expected fall in value of high quality real estate – despite the almost absence of transactions in this sector of the market – brought about by the universal downturn throughout the real estate market. As opposed to the increase of €60.9 million published for the 1st half-year of 2007, a fall in capital values of €16.5 million has been seen in the 1st half-year of 2008, and this has directly impacted the IFRS accounting results with a fall of €77.4 million.

In order to meet its financial obligations the current cash flow remains intact and shows an increase (+ 8.2%). CeGeREAL, strengthened by its financial structure which is both healthy and secure, will be able to invest in its ambitions.

Good results together with its low-level of borrowing should enable CeGeREAL to initiate a timely strategy for growth by developing its portfolio of assets of high standing offices.

This deliberate policy should allow investors to retain their high returns, which have been the means of attracting and retaining investor confidence since coming to the market in 2006. The company undertakes to focus on of this essential objective: to maintain regular and increasing levels of dividend distributions to shareholders.

Richard Wrigley,

Chairman of the CeGeREAL
Board of Directors



KEY FIGURES

04

The Board of Directors of CeGeREAL convened on 30th July to finalise the accounts for the 6-month period to 30th June 2008.

HALF-YEAR RESULTS 2008

(in thousands of euros)	30/06/2008 6 months	30/06/2007 6 months
Capital Valuation *	1,015	1,024
Rentals (IFRS)	29.6	28.2
Income	34.9	33.1
Funds from operations	19.6	18.1
Net Income (IFRS)	1.9	78.0
Net Income (French standards)	6.6	5.1
NAV*(net of tax)	619.6	613.2
NAV per share* (net of tax) in €	46.38	45.88

* The comparison basis for the figures to 30/06/2008 is the updated valuation carried out in December 2007

"In the context of today's real estate market, the soundness of the results to 30th June 2008 confirms once again the relevance of CeGeREAL's positioning. We intend to grow our real estate portfolio from now to the end of 2008, continuing with the same type of assets, large volume office real estate of high standing so as to maintain the same profile for our investors", said Raphaël Tréguier, Deputy Managing Director of CeGeREAL.



NOTES ON BUSINESS ACTIVITY

The total income is €34.9 million, an increase of + 5.4%, as against that achieved during the first half-year of 2007. This increase primarily comes from the renewal of leases expiring during the period. In addition, the vacancy rate throughout the three properties owned has remained insignificant.

During the second quarter of 2008, CeGeREAL achieved an income of €17.5 million, of which €1.5 million corresponds to charges invoiced and approximately €1 million re-invoicing of taxes to the tenants. These two elements are also detailed in the operating costs.

In EUR thousands (before tax)	2008	2007
FIRST QUARTER		
Rental income	14,880	14,127
Charges invoiced to tenants	1,606	1,499
Re-invoicing of insurance and taxes to tenants	873	858
Income from 1st January to 31st March	17,359	16,484
SECOND QUARTER		
Rental income	15,059	14,256
Charges invoiced to tenants	1,494	1,441
Re-invoicing of insurance and taxes to tenants	985	928
Income from 1st April to 30th June	17,538	16,625
FIRST HALF-YEAR		
Rental income	29,939	28,383
Charges invoiced to tenants	3,100	2,940
Re-invoicing of insurance and taxes to tenants	1,858	1,786
TOTAL INCOME FROM 1ST JANUARY TO 30 JUNE	34,897	33,109

NB : During the first half-year of 2008, the company proceeded to a change in the accounting representation of charges invoiced to tenants. This change was effected in order to facilitate the comparability of the financial information provided. The consequence of that modification has had the effect of enhancing the income by the amount of charges invoiced to tenants in the sum of €3.1 million at 30 June 2008 and €2.9 million at 30 June 2007. Elements provided in comparison at 30 June 2007 have been adjusted for this change in representation.

ANALYSIS OF THE PORTFOLIO VALUATION: RECENT LIMITED IMPACT OF THE FINANCIAL CRISIS IN 2ND QUARTER

The change in capital value of the real estate* (before tax) at 30th June 2008 is not above a 1.6% decrease falling to €1.015 billion compared with €1.032 billion at 31st December 2007, and is broken down as follows:

- Rives de Bercy €174 million
- Europlaza €463 million
- Arcs de Seine €378 million

The capitalisation rates taken into account for the portfolio valuation are increasing and reflect overall market trends despite the absence of transactions on comparable properties.

However in the long term good news on rentals provides compensation for this conservative tendency.

The fair value of the real estate complexes has slipped by €16.5 million during the first six months of the accounting period. This decrease is negligible and confirms the soundness of CeGeREAL's portfolio despite a difficult real estate market.

() Valuation by CB Richard Ellis.*

OUTLOOK

Following a change in German legislation and the adoption of new Articles of Association according permission and voted at the General Meeting on 18th June 2008, CeGeREAL may proceed now to new acquisitions, thereby increasing its asset portfolio of large office real estate.

PROFILE

CEGEREAL IS A SIIC (QUOTED REAL ESTATE INVESTMENT COMPANY) SPECIALISING IN PREMIUM OFFICE REAL ESTATE ASSETS. AS AT 30TH JUNE 2008 ITS ASSET CAPITAL IS VALUED AT €1.015 BILLION (CBRE).

ON 1ST SEPTEMBER 2006, THE SHAREHOLDING OF CEGEREAL WAS LISTED ON THE EURONEXT INDEX EURONEXT - IEIF «SIIC FRANCE» AND JOINED THE SBF 250 INDEX ON 28 DECEMBER 2006.



EUROPLAZA

LA DÉFENSE

07

STATEMENT OF SITUATION

With its 3.5 million m² of office space, 150,000 employees and 1,500 companies, La Défense provides the biggest business centre in Europe. This office market at La Défense, situated in the west of Paris, is booming, and space is currently scarce: there remains only 149,000 m² at 1st April 2008 as against 165,100 m² in January 2007. Note: surface areas greater than 5,000 m² represent 77%. The vacancy rate is small: 4.8%, that is under the average for Île-de-France which is 4.9%.

The increase in rentals is reflected as much as in the average rentals of 396 €/m²/year as it is in the prime rentals which rise to 520 €/m²/year. The highest rental is 580 €/m²/year, in Cœur Défense.





EUROPLAZA LA DÉFENSE

TENANT NEWS

The Europlaza building is completely let. General Electric has renewed its lease for a firm 9 year term, Galderma for a firm 6 year term, Cap Gemini Telecom for a firm 5 year term on 50% of office space.

The Europlaza complex is let on commercial leases of investment type, allowing CeGeREAL to claw-back almost all of its charges.

THE EUROPLAZA COMPLEX INCLUDES A MAIN TOWER OF 31 FLOORS WHICH IS COMPLETED WITH A BUILDING OF FOUR STOREYS, A TOTAL LETTING SURFACE OF 49,322 M², OF WHICH 47,567 M² ARE OFFICES (1,300 M² ON EACH OF THE 31 FLOORS) AND 1,755 M² STORAGE SPACE. WITH THE RECENT CONSTRUCTION OF NEW REAL ESTATE WHOSE NEIGHBOURING TOWER WAS CHRISTENED "EXALTIS", EUROPLAZA HAS SEEN ITS IMMEDIATE SURROUNDINGS COMPLETELY RENEWED.



ARCS DE SEINE

BOULOGNE-BILLANCOURT

09

STATEMENT OF SITUATION

Boulogne-Billancourt is the most populated municipality of the Hauts-de-Seine department, and the second municipality in the Parisian conurbation (after Paris). Today it is one of the major economic centres of the Île-de-France. 20% of 50 of the most important company head offices of the Hauts-de-Seine are installed at Boulogne-Billancourt. In this zone, the market is very dynamic and current available rentals are falling: there is no more than 63,600 m² at 1st April 2008, against 76,050 m² at 1st January 2007. Note: surfaces greater than 5,000 m² represent 61%. The vacancy rate is small at 3.8% for surfaces greater than 5,000 m² and 6.1% over the whole of the sector. The market rent for new and renovated real estate is close to 500 €/m².





ARCS DE SEINE BOULOGNE-BILLANCOURT

TENANT NEWS

No major change has occurred during the first half-year of the accounting period.

- » Following the extension of its 2 leases, Bouygues Telecom will continue as tenant of its 23,000 m² in the real estate until February 2011.
- » TF1 is a tenant until 14th January 2010.
- » Boursorama, one of the premier on-line brokers and financial information sites in France stays until 14th January 2011.

Preliminary negotiations on the commercialisation of the premises occupied by Bouygues Telecom have been opened.

The investor type leases allow CeGeREAL to claw-back almost all of its charges.

THIS COMPLEX OF HIGH STANDING ARCHITECTURALLY COMPRISES THREE GROUPS OF FIVE BUILDINGS, SEVEN AND EIGHT STOREYS TALL TOTALLING A SURFACE OF 42,000 M².

ARCS DE SEINE OWES ITS NAME TO ITS ORIGINAL ARCHITECTURE IN THE SHAPE OF AN ARC, WHICH UNITES THREE BUILDINGS OF 25,547 M², 10,571 M² AND 9,033 M² LAID OUT ROUND A PRIVATE PARK, EACH HAVING ITS OWN SEPARATE ENTRANCE. THIS ASSET PROVIDES THE HIGHEST LEVEL OF FACILITIES AND SECURITY, AND THERE IS AVAILABLE A PURPOSE-BUILT AUDITORIUM.



RIVES DE BERCY

CHARENTON

II

STATEMENT OF SITUATION

Charenton-le-Pont is situated on the right bank of the Seine, very close to Paris. The Rives de Bercy property was built in one of the new business quarters which represents a balance towards the east of Paris of the economic activity of the Île-de-France. The rental take-up there stands at 21,477 m².

In this zone, there are only 0.9 % new or refurbished surfaces. Consequently current available rentals are also falling and stand at 10,100 m² at 1st April 2008. Note: surfaces greater than 5,000 m² represent 88 %. The market rental for new and renovated real estate is close to 300 € /m².





RIVES DE BERCY

CHARENTON

TENANT NEWS

The Rives de Bercy property is entirely occupied by Crédit Foncier of France, which was pleased to have come to the premises in 2003. No change is foreseen during the course of the first half-year of the accounting period.

The commercial lease is of a triple net type: rental charges and all repairs are entirely at the tenants expense.

OVER AN AREA OF 16,374 M², RIVES DE BERCY OFFERS PREMISES OF 31,942 M² OVER 7 STOREYS AND TWO LEVELS IN THE BASEMENT MAKING AVAILABLE 657 PARKING PLACES. THE COMPLEX WHICH IS ONLY FIVE YEARS OLD IS REMARKABLE FOR THE HIGH QUALITY OF ITS ARCHITECTURE: THE DIFFERENT WINGS OF THE BUILDINGS ARE LINKED TO EACH OTHER BY SUSPENDED CONNECTING WALKWAYS AND A MONUMENTAL HALL LOOKS OUT ONTO THE QUAI DE BERCY. THERE IS AVAILABLE ON THE SITE A COMPANY RESTAURANT, AN AUDITORIUM, AND A SPORTS HALL.



FINANCIAL RESULTS

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BALANCE SHEET - ASSETS (IN K€)

PRO FORMA ACCOUNTS

INTERNATIONAL ACCOUNTING STANDARDS (IFRS)

For the half-year ended 30 th June 2008	NOTES	30/06/2008	31/12/2007	30/06/2007
NON-CURRENT ASSETS				
Investment property	5.1	1,015,350	1,031,900	1,023,950
Non-current loans and receivables over a year	5.2	1,737	2,339	3,765
TOTAL NON-CURRENT ASSETS		1,017,086	1,034,239	1,027,715
CURRENT ASSETS				
Accounts receivable	5.3	15,518	19,825	13,180
Other operating receivables	5.4	2,485	2,964	2,993
Prepaid expenses	5.11	3,038	2,180	3,018
TOTAL RECEIVABLES		21,041	24,970	19,191
Cash and cash equivalents	5.5	18,182	19,780	31,125
TOTAL CASH AND CASH EQUIVALENTS		18,182	19,780	31,125
TOTAL CURRENT ASSETS		39,223	44,750	50,316
TOTAL ASSETS		1,056,309	1,078,989	1,078,031



BALANCE SHEET - LIABILITIES (IN K€)

PRO FORMA ACCOUNTS

INTERNATIONAL ACCOUNTING STANDARDS (IFRS)

For the half-year ended 30 th June 2008	NOTES	30/06/2008	31/12/2007	30/06/2007
SHAREHOLDERS' EQUITY				
Capital		160,470	160,470	160,470
Legal reserve		16,047	16,047	16,047
Merger premium		39,745	39,745	39,745
Retained earnings		390,448	314,419	314,489
Net income for the period		1,862	102,156	77,989
TOTAL SHAREHOLDERS' EQUITY	5.6	608,572	632,837	608,741
NON-CURRENT LIABILITIES				
Non-current borrowings	5.7	377,028	376,675	376,601
Other non-current financial debt	5.8	1,779	1,779	1,726
Non-current corporate income tax liability	5.9	21,183	20,832	41,542
TOTAL NON-CURRENT LIABILITIES		399,990	399,286	419,869
CURRENT LIABILITIES				
Accounts payable		2,958	3,877	2,794
Corporate income tax liability	5.9	22,209	21,744	22,301
Other operating liabilities	5.10	5,740	3,888	6,944
Prepaid revenue	5.11	16,841	17,357	17,383
TOTAL CURRENT LIABILITIES		47,748	46,866	49,421
TOTAL EQUITY AND LIABILITIES		1,056,309	1,078,989	1,078,031



INCOME STATEMENT (IN K€)

INTERNATIONAL ACCOUNTING STANDARDS (IFRS)

For the half-year ended 30 th June 2008	NOTES	30/06/2008 6 months	31/12/2007 12 months	30/06/2007 6 months
Rental income	5.12	29,615	56,651	28,177
Income from other services	5.13	5,312	10,512	4,964
Building-related costs	5.14	(6,897)	(14,230)	(6,678)
NET RENTAL INCOME		28,031	52,933	26,464
Administrative costs	5.15	(1,302)	(2,006)	(1,047)
Other operating income and expenses		158	9	24
Increase in the fair value of investment property		(16,551)	68,436	60,898
Decrease in the fair value of investment property				
Total change in the fair value of investment property	5.1	(16,551)	68,436	60,898
OPERATING INCOME		10,336	119,371	86,338
Net financial expense	5.16	(8,558)	(17,380)	(8,431)
Corporate income tax	5.17	82	165	82
NET INCOME		1,862	102,156	77,989
Earnings per share and diluted net profit in euros		0.14	7.64	5.84



CHANGES IN SHAREHOLDERS' EQUITY (IN K€)

INTERNATIONAL ACCOUNTING STANDARDS (IFRS)

For the half-year ended 30 th June 2008	SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	UNDISTRIBUTED RESERVES AND RETAINED EARNINGS	TOTAL SHARE- HOLDERS' EQUITY
AT JUNE 30, 2007	160,470	39,745	408,526	608,741
Net income for the period			24,166	24,166
Restatement of the impact of pro forma tax				
Deduction of treasury shares			(70)	(70)
AT DECEMBER 31, 2007	160,470	39,745	432,622	632,837
Net income for the period			1,862	1,862
Dividends paid			(26,076)	(26,076)
Allocation of dividends on treasury shares to retained earnings			20	20
Deduction of treasury shares			(71)	(71)
AT JUNE 30, 2008	160,470	39,745	408,357	608,572



CASH FLOW (IN K€)

INTERNATIONAL ACCOUNTING STANDARDS (IFRS)

For the half-year ended 30 th June 2008	30/06/2008 6 months	31/12/2007 12 months	30/06/2007 6 months
OPERATING ACTIVITIES			
Net income for the period	1,862	102,156	77,989
Elimination of income/expense items with no cash impact			
Depreciation, amortization and provisions for impairment			
Adjustments for loans at amortized cost	353	464	324
Fair value adjustments to investment property	16,550	(68,437)	(60,898)
Change in provision for deferred taxation	(82)	(165)	(82)
Discounting of liabilities	898	2,073	764
CASH GENERATED FROM OPERATIONS BEFORE CHANGES IN EXIT TAX LIABILITY AND WORKING CAPITAL REQUIREMENTS	19,581	36,091	18,097
Change in exit tax liability		(22,492)	
Other changes in working capital requirements	4,967	(114)	3,668
CHANGE IN WORKING CAPITAL REQUIREMENTS	4,967	(22,606)	3,668
CASH FLOWS FROM OPERATING ACTIVITIES	24,548	13,486	21,765
INVESTING ACTIVITIES			
Acquisition of fixed asset		(463)	(52)
CASH FLOWS USED IN INVESTING ACTIVITIES		(463)	(52)
FINANCING ACTIVITIES			
Net increase in other non-current financial liabilities		196	2,780
Acquisition of treasury shares	(70)	(96)	(26)
Dividends paid	(26,076)	(24,596)	(24,596)
CASH FLOWS USED IN FINANCING ACTIVITIES	(26,146)	(24,497)	(21,842)
CHANGE IN CASH AND CASH EQUIVALENTS	(1,598)	(11,474)	(129)
Cash and cash equivalents at beginning of period	19,780	31,254	31,254
CASH AND CASH EQUIVALENTS AT END OF PERIOD	18,182	19,780	31,125

Shareholder relations

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CeGeREAL