A French *société anonyme* (corporation) with capital of EUR 160,470,000
Registered office: 21-25 rue Balzac, 75008 Paris
422 800 029 RCS Paris
SIRET No. 422 800 029 00023
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Interim financial report
Six-month period ended June 30, 2010

(L 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*) Article 222-4 *et seq.* of the General Regulations of the *Autorité des Marchés Financiers* [French financial markets authority – AMF])

Interim financial report for the six-month period ended June 30, 2010 prepared in accordance with the provisions of Articles L. 451-1-2 III of the French Monetary and Financial Code and 222-4 *et seq.* of the General Regulations of the AMF.
This report has been distributed in accordance with the provisions of Article 221-3 of the General Regulations of the AMF. It can also be consulted on the Company's website at www.cegereal.com

1. STATEMENT BY THE PERSONS RESPONSIBLE FOR THE 2010 INTERIM FINANCIAL REPORT

"We attest that, to the best of our knowledge, the complete financial statements for the six-month period ended June 30, 2010 have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities and financial position of the Company at June 30, 2010 and of the results of its operations for the six-month period then ended, and that the attached interim activity report includes a fair review of the material events of the first six months of the year and their impact on the interim financial statements, the main related-party transactions and a description of the principal risks and uncertainties for the remaining six months of the year."

Paris, July 28, 2010

Raphaël Tréguier
Deputy Managing Director

Bardo Magel
Managing Director

2. INTERIM ACTIVITY REPORT

2.1 OBJECTIVE AND COMPREHENSIVE ANALYSIS OF THE COMPANY'S BUSINESS PERFORMANCE, OPERATING RESULTS AND FINANCIAL POSITION

2.1.1 Interim financial statements for the six-month period ended June 30, 2010

The interim financial statements for the six-month period ended June 30, 2010 were prepared in accordance with French generally accepted accounting principles applicable to individual financial statements.

The Company does not have any subsidiaries or equity investments, and does not therefore prepare consolidated financial statements.

The information presented in the interim financial statements includes comparative data in relation to:

-the year ended December 31, 2009;

-the six-month period ended June 30, 2009.

a) Financial position: statutory financial statements for the six-month period ended June 30, 2010

Shareholders' equity at June 30, 2010 amounted to EUR 371,992k versus opening shareholders' equity of EUR 392,330k. This decrease is attributable to the payment of the dividend approved by the General Meeting of Shareholders of June 29, 2010, in the amount of EUR 22,733k, and net income for the period amounting to EUR 2,395k.

Cash and cash equivalents totaled EUR 27,690k at June 30, 2010, representing a EUR 11,490k increase compared to December 31, 2009.

The increase in cash and cash equivalents at June 30, 2010 is mainly attributable to:

- EUR 15,321k in cash flow from operations during the period.
- EUR 3,500k in loan repayments.
- The residual change in cash and cash equivalents therefore amounted to EUR 331k.

b) Operating results: statutory financial statements

The income statement for the period shows net income of EUR 2,395k. Net income breaks down as follows by key indicator:

Operating revenue: EUR 32,097k

- Net revenue for the period came in at EUR 32,069k versus EUR 33,913k for the same prior-year period.
- Other operating revenues amounted to EUR 28k.
- At June 30, 2010, rental income was down 5% compared with the same period in 2009. This decrease is mainly due to the departure of TF1 from the Arcs de Seine building.

Operating expenses: EUR 21,556k

- Other purchases and external charges came to EUR 6,397k and mainly consisted of rebilled expenses in an amount of EUR 2,674k and fees including EUR 1,453k for asset management services. The other expenses mainly comprised insurance premiums, building upkeep expenses that were not invoiced to lessees and miscellaneous fees.
- Taxes and duties represent real property tax and tax on office premises rebilled to lessees and amounted to EUR 1,847k.
- Depreciation and amortization expense for the period came in at EUR 12,917k, of which EUR 3,054k represents additional depreciation recorded with respect to the prior remeasurement of fixed assets.

On the basis of the above-described items, operating income for the period came to EUR 10,541k.

Net financial expense of EUR 8,191k

- Net financial expense breaks down as EUR 8,215k in financial expenses and EUR 24k in financial income.

Net non-recurring income of EUR 45k

- Net non-recurring income for the period amounted to EUR 45k, related to treasury share transactions.

Corporate income tax

- Due to the application of the SIIC regime with effect from April 1, 2006, and given that all of the Company's revenues are generated by the rental of investment properties, no income tax expense was recorded for the period. This tax exemption is, however, subject to certain criteria relating essentially to the payment of dividends.

2.1.2 IFRS financial statements for the six-month period ended June 30, 2010

The financial information presented in the IFRS financial statements for the six-month period ended June 30, 2010 includes comparative data in relation to:

- the IFRS financial statements for the year ended December 31, 2009;

- the IFRS financial statements for the six-month period ended June 30, 2009.

a) Financial position

Shareholders' equity at June 30, 2010 amounted to EUR 450,728k versus opening shareholders' equity of EUR 450,541k. This decrease is mainly attributable to the payment of the dividend approved by the General Meeting of Shareholders of June 29, 2010, in the amount of EUR 22,733k and net income for the period amounting to EUR 22,971k.

b) Reconciliation of net income under French GAAP to net income under IFRS for the six-month period ended June 30, 2010

Under IFRS the company generated a profit of EUR 22,971k for the six-month period ended June 30, 2010 while under French GAAP it earned net income of EUR 2,395k for the same period. The main reconciliation items are as follows:

Remeasurement of investment property at fair value

At June 30, 2010, investment property is stated at fair value under IFRS, with changes in fair value taken to income.

The increase in the fair value of investment property during the period amounted to EUR 8,000k. The corresponding depreciation expense for the period recorded under French GAAP and eliminated in the IFRS financial statements amounted to EUR 12,919k.

The difference in the accounting method used to measure investment property in the French GAAP and IFRS financial statements resulted in a positive EUR 20,919k impact on the income statement under IFRS compared with the income statement under French GAAP.

Restatement of charges for the arrangement of bank loans

Under IFRS, the charges incurred during the arrangement of bank loans in March 2006 were amortized over the period of the loan using the effective interest rate method. In the French GAAP financial statements, these charges are expensed as incurred.

The application of this accounting method results in a negative EUR 353k impact on the income statement under IFRS compared with the income statement under French GAAP.

2.1.3 Adjusted net asset value (ANAV)

At June 30, 2010, the adjusted net asset value per share is estimated at EUR 31.3 ANAV per share (including the dividend paid on July 21, 2010) amounted to EUR 33.

ANAV is determined in accordance with the recommendations of the European Public Real Estate Association (EPRA), using the triple net method:

	June 30, 2010	Dec. 31, 2009	June 30, 2009
ANAV per share (excluding taxes)	€31.27	€31.62	€31.37
ANAV per share (including taxes)	€35.15	€35.46	€35.31

Determination of ANAV

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

The Company did not acquire or dispose of any real estate assets during the six-month period ended June 30, 2010.

The value of the real estate assets taken into account in the calculation of these unrealized gains and losses is set out below:

in millions of euros	June 30, 2010	Dec. 31, 2009	June 30, 2009	Change Dec. 31, 2009 – June 30, 2010
Real estate assets	836	828	848	1%

All of the Company's real estate assets were measured at market value in June 2010 by external real estate valuer BNP Paribas Real Estate Valuation France, a member of the Royal Institute of Chartered Surveyors (RICS).

The basic valuation principle used is based on the application of three methods: the DCF method, the return on investment method (taking into account of the difference between actual rents and market rates) and the comparable method. The fair value is estimated by the real estate valuer on the basis of values obtained using the three methods. The results obtained are confirmed against the initial rate of return and the fair value per m².

All real estate assets are measured and stated net of taxes. 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 on all of its revenues, it is exempt from corporate income tax and no tax liability was recorded at June 30, 2010.

Treasury shares were not taken into account in calculating adjusted net asset value.

2.2 MATERIAL EVENTS BETWEEN THE DATE ON WHICH THE 2009 FINANCIAL STATEMENTS WERE APPROVED AND JUNE 30, 2010

No material event has occurred since the date on which the 2009 financial statements were approved.

2.3 DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES FOR THE REMAINING SIX MONTHS OF THE YEAR

There was no change in the Company's risk factors during the first six months of the year.

Consequently, reference should be made to Chapter IV.6 of the Company's Registration Document filed with the AMF on April 29, 2010 under no. R.10-030.

2.4 FORESEEABLE CHANGES

CeGeREAL may make new real estate investments provided it signs an amendment to the credit agreement entered into between the company and the bank Eurohypo AG on March 2, 2006.

2.5 PRINCIPAL RELATED-PARTY TRANSACTIONS

Please refer to paragraph 5.27 of the notes to the IFRS financial statements for the six-month period ended June 30, 2010.

3. INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2010 - FRENCH GAAP

Balance sheet at June 30, 2010 - French GAAP

(in euros)

ASSETS	Notes	Gross amount	Depr., Amort. & Prov.	June 30, 2010	Dec. 31, 2009	June 30, 2009
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	365,072,706
Buildings		607,962,126	215,696,023	392,266,103	405,129,870	418,203,925
Technical plant, equipment and industrial machinery		1,028,652	731,484	297,168	348,327	400,338
Other property, plant and equipment		535,727	207,593	328,134	331,524	338,003
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		862,097	10,891	851,206	867,938	696,111
FIXED ASSETS	**5-6**	**975,461,308**	**216,645,991**	**758,815,317**	**771,750,365**	**784,711,083**
Inventories and work-in-progress						
Raw materials and other supplies						
Manufactured products in progress						
Services in-progress						
Semi-finished and finished goods						
Goods held for resale						
Advances/down payments on orders						
Receivables						
Trade accounts receivable	7-9	13,917,441	18,683	13,898,758	14,687,588	13,714,461
Other receivables	9	15,561,803		15,561,803	15,699,302	16,722,487
Subscribed capital, called up but not paid						
Short-term investment securities						
Cash and cash equivalents	8	27,689,698		27,689,698	16,199,825	19,338,971
CURRENT ASSETS		**57,168,942**	**18,683**	**57,150,259**	**46,586,715**	**49,775,918**
Prepaid expenses	10	2,660,860		2,660,860	2,070,096	2,902,226
Adjustment accounts						
TOTAL ASSETS		**1,035,291,110**	**216,664,674**	**818,626,435**	**820,407,176**	**837,389,227**

(in euros)

EQUITY AND LIABILITIES	Notes	June 30, 2010	Dec. 31, 2009	June 30, 2009
Capital				
Share capital (including paid-up capital: 160,470,000)	13	160,470,000	160,470,000	160,470,000
Additional paid-in capital		34,221,976	35,291,776	35,291,776
Revaluation reserve	15	158,777,952	164,937,725	164,937,725
Reserves				
Legal reserve		16,047,000	16,047,000	16,047,000
Statutory or contractual reserves				
Regulated reserves				
Other reserves		8,423		
Income				
Retained earnings		71,711	43,192	
Net income for the period		2,394,528	15,540,619	4,648,895
Investment subsidies				
Regulated provisions				
SHAREHOLDERS' EQUITY	**14**	**371,991,590**	**392,330,312**	**381,395,396**
Income from the issue of equity instruments				
Contingent advances				
OTHER EQUITY		**-**	**-**	**-**
Contingency provisions				37,500
Provision for losses				
LOSS AND CONTINGENCY PROVISIONS		**-**	**-**	**37,500**
Non-current borrowings				
Convertible bonds				
Other bonds				
Bank borrowings	9	398,891,840	402,391,840	379,900,000
Miscellaneous borrowings and financial debt	9	24,668,385	1,608,094	27,893,662
Accounts payable and other current liabilities				
Advances/down payments received on orders in progress				
Trade accounts payable	9	2,387,459	2,810,173	4,284,677
Tax and social liabilities	9	4,007,980	3,135,253	26,033,153
Amounts owed to fixed asset suppliers	9			
Other liabilities	9	857,939	1,048,748	570,549
Prepaid revenue	12	15,821,243	17,082,756	17,274,290
LIABILITIES		**446,634,845**	**428,076,864**	**455,956,331**
Adjustment accounts				
TOTAL EQUITY AND LIABILITIES		**818,626,435**	**820,407,176**	**837,389,227**

Income statement for the six-month period ended June 30, 2010 - French GAAP

(in euros)

France Exports	Notes	6 months ended June 30, 2010 Total	12 months ended Dec. 31, 2009 Total	6 months ended June 30, 2009 Total
Sales of goods for resale				
Sales of manufactured products				
Sales of services	16	32,069,048	67,043,926	33,913,193
NET REVENUE		**32,069,048**	**67,043,926**	**33,913,193**
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		27,983	85,780	65,522
Other revenue		18	36,927	358
Total operating revenue		**32,097,049**	**67,166,633**	**33,979,073**
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	17	6,397,171	12,138,989	6,654,208
Taxes, duties and other levies		1,936,068	3,818,074	1,842,722
Wages and salaries		191,113	221,188	122,210
Social security charges		76,778	92,952	49,877
On fixed assets: depreciation, amortization	6	12,917,351	26,045,681	12,913,144
On fixed assets: provisions for impairment				
On current assets: provisions for impairment	7			
Loss and contingency provisions				
Other expenses		37,500	50,261	21,154
Total operating expenses		**21,555,981**	**42,367,146**	**21,603,315**
OPERATING INCOME		**10,541,068**	**24,799,487**	**12,375,757**
Allocated income or transferred loss				
Loss incurred or transferred income				
Financial income from controlled entities				
Income from other securities and receivables				
Other interest income		24,156	101,096	82,911
Release of provisions for impairment, other provisions and expense			130,478	128,461
Foreign exchange gains				
Net income on sale of short-term investment securities				
Total financial income		**24,156**	**231,575**	**211,372**
Financial amortization charges, provisions for impairment and other				
Interest expenses		8,215,490	16,377,344	7,867,791
Foreign exchange losses				
Net expenses on sales of short-term investment securities				
Total financial expenses		**8,215,490**	**16,377,344**	**7,867,791**
NET FINANCIAL EXPENSE		**(8,191,334)**	**(16,145,769)**	**(7,656,419)**
CURRENT INCOME BEFORE TAX		**2,349,734**	**8,653,718**	**4,719,339**

(in euros)

	Notes	6 months ended June 30, 2010	12 months ended Dec. 31, 2009	6 months ended June 30, 2009
Non-recurring income on management transactions				
Non-recurring income on capital transactions		49,353	6,851,247	654
Release of provisions for impairment, other provisions and expense transfers			37,500	
Total non-recurring income		**49,353**	**6,888,747**	**654**
Non-recurring expenses on management transactions				
Non-recurring expenses on capital transactions		4,559	1,846	71,099
Depreciation, amortization and provisions for impairment				
Total non-recurring expenses		**4,559**	**1,846**	**71,099**
NET NON-RECURRING INCOME/EXPENSE		**44,794**	**6,886,901**	**(70,445)**
Employee profit-sharing				
Corporate income tax				
TOTAL INCOME		**32,170,558**	**74,286,955**	**34,191,099**
TOTAL EXPENSES		**29,776,030**	**58,746,336**	**29,542,205**
NET INCOME		**2,394,528**	**15,540,619**	**4,648,895**

Notes to the financial statements

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

The fiscal year covers a period of 12 months, from January 1, 2010 to December 31, 2010.

1.3. Presentation of comparative financial information

The information presented in the interim financial statements includes comparative data in relation to:

- the year ended December 31, 2009;
- the six-month period ended June 30, 2009.

1.4. Financial statements

The Company does not have any subsidiaries and does not therefore prepare consolidated financial statements but it does also present financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

2. Accounting rules, principles and methods

The Company's financial statements for the six-month period ended June 30, 2010 were prepared in accordance with the 1999 French general chart of accounts (*Plan Comptable Général*) and all supplementary and amending regulations issued by the CRC (*Comité de la réglementation comptable*), 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 interim financial statements for the six-month period ended June 30, 2010 are described below.

2.1. Property, plant and equipment

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

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

- ***Component-based approach***

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

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

The components of the second category (major upkeep work) may give rise to the recognition of a 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 and is recorded in income under "On fixed assets: depreciation, amortization".

The depreciation periods for real estate assets held at June 30, 2010 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 the end of each reporting period 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 materially less than its carrying amount.

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 end of the reporting period 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 more than the average stock market price in the month preceding the end of the reporting period.

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.

Rent is usually billed in advance. As a result, trade accounts receivable consist of rent billed or paid in respect of the subsequent period.
The timing difference between the billing date and the end of the reporting period is eliminated by recognizing rent billed for future periods under "Prepaid revenue".

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 and other benefits granted to lessees (improvements to premises, relocation costs) 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 and rebilling of expenses to lessees

Rental expenses incurred by the lessor on behalf of lessees and expenses chargeable to the lessees under the terms of the lease are recorded in the income statement under “Other purchases and external charges” or “Taxes, duties and other levies”.

Rental expenses and expenses chargeable to lessees under the terms of the lease that are rebilled to lessees are recorded in the income statement in income under “Sales of services”.

The portion of rental expenses concerning vacant premises is recorded in operating expenses.

2.6. Financial expenses

Charges relating to the arrangement of bank loans are expensed in the year in which the loan agreement was entered into.

2.7. Property restoration costs

The costs of restoring property vacated by former lessees are usually expensed since they serve to maintain the normal condition of rental properties and do not generate additional future economic benefits.
Similarly, indemnities received from lessees for restoring property to its previous condition are recognized in income.

3. Management of financial risks

3.1. Risk related to the valuation of 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 large 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.

The current crisis has given rise to sharp volatility in real estate prices and values. Consequently, the price obtained if the assets are disposed of in the short term may not be in line with the valuation.

3.2. 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 of supply to 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.

3.3. 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.

3.4. 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.

The Company is currently dependent on a small number of lessees – namely, Bouygues Telecom, Crédit Foncier de France, Cap Gemini and GE Capital – that account for approximately 83% of all rental income generated over the six-month period to June 30, 2010. Although the Company's real estate assets could be – and are – leased to many different lessees, financial difficulties experienced by one of these 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.

3.5. 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 the ability to unwind market positions.

The Company currently receives financing from a single bank.

Note 19.2 contains a description of the different credit facilities and the early repayment clauses contained in the loan agreements.

3.6. Foreign exchange risk

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

3.7. Interest rate risk

At June 30, 2010, the Company's financing consisted of:

- a fixed-rate loan for EUR 376,400k maturing in March 2013. Pursuant to the loan agreement, the Company is not exposed to any future increases in interest rates.

- a variable-rate (3-month Euribor) loan for EUR 22,491k maturing in March 2013. In the event that 3-month Euribor exceeds 4%, the Company has undertaken to enter into a hedging agreement.

4. Change in accounting methods

There was no change in accounting methods from those used to prepare the financial statements for the year ended December 31, 2009.

5. Statement of fixed assets

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

(in euros)

Caption	Gross value at Jan. 1, 2010	Increases	Decreases	Gross value at June 30, 2010
Property, plant and equipment	**974,599,211**	**-**	**-**	**974,599,211**
- 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	607,962,128	-	-	607,962,128
Europlaza	265,483,116			265,483,116
Arcs de Seine	227,724,336			227,724,336
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
		-		
- Property, plant and equipment in progress	-			-
Europlaza	-			-
Financial fixed assets	**867,938**	**49,976**	**55,818**	**862,097**
		-		
Security guarantees and deposits				
Treasury shares	406,410	49,976		456,386
Cash used in the liquidity agreement	461,528		55,818	405,710
Total gross fixed assets	**975,467,153**	**49,976**	**55,818**	**975,461,308**

At June 30, 2010, the Company updated the value of the real estate assets measured in September 2009 by external real estate valuer BNP Paribas Real Estate Valuation France, a member of BNP Paribas group. Each property was measured on the basis of various methods, including the return on investment method, the DCF method and the comparable method. All amounts are measured net of taxes (see Note 3.1).

According to the valuation firm's calculations, the value of each building exceeds its carrying amount. As a result, no impairment was recognized on real estate assets at June 30, 2010.

Security given on property, plant and equipment is analyzed in Note 19.

At June 30, 2010, CeGeREAL held 18,258 of the Company's shares out of a total of 13,372,500.

6. Statement of depreciation

Changes in accumulated depreciation can be broken down as follows:

(in euros)

Caption	Accumulated depreciation at Jan. 1, 2010	Charges for the period	Reversals in the period	Accumulated depreciation at June 30, 2010
Property, plant and equipment				
Buildings	202,832,256	12,863,767	-	215,696,023
Europlaza	95,143,013	5,781,058		100,924,071
Arcs de Seine	76,704,408	4,685,232		81,389,640
Rives de Bercy	30,984,834	2,397,477		33,382,311
Technical plant, industrial machinery and other property, plant and equipment	884,528	54,549	-	939,077
Europlaza	204,203	3,390		207,593
Rives de Bercy	680,325	51,159		731,484
Total accumulated depreciation	**203,716,784**	**12,918,316**	**-**	**216,635,100**

7. Statement of provisions and impairment allowances

Changes in this item were as follows:

(in euros)

Caption	Carrying amount at Jan. 1, 2010	Additions	Reversals	Carrying amount at June 30, 2010
Provisions				
Contingency provision				
Impairment				
On treasury shares		10,891		10,891
On trade accounts receivable	21,800		3,117	18,683
Total impairment	**21,800**	**10,891**	**3,117**	**29,574**

8. Cash and cash equivalents

Cash and cash equivalents can be analyzed as follows:

(in euros)

Cash and cash equivalents	June 30, 2010	Dec. 31, 2009	June 30, 2009
Bank accounts	25,689,120	9,199,756	6,993,527
Time deposits	2,000,000	7,000,000	12,300,000
Accrued interest receivable	577	69	45,444
Total	**27,689,697**	**16,199,825**	**19,338,971**

Time deposits have a term of two months. The interest rate on time deposits in effect at June 30, 2010 was approximately 0.39%.

9. Statement of receivables and payables by maturity

Receivables and payables at June 30, 2010 can be analyzed as follows by maturity:

(in euros)

Receivables	Gross value	Due in ≤ 1 year	Due in more than one year
Receivables related to current assets			
Trade accounts receivable (a)	13,917,441	13,917,441	
Other receivables (b)	15,561,801	3,124,768	12,437,033
Total receivables	**29,479,242**	**17,042,209**	**12,437,033**

(a) Trade accounts receivable mostly comprise rents (net of VAT) for the third quarter of 2010 and are offset by an entry to "Prepaid revenue" (see Note 12).

(b) "Other receivables" due in more than one year represent mainly rent-free periods deferred for over one year.

(in euros)

Payables	Gross value	Due in ≤ 1 year	Maturity	
			1 to 5 years	> 5 years
Bank borrowings (c) (d)	398,891,840		398,891,840	
Miscellaneous borrowings and financial debt (e) (f)	24,668,385	23,091,643		1,576,742
Trade accounts payable	2,387,459	2,387,459		
Tax and social liabilities	4,007,980	4,007,980		
Amounts due to fixed asset suppliers				
Other liabilities	857,939	857,939		
Total payables	**430,813,603**	**30,345,021**	**398,891,840**	**1,576,742**

(c) Repayment schedules for “Bank borrowings” are subject to compliance with covenants or contractual clauses set out in Note 19.2. Based on calculations of the interest coverage ratio (ICR) and the loan-to-value ratio (LTV) at June 30, 2010, this repayment schedule remains unchanged. The ratios are described in Note 19.2.

(d) Collateral provided on borrowings at June 30, 2010 is analyzed in Note 19.1.

(e) Security deposits paid by lessees are recorded in "Miscellaneous borrowings and financial debt" for an amount of EUR 1,894,185. They are deemed to be long-term debt (maturing in over five years) on the assumption that lessees will seek to renew their leases, with the exception of lessees who have given notice to terminate the lease.

(f) At June 30, 2010 miscellaneous borrowings and financial debt includes a per-share dividend of EUR 1.70 to be paid on July 21, 2010.

10. Accrued income and expenses

At June 30, 2010 accrued income and expenses can be analyzed as follows:

(in euros)

Accrued income	June 30, 2010	Dec. 31, 2009	June 30, 2009
Other receivables			
- Deferred rent-free periods	14,436,899	14,586,691	15,686,698
Cash and cash equivalents	577	69	45,444
Total	**14,437,476**	**14,586,760**	**15,732,142**

Accrued expenses	June 30, 2010	Dec. 31, 2009	June 30, 2009
Trade accounts payable	1,701,207	2,380,538	3,441,965
Tax and social liabilities	1,364,138	95,275	1,279,741
Total	**3,065,345**	**2,475,813**	**4,721,707**

11. Transactions with related parties

The following dealings with Commerz Real (the fund manager for *hausinvest europa*) have been identified as related-party transactions:

(in euros)

	June 30, 2010	Dec. 31, 2009	June 30, 2009
Impact on operating income			
Other purchases and external charges Asset management fees	1,453,152	2,896,250	1,552,125
Total income statement impact	**1,453,152**	**2,896,250**	**1,552,125**
Impact on balance sheet liabilities			
Dividends	13,588,942		17,471,171
Miscellaneous borrowings and financial debt	40,950	40,950	40,950
Trade accounts payable	729,060	565,537	743,758
Total balance sheet impact	**14,358,952**	**606,487**	**18,255,879**

12. Prepaid expenses and revenue

At June 30, 2010, prepaid expenses and revenue can be analyzed as follows:

(in euros)

	Expense	Revenue
Operating revenue/expenses	623,199	15,821,242
Financial income/expenses	2,037,661	
Non-recurring income/expenses		
Total income statement impact	**2,660,860**	**15,821,242**

Prepaid revenue consists mainly of rents and provisions for rebillable expenses in respect of the third quarter of 2010 billed in advance.

Prepaid expenses consist mainly of loan interest paid in the second quarter of 2010 and relating to a subsequent period.

13. Composition of share capital

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

14. Statement of changes in shareholders' equity

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

(in euros)

Statement of changes in shareholders' equity	Capital	Merger premium	Reserves (including revaluation reserve)	Retained earnings	Shareholders' equity before appropriation of net income
At January 1, 2010	**160,470,000**	**35,291,776**	**181,027,917**	**15,540,619**	**392,330,312**
Dividends paid		(1,069,800)	(6,122,831)	(15,540,619)	
Net income for the period				2,394,528	
At June 30, 2010	**160,470,000**	**34,221,976**	**174,905,086**	**2,394,528**	**371,991,590**

The General Shareholders' Meeting of June 29, 2010:

(i) granted the Board an 18-month authorization, in compliance with Articles L.225-209 *et seq.* of the French Commercial Code, to repurchase on one or several occasions and at the times it deems fit, shares of the Company representing up to 10% of the share capital – adjusted if necessary to take into account any capital increases or reductions that may take place during the buy-back program. This authorization cancels and replaces the authorization granted to the Board of Directors at the May 29, 2009 Shareholders' Meeting. The buy-backs may be carried out with the following aims:

- to stabilize the secondary market or ensure the liquidity of the CeGeREAL share. This may be achieved by entering into a liquidity agreement with an investment services provider compliant with the AMAFI ethics charter endorsed by the AMF;
- to keep the shares purchased and subsequently tender them in exchange or as consideration for an acquisition. In accordance with Article 225-209 (6), the shares acquired for this purpose may not exceed 5% of the Company's share capital;
- to have shares available for stock purchase option plans and other share awards to the Group's employees and/or corporate officers under the conditions and pursuant to the procedure provided for by law, particularly in connection with profit-sharing schemes, company savings plans, or free share grants;
- to have shares available in exchange for securities granting entitlement to the shares in the Company pursuant to current regulations;
- to cancel, where applicable, any repurchased shares under the conditions specified in (ii).

(ii) authorized the Board of Directors to cancel, on one or several occasions over a period of 24 months and based on its sole decision, any shares that the Company holds or may hold following the buy-backs made under Article L.225-209 of the French Commercial Code, within the limit of 10% of the share capital calculated as of the date of the Board's decision, after deduction of any shares cancelled during the previous 24 months; and to reduce the share capital accordingly pursuant to the legal and regulatory provisions in force.

(iii) authorized the Board, in connection with its issue of securities pursuant to the eleventh resolution of the Extraordinary General Meeting of May 29, 2009 (public tender offer, private placement), to set the share price within the limit of 10% of the share capital per annum as follows: the price shall be equal to the average trading price weighted by trading volumes over the last five trading sessions preceding the date on which the issue price is set, less a discount of up to 30%.

15. Revaluation reserve

At June 30, 2010, the revaluation reserve can be analyzed as follows:

Caption	Increase in gross value	Allocation of exit tax liability	Reversal of the provision for taxes	Portion transferred to distributable reserves	Revaluation reserve	*o/w portion transferable to distributable reserves*
- Land	128,684,798	(45,370,883)			83,313,916	
- Buildings	117,530,055	(44,562,227)	25,459,816	(23,138,275)	75,289,369	*3,054,447*
- Technical plant, industrial machinery and other property, plant and equipment	208,917	(34,250)			174,667	
Total	**246,423,770**	**(89,967,359)**	**25,459,816**	**(23,138,275)**	**158,777,952**	

The additional depreciation related to the remeasurement of real estate assets amounts to EUR 3,054,447 for the six-month period ended June 30, 2010, which brings the cumulative amount of additional depreciation since April 1, 2006 to EUR 26,192,722.

In accordance with the decision of the General Shareholders' Meeting of June 29, 2010, the portion of the revaluation reserve corresponding to the additional depreciation in respect of 2009, i.e., EUR 6,159,773, was transferred to distributable reserves.

16. Breakdown of net revenue

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

(in euros)

	6 months ended June 30, 2010	12 months ended Dec. 31, 2009	6 months ended June 30, 2009
Rental income	27,431,145	57,518,102	29,229,517
Rental expenses rebilled to lessees	2,811,739	5,800,685	2,958,814
Real estate taxes rebilled to lessees	1,826,164	3,346,635	1,667,050
Termination indemnities		121,864	
Insurance costs rebilled to lessees			38,177
Other revenue		256,640	19,635
Total	**32,069,048**	**67,043,926**	**33,913,193**

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

17. Breakdown of certain income statement items

Other purchases and external charges can be analyzed as follows:

(in euros)

	6 months ended June 30, 2010	12 months Dec. 31, 2009	6 months ended June 30, 2009
Insurance [(a)]	152,187	194,793	105,465
Expenses rebilled to lessees	2,527,673	5,235,354	2,742,302
Rental expenses	40,063	108,954	54,291
Upkeep and repair of buildings	347,651	157,633	438,810
Property restoration costs			5,080
Expenses on vacant premises [(b)]	491,085	833,306	508,358
Fees [(c)]	2,498,773	4,745,741	2,472,410
Publications	167,704	450,472	229,506
Sundry expenses	172,035	412,736	97,988
	6,397,171	**12,138,989**	**6,654,208**

(a) Rebilled to lessees in first-half 2010.
(b) Expenses related to vacant premises at the Europlaza and Arcs de Seine sites.
(c) Asset management fees amounted to EUR 1,453,152 in first-half 2010 compared to EUR 2,896,250 in 2009.

18. Tax treatment

Election for tax treatment as an SIIC

In accordance with Article 208 C of the French Tax Code (*Code général des impôts*) applicable to listed real estate investment companies (*Sociétés d'Investissement Immobilières Côtées* - 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 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%[1] 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. With the payment of the last installment on December 15, 2009, the Company has now paid all of the exit tax due, totaling EUR 89,967,360.

b)SIICs that have opted for 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 year following the year 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 fiscal year following the year in which they were generated;

-dividends received from subsidiaries having opted for preferential tax treatment and resulting from exempt income or from capital gains provided that they are redistributed in full during the fiscal year following the year 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 be subject to corporate income tax at the standard rate on the revaluation gains determined upon election for the SIIC regime, less exit tax already paid at the reduced 16.5% rate.

[1] The exit tax rate was raised to 19% on January 1, 2009 (Article 25 of the French Finance Act for 2009 dated December 27, 2008). This increase has not had any impact on the amount of exit tax payable by CeGeREAL pursuant to its election for SIIC status.

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 acting in concert within the meaning of Article L.233-10 of the French Commercial Code (*Code de commerce*).

In accordance with the French Finance Act for 2009, the Company had until December 31, 2009 to comply with the 60% threshold. If the Company had not met this condition at January 1, 2010, the preferential tax treatment it enjoys as an SIIC would have been temporarily suspended. In addition, if the Company had not complied with this condition by December 31, 2010, it would have been deemed to have definitively lost SIIC status with retroactive effect from January 1, 2010, leading to serious financial consequences.

On December 7, 2009, CRI, CeGeREAL's majority shareholder which held 67% of its capital, sold a block of shares representing 7% of the Company's capital and voting rights to a private foreign investor as well as 30,000 shares to other shareholders.

These sales reduced Commerz Real's holding in the Company to less than the 60% threshold (59.86% at June 30, 2010) thereby bringing CeGeREAL into compliance with the Amending French Finance Act for 2006. As a result, CeGeREAL maintains its SIIC status.

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 it receives.

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

Dividend distributions to Commerz Real

As Commerz Real 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 Commerz Real 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 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 an entity holding over 10% of the voting rights of the SIIC and the entity 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 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 shareholders' dividend is not subject to corporate income tax or another equivalent tax.

Considering CeGeREAL's ownership structure at June 30, 2010, the 20% withholding tax was not levied on any of the dividends it distributed.

e)Dividend distributions to Commerz Real which derive from SIIC income are subject to withholding tax. The rate of withholding tax varies depending on the tax residence of the unit holders (15% for unit holders residing in Germany and 25% for all other unit holders).

However, dividend distributions to Commerz Real which do not derive from the Company's status as an SIIC are not subject to withholding tax.
Dividend distributions to other shareholders may be subject to withholding tax depending on their tax residence.

19. Off-balance sheet commitments and security provided

19.1. 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 (*Code des assurances*) 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.

19.2. Loan agreement covenants

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

- to use each tranche of the loan only for its stated purpose;
- to pledge its assets as collateral only to Eurohypo AG, unless otherwise agreed with the latter;
- to maintain its assets in good working condition;
- to communicate to Eurohypo AG certain documents and information with varying frequency, including copies of the audited financial statements, quarterly rental statements, a breakdown of capital expenditure relating to the Company's real estate assets, an annual budget, etc.;
- 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 net of taxes) remains below 70%;
- not to significantly amend the terms and conditions of leases generating over 5% of projected net rental income without the prior consent of Eurohypo AG;
- not to enter into leases without the prior consent of Eurohypo AG unless the Company provides the lender with a copy of such leases accompanied by a statement confirming that they have been entered into as part of a prudent management policy. In the event that Commerz Real's interest in the Company decreases to the extent that it no longer owns the majority of voting rights at the Extraordinary Shareholders' Meeting, the Company agrees not to enter into any leases with a value of more than 5% of the buildings' projected net rental income without the prior consent of Eurohypo AG;
- not to incur any debt other than bank loans, intra-group loans, loans or credit terms granted by a supplier of goods or services in the ordinary course of business and under arm's length conditions; not to provide any off-balance sheet commitments and securities;
- to incur capital expenditure only in relation to its real estate assets. Such expenditure must be financed using equity and/or surplus cash, after payment of VAT, exit tax, operating expenses related to the real estate assets and the operation of the Company as well as all amounts payable under the loan agreement ("surplus cash");
- in the event of default (as defined below), 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 no longer benefits from the SIIC regime, (i) to pay dividends or repay intra-group loans only out of surplus cash and (ii) in the event of default, not to pay dividends or repay intra-group loans;
- to adhere to the legislation applicable to its business and assets.

19.3. Derivatives

The Company did not possess any derivative financial instruments at June 30, 2010.

19.4. Commitments relating to the operating leases offered by the Company

Security deposits received from lessees amounted to EUR 33,362,421 at June 30, 2010.

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 (*Institut National de la Statistique et des Études Économiques*) 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.

19.5. Minimum guaranteed rental income from current operating leases

At June 30, 2010, 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 (in thousands of euros):

Year/period	Minimum annual rental income
Second-half 2010	29,360
2011	34,716
2012	32,920
2013	32,999
2014	31,774
2015	18,509
2016	11,600
2017	8,213

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

19.6. Pledges of receivables and bank accounts

The Company has agreed to pledge bank accounts and potential receivables with insurance companies, for the benefit of Opera France One FCC, in accordance with the agreements signed with Eurohypo and Opera France One FCC on April 9, 2010.

20. Executive compensation

In accordance with a decision by the Board of Directors on May 12, 2010, the gross compensation of the Chairman of the Board is EUR 50,000 per annum before tax. The Chairman's gross compensation for the current period will not be calculated pro rata to the period between the date of this decision and December 31, 2010, and will be paid in full in January 2011.

In accordance with a decision by the Board of Directors on April 9, 2010, the amounts paid to members of management totaled EUR 101,336 for the six-month period ended June 30, 2010.

At the General Shareholders' Meeting of June 29, 2010, the shareholders set the maximum total annual attendance fees for all directors at EUR 120,000. No attendance fees had been paid in respect of first-half 2010.

21. Average headcount

The Company had three employees at June 30, 2010.

22. Statutory Auditors

The Statutory Auditors are:

Charles Leguide
21, rue Clément Marot
75008 Paris
First appointed at the Ordinary Shareholders' Meeting held in September 1999 and reappointed at the Ordinary and Extraordinary Shareholders' Meeting of December 31, 2005.

KPMG Audit
1 Cours Valmy
F-92923 Paris La Défense Cedex
First appointed at the Ordinary and Extraordinary Shareholders' Meeting of December 31, 2005.

The fees paid to the Statutory Auditors for the six-month period ended June 30, 2010 were as follows:

(in euros)

	June 30, 2010	Dec. 31, 2009	June 30, 2009
Statutory audit of the financial statements	168,721	313,148	200,148
Advisory services and services directly related to the statutory audit engagement	-	17,000	8,500
Total	**168,721**	**330,148**	**208,648**

23. Statement of sources and uses of funds

SOURCES	June 30, 2010	Dec. 31, 2009
Funds from operations	15,320,618	41,548,807
Available cash flow	**15,320,618**	**41,548,807**
Increase in shareholders' equity and current account balance	-	43,192
Decrease in fixed assets	5,841	
Increase in financial debt (bank borrowings)		22,491,840
Increase in other financial debt (security deposits received from lessees)	327,041	
Total sources of funds	**15,653,500**	**64,083,839**
USES		
Dividends paid	22,733,250	26,076,375
Increase in fixed assets	-	410,197
Decrease in financial debt (security deposits paid back to lessees)	-	209,193
Decrease in financial debt (bank borrowings)	3,500,000	
Total uses of funds	**26,233,250**	**26,695,765**
Net change in working capital	**(10,579,750)**	**37,388,074**

CHANGE IN OPERATING WORKING CAPITAL	June 30, 2010		June 30, 2010	Dec. 31, 2009
	Uses	Sources		
Change in operating assets				
Trade accounts receivable		791,948	791,948	(1,339,603)
Other receivables		137,498	137,498	(5,932,629)
Adjustment accounts and prepaid expenses	590,764		(590,764)	25,648
Change in operating liabilities			-	-
Trade accounts payable	422,714		(422,714)	(2,132,187)
Tax and social liabilities (excluding exit tax)		872,727	872,727	523,250
Amounts owed to fixed asset suppliers			-	-
Other liabilities	190,809		(190,809)	603,167
Adjustment accounts and prepaid revenue	1,261,513		(1,261,513)	(230,577)
Net change in operating working capital	**2,465,800**	**1,802,173**	**(663,627)**	**(8,482,931)**
CHANGE IN NON-OPERATING WORKING CAPITAL				
Change in other receivables				
Due to partners		22,733,250	22,733,250	
Change in other payables				
Tax and social liabilities (exit tax)	-		-	(22,491,840)
Net change in non-operating working capital	**-**	**22,733,250**	**22,733,250**	**(22,491,840)**
Increase or decrease in working capital	**2,465,800**	**24,535,423**	**22,069,623**	**(30,974,771)**
Change in cash on hand		11,489,873	11,489,873	6,413,303
Net change in cash and cash equivalents	**-**	**11,489,873**	**11,489,873**	**6,413,303**
Net change in working capital	**2,465,800**	**13,045,550**	**(10,579,750)**	**37,388,074**

4. INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2010 – IFRS

Balance sheet at June 30, 2010 – IFRS

(in thousands of euros)	Notes	June 30, 2010	Dec. 31, 2009	June 30, 2009
Non-current assets				
Investment property	5.1	835,500	827,500	848,300
Non-current loans and receivables	5.2	12,437	12,127	13,510
Total non-current assets		**847,937**	**839,627**	**861,810**
Current assets				
Accounts receivable	5.3	13,826	14,483	13,711
Other operating receivables	5.4	3,446	3,882	3,303
Prepaid expenses	5.18	2,795	2,204	3,036
Total receivables		**20,067**	**20,569**	**20,050**
Cash and cash equivalents	5.5	27,690	16,200	19,339
Total cash and cash equivalents		**27,690**	**16,200**	**19,339**
Total current assets		**47,757**	**36,769**	**39,389**
TOTAL ASSETS		**895,694**	**876,395**	**901,200**
Shareholders' equity				
Share capital		160,470	160,470	160,470
Legal reserve		16,047	16,047	16,047
Merger premium		34,222	35,292	35,292
Retained earnings		217,018	309,618	309,456
Net income (loss) for the period		22,971	(70,886)	(73,599)
Total shareholders' equity	5.11	**450,728**	**450,541**	**447,667**
Non-current liabilities				
Non-current borrowings	5.12	397,381	400,526	377,831
Other non-current financial debt	5.14	1,577	1,567	1,776
Corporate income tax liability (non-current portion)	5.15			
Total non-current liabilities		**398,958**	**402,093**	**379,608**
Current liabilities				
Other current financial debt		317		
Accounts payable		2,333	2,725	4,204
Corporate income tax liability (current portion)	5.15	0	0	22,187
Other operating liabilities	5.16	27,537	3,953	30,262
Prepaid revenue	5.18	15,821	17,083	17,274
Total current liabilities		**46,009**	**23,761**	**73,927**
Total liabilities		**444,967**	**425,853**	**453,535**
TOTAL EQUITY AND LIABILITIES		**895,694**	**876,395**	**901,200**

Statement of comprehensive income for the six-month period ended June 30, 2010 – IFRS

(in thousands of euros)	Notes	June 30, 2010	Dec. 31, 2009	June 30, 2009
		6 months ended	*12 months ended*	*6 months ended*
Rental income	**5.19**	27,431	57,039	28,986
Income from other services	**5.20**	4,663	10,135	4,993
Building-related costs	**5.21**	(7,058)	(13,533)	(7,239)
Net rental income		**25,036**	**53,640**	**26,740**
Sale of building			6,850	
Administrative costs	**5.22**	(1,581)	(2,760)	(1,448)
Other operating expenses		48	8	(73)
Other operating income				
Increase in fair value of investment property		15,000		
Decrease in fair value of investment property		(7,000)	(111,091)	(90,290)
Total changes in fair value of investment property	**5.1**	*8,000*	*(111,091)*	*(90,290)*
Net operating income (expense)		**31,503**	**(53,352)**	**(65,072)**
Financial income		24	94	83
Financial expenses		(8,557)	(17,793)	(8,692)
Net financial expense	**5.23**	**(8,533)**	**(17,699)**	**(8,609)**
Corporate income tax	**5.24**		**164**	**82**
NET INCOME (LOSS)		**22,971**	**(70,886)**	**(73,599)**
Other comprehensive income				
TOTAL COMPREHENSIVE INCOME (LOSS)		**22,971**	**(70,886)**	**(73,599)**
Basic and diluted earnings (loss) per share (in euros)	***5.25***	**1.72**	**(5.31)**	**(5.51)**

Statement of changes in equity for the six-month period ended June 30, 2010 – IFRS

(in thousands of euros)	Share capital	Additional paid in capital	Undistributed reserves and retained earnings	Total shareholders' equity
At December 31, 2008	**160,470**	**39,745**	**346,955**	**547,170**
Total comprehensive loss for the period			**(73,599)**	**(73,599)**
- Net loss for the period			*(73,599)*	*(73,599)*
- Other comprehensive income				
Capital transactions with owners		**(4,453)**	**(21,452)**	**(25,905)**
- Dividends paid		*(4,453)*	*(21,623)*	*(26,076)*
- Change in treasury shares held			*171*	*171*
At June 30, 2009	**160,470**	**35,292**	**251,905**	**447,667**
Total comprehensive income for the period			**2,713**	**2,713**
- Net income for the period			*2,713*	*2,713*
- Other comprehensive income				
Capital transactions with owners			**162**	**162**
- Dividends paid			*43*	*43*
- Change in treasury shares held			*119*	*119*
At December 31, 2009	**160,470**	**35,292**	**254,779**	**450,541**
Total comprehensive income for the period			**22,971**	**22,971**
- Net income for the period			*22,971*	*22,971*
- Other comprehensive income				
Capital transactions with owners		**(1,070)**	**(21,713)**	**(22,783)**
- Dividends paid		*(1,070)*	*(21,663)*	*(22,733)*
- Change in treasury shares held			*(50)*	*(50)*
At June 30, 2010	**160,470**	**34,222**	**256,036**	**450,728**

Statement of cash flows for the six-month period ended June 30, 2010 – IFRS

(in thousands of euros)	6 months ended juin 30, 2010	12 months ended déc. 31, 2009	6 months ended juin 30, 2009
OPERATING ACTIVITIES			
- Net income (loss) for the period	22,971	(70,886)	(73,599)
Elimination of income/expense items with no cash impact:			
Reversals of depreciation, amortization and provisions for impairment			
Additions to depreciation, amortization and provisions for impairment	(3)	(38)	
Deduction of merger expenses from merger premium			
Fair value adjustments to investment property	(8,000)	111,090	90,290
Change in provision for deferred taxation		(164)	(82)
Discounting of exit tax liability		835	448
Cash flows from operations before tax and changes in working capital requirements	**14,967**	**40,838**	**17,058**
Change in liabilities relating to owners	22,733		26,075
Change in exit tax liability		(22,492)	
Other changes in working capital requirements	(649)	(8,483)	(7,772)
Change in working capital requirements	**22,084**	**(30,975)**	**18,303**
Cash flows from operating activities	**37,051**	**9,863**	**35,361**
INVESTING ACTIVITIES			
Acquisition of fixed assets		(180)	(180)
Cash flows used in investing activities	**-**	**(180)**	**(180)**
FINANCING ACTIVITIES			
Increase in bank debt		22,492	
Decrease in bank debt	(3,500)		
Net increase in other non-current financial debt	327		1
Net decrease in other non-current financial debt		(209)	
Purchases and sales of treasury shares	(6)	(99)	70
Dividends paid	(22,733)	(26,033)	(26,075)
Elimination of income/expense items relating to financing activities with no cash impact:			
Adjustments for loans at amortized cost	353	581	376
Cash flows used in financing activities	**(25,559)**	**(3,269)**	**(25,628)**
Change in cash and cash equivalents	**11,492**	**6,414**	**9,552**
Cash and cash equivalents at beginning of period	16,200	9,787	9,787
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**27,690**	**16,200**	**19,339**

* There were no cash liabilities for any of the periods presented above.

Notes to the IFRS financial statements

1. Background and main assumptions used to prepare the IFRS financial statements for the six-month period ended June 30, 2010

1.1. Operational context

There were no changes in the Company's operating environment during the six-month period ended June 30, 2010.

The Company did not acquire or dispose of any real estate assets during this period.

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 prepared in accordance with French GAAP in accordance with current accounting regulations.

In parallel, the Company provides financial information prepared under International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

The Company's IFRS financial statements for the six-month period ended June 30, 2010 were prepared in accordance with international accounting standards (IAS/IFRS) applicable to accounting periods ended June 30, 2010, as adopted by the European Union (hereafter referred to as "IFRS").

Dividend payments are decided by the General Shareholders' Meeting on the basis of the Company's financial statements prepared in accordance with 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 six-month period ended June 30, 2010 includes comparative data in relation to:

- the IFRS financial statements for the year ended December 31, 2009;
- the IFRS financial statements for the six-month period ended June 30, 2009.

2. Accounting principles, rules and methods used to prepare the IFRS financial statements for the six-month period ended June 30, 2010

2.1. Presentation of the IFRS financial statements

The Company's financial statements for the six-month period ended June 30, 2010 have been prepared in accordance with international accounting standards (IAS/IFRS) and with the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) as adopted in the European Union by the International Accounting Standards Board (IASB) at June 30, 2010 and applicable at that date.

The standards and interpretations applied to prepare the IFRS financial statements for the six-month period ended June 30, 2010 are the same as those used to prepare the IFRS financial statements for the year ended December 31, 2009. The new published standards, amendments and interpretations effective for accounting periods ended June 30, 2010 but with no impact on the Company's financial statements are as follows:

- IFRIC 12 – Service Concession Arrangements
- IFRIC 15 – Agreements for the Construction of Real Estate
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 – Distributions of Non-cash Assets to Owners
- IFRIC 18 – Transfers of Assets from Customers

The Company has not applied the following new standards, interpretations or amendments to existing standards that are not yet effective or had not been adopted by the European Union at June 30, 2010:

- Amendments to IAS 32 – Classification of Rights Issues
- Annual Improvements to IFRSs:
    - IFRS 3 – Business Combinations
    - IFRS 7 – Financial Instruments: Disclosures, relating to enhancing disclosures provided in the financial statements
    - IAS 1 – Presentation of Financial Statements, relating to the statement of changes in equity
    - IAS 27 – Consolidated and Separate Financial Statements, relating to transitional provisions
    - IAS 34 – Interim Financial Reporting, relating to significant events and transactions
    - IFRIC 13 – Customer Loyalty Programmes, relating to the fair value of award credits

In accordance with IFRS 8, the Company has not identified different operating segments insofar as its assets solely comprise commercial real estate located in the Paris area. IFRS 8 states that operating segments may be grouped together if there is a similarity in terms of all of the following:
- the type of products and services sold;
- the nature of manufacturing processes used;
- the type or category of customer for which the products and services are intended;
- the methods used to distribute such products or provide such services; and
- where appropriate, the nature of the regulatory environment, for example, banking, insurance or public services.

Consequently, the Company did not have significant additional disclosure requirements as a result of applying IFRS 8 with effect from January 1, 2009.

The Company has not elected to early adopt any IFRS standards or IFRIC interpretations adopted by the European Union at June 30, 2010 but only effective in subsequent accounting periods.

2.2. 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 by an external real estate valuer at the end of each reporting period. The methodology used by the real estate valuer is described below (see Note 2.3).

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

2.3. Estimates of the fair value of investment property

- ***Estimates and assumptions***

The fair value of property is measured by an external real estate valuer in accordance with the benchmark treatment in IAS 40.

In accordance with the recommendations of the CESR (Committee of European Securities Regulators), the Company appointed the real estate valuation firm BNP Paribas Real Estate Valuation France in July 2009 to appraise three investment properties.

The fees paid by CeGeREAL to the real estate valuation firm represent less than 10% of its total net revenue.

When preparing the financial statements, management and the external real estate valuer are required to use certain 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 reported in future financial statements may differ from these estimates as a result of changes in assumptions or circumstances.

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 yield on the buildings. The resulting valuations are regularly compared to market data in terms of yield, transactions carried out by the Company and transactions published by the market. The values of investment property measured by the real estate valuers are the best estimates at June 30, 2010, based on recent market observations and valuation methods commonly used within the profession. These estimates are not intended to anticipate any market changes.

All of the Company's real estate assets were measured at market value at June 30, 2010 based on an update of the initial valuation made in September 2009 by BNP Paribas Real Estate Valuation France, an independent real estate valuer and member of the Royal Institute of Chartered Surveyors (RICS).

- ***Valuation methods***

These valuations comply with professional valuation standards applied in France (*Charte de l'expertise en évaluation immobilière*) and the report of the working group chaired by Georges Barthes de Ruyter on the valuation of the real estate assets of listed companies (Official Gazette of the former French financial markets regulator – *Bulletin COB* – February 2000). They also comply with TEGoVA (European valuation standards) and the rules set out in the Appraisal and Valuation Manual drawn up by the Royal Institution of Chartered Surveyors.

The valuer calculated the fair value of the real estate assets using several valuation methods, including revenue methods and the comparable method.

Revenue methods

These methods consist of capitalizing annual rental revenue. They can be implemented in different ways depending on the revenue base being considered (actual rent, market rent, net rental income) and the different rates of return. BNP Paribas Real Estate Valuation France calculated the fair value based on the return-on-investment method and the DCF method.

- Return-on-investment method

This method consists of capitalizing the annual revenue of an asset with a rate defined by the market.

- DCF method

This method consists of discounting the annual cash flows generated by the asset, including the assumed resale at the end of a defined ownership period. Cash flows are defined as the total amount of all of the asset's revenues, net of expenses not rebillable to lessees.

Comparable method (traditional approach)

This traditional valuation method consists of comparing the property concerned by the valuation with the most recent transactions involving properties of similar type and location, whether subject to registration duties or VAT.

Depending on the method used, the key considerations on which all property valuations are based are as follows:

-Location and local environment
-Accessibility and proximity to public transport
-Architectural style and construction quality (type, structure, façade, roofing, improvements, etc.)
-Age and state of repair
-Parking lots (number, type, capacity, and state of repair)
-Rent
-Rental value
-Remaining lease term
-Expenses payable by the lessor and the lessees
-Capacity of the lessees and lease signatories
-Rental demand, time-to-market
-Size of vacant premises
-Improvements and other work completed
-Competing bid(s)
-Local market trends

The market value used is the value estimated by the real estate valuer at June 30 and December 31 each year, as stated in the valuation report. A discount is applied to the gross value to take account of transfer duties and costs which are estimated at the rate of 6.20%.

2.4. Financial instruments – classification and measurement of non-derivative financial assets and liabilities

Financial assets and liabilities are recognized and measured in accordance with IAS 39.

- ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:
- those that the entity intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;
- those that the entity upon initial recognition designates as available for sale; or
- those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

- ***Accounts receivable***

Accounts receivable consist of accrued amounts receivable from lessees. They are initially recognized at fair value and subsequently 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 statement of comprehensive income.

Rent is usually billed in advance. As a result, accounts receivable consist of rent billed in respect of the following period. The timing difference between the billing date and the end of the reporting period is eliminated by recognizing rent billed for future periods under "Prepaid revenue".

- ***Non-derivative financial liabilities***

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

2.5. 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 additional paid-in capital.

2.6. 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 owned 18,258 treasury shares (representing less than 0.15% of its total issued shares) for a total amount of EUR 456k at June 30, 2010.

In the six-month period ended June 30, 2010, the Company did not purchase any treasury shares within the scope of the authorization granted by the General Shareholders' Meeting of June 29, 2010.

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

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

2.7. Election for tax treatment as an SIIC

In accordance with Article 208 C of the French Tax Code (*Code général des impôts*) applicable to listed real estate investment companies (*Sociétés d'Investissement Immobilières Côtées* - 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 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%[2] 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. With the payment of the last installment on December 15, 2009, the Company has now paid all of the exit tax due, totaling EUR 89,967,360.

b) SIICs that have opted for 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 fiscal year following the year in which they were generated;

-dividends received from subsidiaries having opted for preferential tax treatment and resulting from exempt income or from capital gains provided that they are redistributed in full during the fiscal year following the year 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 be subject to corporate income tax at the standard rate on the revaluation gains determined upon election for the SIIC regime, less exit tax already paid at the reduced 16.5% rate.

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 acting in concert within the meaning of Article L.233-10 of the French Commercial Code (*Code de commerce*).

In accordance with the French Finance Act for 2009, the Company had until December 31, 2009 to comply with the 60% threshold. If the Company had not met this condition at January 1, 2010, the preferential tax treatment it enjoys as an SIIC would have been temporarily suspended. In addition, if the Company had not complied with this condition by December 31, 2010, it would have been deemed to have definitively lost SIIC status with retroactive effect from January 1, 2010, leading to serious financial consequences.

On December 7, 2009, CRI, CeGeREAL's majority shareholder which held 67% of its capital, sold a block of shares representing 7% of the Company's capital and voting rights to a private foreign investor as well as 30,000 shares to other shareholders.

These sales reduced Commerz Real's holding in the Company to less than the 60% threshold (59.86% at June 30, 2010) thereby bringing CeGeREAL into compliance with the Amending French Finance Act for 2006. As a result, CeGeREAL maintains its SIIC status.

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 the beneficiary is a company that has an obligation to distribute all dividends it receives.

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

<u>Dividend distributions to Commerz Real</u>

As Commerz Real 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 Commerz Real 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 tax authorities considered that:

[2] The exit tax rate was set at 19% with effect from January 1, 2009 (Article 25 of the French Finance Act for 2009 dated December 27, 2008). This change in the tax rate has not had any impact on the amount of exit tax payable by CeGeREAL pursuant to its election for SIIC status.

(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 an entity holding over 10% of the voting rights of the SIIC and the entity 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 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 shareholders' dividend is not subject to corporate income tax or another equivalent tax.

Considering CeGeREAL's ownership structure at June 30, 2010, the 20% withholding tax was not levied on any of the dividends it distributed.

e)Dividend distributions to Commerz Real which derive from SIIC income are subject to withholding tax. The rate of withholding tax varies depending on the tax residence of the unit holders (15% for unit holders residing in Germany and 25% for all other unit holders).

However, dividend distributions to Commerz Real which do not derive from the Company's status as an SIIC are not subject to withholding tax.

Dividend distributions to other shareholders may be subject to withholding tax depending on their tax residence.

2.8.Business tax reform

The French Finance Act for 2010, adopted on December 30, 2009, abolished the existing business tax (*taxe professionnelle*) for French tax entities as from 2010, replacing it with a local economic contribution (*Contribution Economique Territoriale* – CET) consisting of:
-a component assessed on the rental value of properties previously liable for *taxe professionnelle* (*Cotisation Foncière des Entreprises* – CFE);
-a component based on the value added generated by the Company (*Cotisation sur la Valeur Ajoutée des Entreprises* – CVAE).

The Company accounts for the CET within operating expenses. As was the case with the *taxe professionnelle,* the basis for the calculation of the CET continues to include elements that do not meet the definition of taxable income within the meaning of IAS 12 (e.g., the rental value of real estate assets).

2.9.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. The long-term portion (due more than 12 months after the end of the reporting period) is classified in non-current borrowings, while the short-term portion (due in less than 12 months) is classified in current borrowings.

2.10.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 period up to the date on 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, rent-free periods, lease premiums paid to lessees and other benefits granted to lessees (improvements to premises, relocation costs) are recognized over the firm term of the lease.

Termination indemnities are recognized in "Income from other services" in operating income.

2.11. Rental expenses and rebilling of expenses to lessees

Rental expenses incurred by the lessor on behalf of lessees and expenses chargeable to the lessees under the terms of the lease are recorded in the statement of comprehensive income under “Other purchases and external charges” or “Taxes, duties and other levies”.

Rental expenses and expenses chargeable to lessees under the terms of the lease that are rebilled to lessees are recorded in the statement of comprehensive income under “Income from other services”.

The portion of rental expenses concerning vacant premises is recorded directly in the statement of comprehensive income. Given the low vacancy rate in the three buildings, the amount in question, i.e., EUR 491 million, is not material.

2.12. Discounting of deferred payments

Long-term payables and receivables are discounted when they have a material impact.

- The debt corresponding to tax payable over four years in order to qualify for SIIC status is discounted.
- Security deposits received from lessees are not discounted as the impact of discounting is not material.
- Provisions for material liabilities, as defined in IAS 37, are discounted over the estimated duration of the disputes they cover.

2.13. Earnings per share

Earnings per share is a key indicator used by the Group, and is calculated by dividing net attributable income by the average weighted number of shares outstanding during the period. As the Company has no dilutive instruments, basic and diluted earnings per share are the same.

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.

The estimates that could lead to a significant adjustment on the fair value of assets and liabilities during the period mainly concern the determination of the fair value of Company’s real estate assets which is measured on the basis of valuations carried out by an external real estate valuer using the methodology described in Note 2.3.

The instability of financial markets has led to a significant decrease in the number of representative transactions. The transactions in the crisis context may not reflect the estimates of external real estate valuers.

As these valuations are only estimates, there may be a significant difference between the amount obtained upon the sale of some real estate assets and their estimated value, even when they are sold in the months following the end of the reporting period.

In this context, valuations of the Company’s real estate assets by an external real estate valuer, could vary significantly according to changes in the yield, based on observation of the real estate market.

			Changes in market capitalization rate								
Site	Market rental value	Market capitalization rate	0.5%	0.375%	0.250%	0.125%	0.000%	-0.125%	-0.250%	-0.375%	-0.5%
Tour Europlaza	24.3	6.18%	342.3	348.8	355.6	362.7	370.0	377.6	385.6	393.9	402.6
Rives de Bercy	10.8	6.27%	149.6	152.4	155.3	158.3	161.5	164.8	168.2	171.8	175.5
Arcs de Seine	20.9	6.47%	282.2	287.3	292.7	298.2	304.0	310.0	316.2	322.7	329.5
Total	55.9	6.30%	774.1	788.6	803.6	819.2	835.5	852.4	870.0	888.4	907.5
		Impact on portfolio value	-7.35%	-5.62%	-3.82%	-1.95%	0.00%	2.02%	4.13%	6.33%	8.62%

Source: BNP Paribas Real Estate Valuation

These data are linked to the market and could therefore change significantly in the current climate. This could have a significant positive or negative impact on the fair value of the Company's real estate assets.

4. Management of financial risks

4.1. Risk related to the valuation of 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 large 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 (above 30,000 m²) 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.

The current crisis has given rise to sharp volatility in real estate prices and values. Consequently, the price obtained if the assets are disposed of in the short term may not be in line with the valuation.

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 of supply to 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.

The Company is currently dependent on a small number of lessees, three of which account for approximately 69% of all rental income generated over the six-month period to June 30, 2010, and more than 10% of total rental income on an individual basis. Although the Company's real estate assets could be – and are – leased to many different lessees, financial difficulties experienced by one of these 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 the ability to unwind market positions.

The Company currently receives financing from a single bank.

Notes 5.12 and 5.26 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 eurozone, it is not exposed to any foreign exchange risk.

4.7. Interest rate risk

At June 30, 2010, the Company's financing consisted of:

- a fixed-rate loan for EUR 376,400k maturing in March 2013. Pursuant to the loan agreement, the Company is not exposed to any future increases in interest rates.

- a variable-rate (3-month Euribor) loan for EUR 22,491k maturing in March 2013. In the event that 3-month Euribor exceeds 4%, the Company has undertaken to enter into a hedging agreement.

5. Notes to the balance sheet at June 30, 2010 and statement of comprehensive income for the six-month period then ended – IFRS

5.1. Investment property

- ***Carrying amount of 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
At Dec. 31, 2008	**163,450**	**425,290**	**349,670**	**938,410**
Subsequent expenditure		180		180
Disposals				-
Change in fair value	(7,930)	(43,430)	(38,930)	(90,290)
At June 30, 2009	**155,520**	**382,040**	**310,740**	**848,300**
Subsequent expenditure				-
Disposals				
Change in fair value	480	(21,540)	260	(20,800)
At Dec. 31, 2009	**156,000**	**360,500**	**311,000**	**827,500**
Subsequent expenditure				-
Disposals				
Change in fair value	5,500	9,500	(7,000)	8,000
At June 30, 2010	**161,500**	**370,000**	**304,000**	**835,500**

Information regarding the nature and amount of limitations on the disposal of investment property and the recovery of revenue and income generated on the disposal of investment property is presented in Note 5.26.

At June 30, 2010 there were no contractual obligations regarding the purchase, construction, development, repair, upkeep or improvement of investment property.

- ***Main fair value assumptions***

The real estate valuer estimated the fair value of the buildings at June 30, 2010 (as presented in the table below) using the hardcore capitalization method and the following assumptions:

Building	Estimated value at June 30, 2010 (net of taxes)		Yield	Gross leasable area at June 30, 2010		Annual rent (net of taxes)	
	(in millions of euros)	(%)	(%)	(sq.m)	(%)	(in thousands of euros)	(%)
Europlaza (1999*)	370	44%	6.6%	49,321	38%	22,886	37%
Arcs de Seine (2000*)	304	36%	6.5%	47,182	37%	26,918	44%
Rives de Bercy (2003*)	162	19%	6.8%	31,942	25%	11,677	19%
Total	**836**	**100%**		**128,445**	**100%**	**61,481**	**100%**

* year of construction or renovation

5.2.Loans and receivables

This item can be broken down as follows:

(in thousands of euros)	June 30, 2010	Dec. 31, 2009	June 30, 2009
Rent-free periods (non-current portion)	12,437	12,127	13,510
Non-current loans and receivables	**12,437**	**12,127**	**13,510**

"Rent-free periods" offsets the amounts recorded in the statement of comprehensive income 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)	June 30, 2010	Dec. 31, 2009	June 30, 2009
Accounts receivable	13,845	14,505	13,732
Provision for impairment of accounts receivable	(19)	(22)	(22)
Accounts receivable	**13,826**	**14,483**	**13,711**

5.4.Other operating receivables

This item can be broken down as follows:

(in thousands of euros)	June 30, 2010	Dec. 31, 2009	June 30, 2009
Rental expenses	896	640	473
Rent-free periods (current portion)	2,000	2,460	2,177
Input VAT	146	296	440
Supplier accounts in debit and other receivables	(2)	25	40
Liquidity account/treasury shares	406	461	174
Other operating receivables	**3,446**	**3,882**	**3,303**

“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" comprises either bank account balances or risk-free bank deposits that may be considered as cash equivalents.

This line is made up of checking account balances amounting to EUR 25,689k, one-month time deposits of EUR 2,000k and accrued interest receivables amounting to EUR 577. The interest rate on time deposits in effect at June 30, 2010 was approximately 0.39%.

5.6.Ageing analysis of receivables

The ageing analysis of receivables at June 30, 2010 is as follows:

(in thousands of euros)	Receivables (net of impairment) At June 30, 2010	Receivables not past due (net of impairment)	Receivables past due (net of impairment)	Receivables less than 6 months past due	Receivables more than 6 months and less than 1 year past due	Receivables more than 1 year past due
Non-current receivables						
Non-current loans and receivables	12,437	12,437	-	-	-	-
Total non-current receivables	**12,437**	**12,437**	**-**	**-**	**-**	**-**
Current receivables						
Accounts receivable	13,826	13,822	4	-	-	4
Other operating receivables	3,446	3,446		-	-	-
Prepaid expenses	2,795	2,795	-	-	-	-
Total current receivables	**20,067**	**20,063**	**4**	**-**	**-**	**4**
Total receivables	**32,504**	**32,500**	**4**	**-**	**-**	**4**

The ageing analysis of receivables at December 31, 2009 is as follows:

(in thousands of euros)	Receivables (net of impairment) At December 31, 2009	Receivables not past due (net of impairment)	Receivables past due (net of impairment)	Receivables less than 6 months past due	Receivables more than 6 months but less than 1 year past due	Receivables more than 1 year past due
Non-current receivables						
Non-current loans and receivables	12,127	12,127				
Total non-current receivables	**12,127**	**12,127**	**-**	**-**	**-**	**-**
Current receivables						
Accounts receivable	14,483	14,412	71	67	-	4
Other operating receivables	3,882	3,882	-	-	-	-
Prepaid expenses	2,204	2,204	-	-	-	-
Total current receivables	**20,569**	**20,497**	**71**	**67**	**-**	**4**
Total receivables	**32,696**	**32,624**	**71**	**67**	**-**	**4**

5.7. Carrying amount of financial assets pledged as collateral for liabilities

The carrying amount of financial assets pledged as collateral for liabilities is set out in Note 5.26 to the IFRS financial statements and corresponds to accounts receivable and cash and cash equivalents.

5.8. Fair value of financial assets

The fair value of financial assets approximates their carrying amount.

5.9. Financial assets and liabilities

The table below presents a summary of financial assets and liabilities:

(in thousands of euros) Summary of financial assets and liabilities	June 30, 2010	Dec. 31, 2009	June 30, 2009
Financial assets at fair value through profit or loss			
Held-to-maturity investments			
Loans and receivables			
Non-current loans and receivables	12,437	12,127	13,510
Current receivables	17,272	18,365	17,014
Available-for-sale financial assets			
Cash and cash equivalents	27,690	16,200	19,339
Total financial assets	**57,399**	**46,692**	**49,863**
Financial liabilities at fair value through profit or loss			
Financial liabilities measured at amortized cost			
Non-current liabilities	398,958	402,095	379,608
Current liabilities	30,188	6,679	56,653
Total financial liabilities	**429,146**	**408,774**	**436,261**

5.10. Changes in impairment of financial assets

Changes in impairment of financial assets can be analyzed as follows:

(in thousands of euros) Caption	Carrying amount at Dec. 31, 2009	Additions	Reversals	Carrying amount at June 30, 2010
Impairment				
On accounts receivable	22	0	(3)	19
Total impairment	**22**	**-**	**(3)**	**19**

5.11. Shareholders' equity

At June 30, 2010, shareholders' equity was equal to the Company's statutory equity plus adjustments to net income or loss recorded in the IFRS financial statements, less the value of treasury shares held by the Company.

Reserves and retained earnings may not be distributed in full. The distributable amount is EUR 36,697k.

At June 30, 2010, the Company's share capital consisted of 13,372,500 shares with a par value of EUR 12 each. The authorized and issued share capital has been fully paid up.

The General Shareholders' Meeting of June 29, 2010:

(i) granted the Board an 18-month authorization, in compliance with Articles L.225-209 *et seq.* of the French Commercial Code, to repurchase on one or several occasions and at the times it deems fit, shares of the Company representing up to 10% of the share capital – adjusted if necessary to take into account any capital increases or reductions that may take place during the buy-back program. This authorization cancels and replaces the authorization granted to the Board of Directors at the May 29, 2009 Shareholders' Meeting. The buy-backs may be carried out with the following aims:
• to stabilize the secondary market or ensure the liquidity of the CeGeREAL share. This may be achieved by entering into a liquidity agreement with an investment services provider compliant with the AMAFI ethics charter endorsed by the AMF;
• to keep the shares purchased and subsequently tender them in exchange or as consideration for an acquisition. In accordance with Article 225-209 (6), the shares acquired for this purpose may not exceed 5% of the Company's share capital;
• to have shares available for stock purchase option plans and other share awards to the Group's employees and/or corporate officers under the conditions and pursuant to the procedure provided for by law, particularly in connection with profit-sharing schemes, company savings plans, or free share grants;
• to have shares available in exchange for securities granting entitlement to the shares in the Company pursuant to current regulations;
• to cancel, where applicable, any repurchased shares under the conditions specified in (ii).

(ii) authorized the Board of Directors to cancel, on one or several occasions over a period of 24 months and based on its sole decision, any shares that the Company holds or may hold following the buy-backs made under Article L.225-209 of the French Commercial Code, within the limit of 10% of the share capital calculated as of the date of the Board's decision, after deduction of any shares cancelled during the previous 24 months; and to reduce the share capital accordingly pursuant to the legal and regulatory provisions in force.

(iii) authorized the Board, in connection with its issue of securities pursuant to the eleventh resolution of the Extraordinary General Meeting of May 29, 2009 (public tender offer, private placement), to set the share price within the limit of 10% of the share capital per annum as follows: the price shall be equal to the average trading price weighted by trading volumes over the last five trading sessions preceding the date on which the issue price is set, less a discount of up to 30%.

5.12. Non-current borrowings

The Company took out a bank loan on March 2, 2006. At June 30, 2010, bank borrowings, measured at the amortized cost of the consideration received less directly attributable transaction costs, amounted to EUR 397,381k.

The loan is broken down into several tranches:

Purpose	Principal (in thousands of euros)	Maturity	Interest rate basis	Interest rate
Tranche A	196,400	03/02/2013	Fixed with variable-rate option	4.15%
Tranche B	180,000	03/02/2013	Fixed with variable-rate option	4.15%
Financing of exit tax liability	22,492	03/02/2013	Variable rate	Euribor 3-month +0.6%
Total	**398,892**			

The third tranche, relating to the financing of exit tax liability, was initially set at EUR 45m and reduced to EUR 22,491,840 in line with the last exit tax installment due on December 15, 2009. At December 31, 2009, this tranche had been drawn down.

On initial recognition in 2006, bank borrowings were measured at the fair value of the consideration received, less directly attributable transaction costs. On the basis of the amortized cost method, the effective interest rate of the loan (Tranches A and B) was 4.29%.

The average weighted cost of the loan for the year ended June 30, 2010 was 3.99%.

The first two tranches of the loan and the tranche relating to the financing of the exit tax liability mature on March 2, 2013. The annual gross interest expense will amount to around EUR 15.9m for 2009 to 2012.

Correlatively with the transfer of the easement in December 2009, the Company repaid EUR 3.5m of its debt on February 15, 2010.

Guarantees granted on the loans are recorded as off-balance sheet commitments (see Note 5.26).

The repayment schedule is subject to compliance with covenants or contractual clauses set out in Note 5.26. Based on calculations of the interest coverage ratio (ICR) and loan-to-value ratio (LTV) at June 30, 2010, this repayment schedule remains unchanged. The ratios are described in Note 5.26.

5.13. Fair value of financial liabilities

The fair value of CeGeREAL's fixed-rate bank loan can be analyzed as follows:

(in thousands of euros)	juin 30, 2010		déc. 31, 2009		juin 30, 2009	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Bank loan – first tranche (A)	196,400	206,171	199,900	206,621	199,900	206,902
Bank loan – second tranche (B)	180,000	188,955	180,000	186,052	180,000	186,305
Bank loan – third tranche (C)	22,491	22,491	22,491	22,491		
Total	**398,891**	**417,617**	**402,391**	**415,164**	**379,900**	**393,207**

At June 30, 2010, there was no difference between the carrying amounts and fair values of other financial instruments.

5.14. Other non-current financial debt

Other non-current financial debt mainly consists of security deposits paid by lessees, which are recorded as non-current debt based on the assumption that lessees will seek to renew their leases if they expire within the next 12 months.

5.15. Corporate income tax liability

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

The corporate income tax liability can be analyzed as follows:

(in thousands of euros)	June 30, 2010	Dec. 31, 2009	June 30, 2009
Gross exit tax liability			22,492
Impact of discounting			(387)
Exit tax liability after discounting			*22,105*
Deferred tax liabilities			82
Corporate income tax liability		**-**	**22,187**
<u>Breakdown of liability after discounting</u>			
Current portion			22,187
Non-current portion			

The exit tax liability is discounted using the average yield on long- and medium-term government bonds at June 30, 2009. The last exit tax installment was paid on December 15, 2009.

The Company formally elected for preferential tax treatment as an 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 was booked corresponding to the balance of the exit tax.

Deferred tax liabilities arising on the restatement of transaction costs directly attributable to the bank loan are included in the amount of the exit tax. The impact of including these deferred tax liabilities within exit tax was EUR 164k at December 31, 2009 and EUR 82k at June 30, 2009.

5.16.Other operating liabilities

Building-related costs can be broken down as follows:

(in thousands of euros)	June 30, 2010	Dec. 31, 2009	June 30, 2009
Personnel	25	19	33
Accrued VAT, other taxes and social security charges	3,982	3,113	3,555
Accrued rental expenses rebilled to lessees	756	659	557
Rent paid in advance by lessees		121	
Shareholders	22,774	41	26,117
Other operating liabilities	**27,537**	**3,953**	**30,262**
Amounts due to fixed asset suppliers			
Amounts due to fixed asset suppliers	**-**	**-**	**-**
Other liabilities	**27,537**	**3,953**	**30,262**

* At June 30, 2010, the liabilities related to shareholders include the dividend to be paid on July 21 for EUR 1.70 per share.

5.17.Maturity schedule for liabilities with undiscounted contractual values

The maturity schedule for liabilities with undiscounted contractual values is as follows:

(in thousands of euros)	IFRS carrying amount at June 30, 2010	Undiscounted contractual value	Undiscounted contractual value		Due after 5 years
			Due in 1 year or less	Due in more than 1 year but less than 5 years	
Non-current liabilities					
Non-current borrowings	397,381	398,892		398,892	
Other non-current financial debt	1,577	1,577			1,577
Non-current corporate income tax liability					
Total non-current liabilities	**398,958**	**400,469**	**-**	**398,892**	**1,577**
Current liabilities					
Other current financial debt	317	317	317		
Accounts payable	2,333	2,333	2,333		
Corporate income tax liability					
Other operating liabilities	27,537	27,537	27,537		
Total current liabilities	**30,187**	**30,187**	**30,187**	**-**	**-**

5.18.Prepaid expenses and revenue

Prepaid expenses consist mainly of interest paid on the bank loan for the second half of 2010. Prepaid revenue consists of rents billed in advance for the following quarter.

5.19.Rental income

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

(in thousands of euros)	6 months ended June 30, 2010	12 months ended Dec. 31, 2009	6 months ended June 30, 2009
Europlaza	10,218	20,525	10,239
Arcs de Seine	12,038	26,382	13,152
Rives de Bercy	5,175	10,132	5,595
Rental income	**27,431**	**57,039**	**28,986**

5.20.Income from other services

Income from other services can be analyzed as follows:

Breakdown of income from other services			
(in thousands of euros)	**6 months ended June 30, 2010**	**12 months ended Dec. 31, 2009**	**6 months ended June 30, 2009**
Rental expenses rebilled to lessees	2,653	5,606	2,997
Insurance costs rebilled to lessees	159	195	
Real estate taxes rebilled to lessees	1,826	3,347	1,667
Other amounts rebilled to lessees and miscellaneous income	25	386	329
Termination indemnities		122	
Other		479	
Income from other services	**4,663**	**10,135**	**4,993**

5.21. Building-related costs

Building-related costs can be broken down as follows:

(in thousands of euros)	6 months ended June 30, 2010	12 months ended Dec. 31, 2009	6 months ended June 30, 2009
Rental expenses rebilled to lessees	2,576	5,362	2,742
Insurance	159	195	105
Taxes	1,847	3,713	1,821
Fees	1,570	3,192	1,619
Maintenance costs	348	158	444
Expenses on vacant premises	491	833	508
Other expenses	67	82	
Building-related costs	**7,058**	**13,534**	**7,239**

Fees mainly comprise asset management fees, which amounted to EUR 1,453k for the six-month period ended June 30, 2010 and EUR 2,896k for the year ended December 31, 2009.

Expenses on vacant premises in the six-month period ended June 30, 2010 relate to the Europlaza and Arcs de Seine buildings.

Rental expenses amounted to EUR 5,073k of which EUR 4,527k were rebilled.

5.22. Administrative costs

Administrative costs mainly comprise professional fees and also include payroll expenses for EUR 267k.

5.23. Net financial expense

Financial income and expenses can be broken down as follows:

(in thousands of euros)	6 months ended June 30, 2010	12 months ended Dec. 31, 2009	6 months ended June 30, 2009
Financial income	24	94	83
Financial expenses *(a)*	(8,557)	(16,958)	(7,868)
Unwinding of the discounting on the pre-exit tax provision			(376)
Discounting of exit tax provision		(835)	(448)
Net financial expense	**(8,533)**	**(17,699)**	**(8,609)**
(a) Breakdown of financial expenses			
Interest on bank borrowings	*(8,361)*	*(16,476)*	*(7,821)*
Commissions on bank borrowings	*(197)*	*(482)*	*(46)*
Total financial expenses	**(8,557)**	**(16,958)**	**(7,868)**

5.24. Corporate income tax

Corporate income tax can be broken down as follows:

(in thousands of euros)	6 months ended June 30, 2010	12 months ended Dec. 31, 2009	6 months ended June 30, 2009
Corporate income tax			
Total current tax expense	**-**	**-**	**-**
Deferred taxation income		(164)	(82)
Corporate income tax	**-**	**(164)**	**(82)**

5.25. Earnings per share

Earnings per share is calculated by dividing net income attributable to shareholders of the Company by the number of ordinary shares net of treasury shares at June 30, 2010 (13,354,242 shares), and is presented at the bottom of the statement of comprehensive income.

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

Earnings per share excluding the impact of changes in the fair value of investment property and net of treasury shares amount to EUR 1.72 for the year ended December 31, 2010 versus EUR 3.01 for the year ended December 31, 2009.

5.26. Off-balance sheet commitments and security provided

The Company had not entered into any complex commitments at the end of the reporting period.

Commitments given

(i) 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 (*Code des assurances*) 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 use each tranche of the loan only for its stated purpose;
- to pledge its assets as collateral only to the lender, unless otherwise agreed with the latter;
- 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 net of taxes) remains below 70%;
- not to significantly amend the terms and conditions of leases generating over 5% of projected net rental income without the prior consent of the lender, except in certain specific cases;
- not to incur any debt other than bank loans, intra-group loans, loans or credit terms granted by a supplier of goods or services in the ordinary course of business and under arm's length conditions; not to provide any off-balance sheet commitments and securities;
- to incur capital expenditure only in relation to its real estate assets. Such expenditure must be financed using equity and/or surplus cash, after payment of VAT, exit tax, operating expenses related to the real estate assets and the operation of the Company as well as all amounts payable under the loan agreement ("surplus cash");
- in the event of default (as defined below), 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 no longer benefits from the SIIC regime: (i) to pay dividends or repay intra-group loans only out of surplus cash and (ii) in the event of default, not to pay dividends or repay intra-group loans.

(iii) The Company does not possess any derivative financial instruments. However, in accordance with Article 16.19 of the loan agreement, it has agreed to take out a hedge on the date Tranche C of the loan is made available if 3-month Euribor stands at 4% or more per annum.

(iv) The Company has agreed to pledge bank accounts and potential receivables with insurance companies, for the benefit of Opera France One FCC, in accordance with the agreements signed with Eurohypo and Opera France One FCC on April 9, 2010.

Commitments received

(i) Security deposits received from lessees amounted to EUR 33,362k at June 30, 2010.

(ii) On July 31, 2006, in addition to the third tranche of the bank loan (see Note 5.12), the Company entered into a soft underwriting loan and remediation facility agreement, whose exclusive purpose was to finance payment of the exit tax in an amount of EUR 45m. This loan facility may no longer be used at June 30, 2010, as the first three installments of exit tax have already been paid.

(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 (*Institut National de la Statistique et des Etudes Economiques*) 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 June 30, 2010, 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 (in thousands of euros):

(in thousands of euros)	Minimum annual rental income
Second-half 2010	29,360
2011	34,716
2012	32,920
2013	32,999
2014	31,774
2015	18,509
2016	11,600
2017	8,213

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

5.27. Transactions with related parties

- ***Transactions with related companies***

As indicated in Note 1.1, the *hausinvest europa* property fund, CeGeREAL's majority shareholder, is managed by the Commerz Real group. Consequently, the following dealings with Commerz Real have been identified as related-party transactions:

(in thousands of euros)	6 months ended June 30, 2010	12 months ended Dec. 31, 2009	6 months ended June 30, 2009
Impact on operating income			
Building-related costs: Asset management fees	1,453	2,896	1,552
Impact on net financial expense			
Interest expense and related charges			
Total statement of comprehensive income impact	**1,453**	**2,896**	**1,552**
Impact on balance sheet liabilities			
Dividends	13,589		17,471
Non-current borrowings			
Accounts payable	730	566	742
Other operating liabilities	41	41	41
Total balance sheet impact	**14,360**	**607**	**18,254**

- ***Transactions with key management personnel***

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

In accordance with a decision by the Board of Directors on May 12, 2010, the gross compensation of the Chairman of the Board is EUR 50,000 per annum before tax. The Chairman's gross compensation for the current period will not be calculated pro rata to the period between the date of this decision and December 31, 2010, and will be paid in full in January 2011.

In accordance with a decision by the Board of Directors on April 9, 2010, the amounts paid to members of management totaled EUR 101,336 for the six-month period ended June 30, 2010.

(ii) Compensation of key management personnel

Categories of employee benefits	6 months ended June 30, 2010	12 months ended Dec. 31, 2009	6 months ended June 30, 2009
Short-term employee benefits	191	221	122
Post-employment benefits			
Other long-term employment benefits			
Termination benefits			150
Share-based payments			
Total	**191**	**221**	**272**

(iii) Attendance fees

At the General Shareholders' Meeting of June 29, 2010, the shareholders set the maximum total annual attendance fees for all directors at EUR 120,000. An expense of EUR 37,500 was recognized in respect of attendance fees for the six-month period ended June 30, 2010.

(iv) Loans and securities granted to Company executives

None

(v) Transactions entered into with Company executives

None

(vi) Entities having key management personnel in common with the Company

The Company has key management personnel in common with Commerz Real (formerly CGI), namely certain directors and the Managing Director.

5.28. Personnel

The Company had three employees at June 30, 2010.

5.29. Statutory Auditors

The Statutory Auditors are:

Charles Leguide
21, rue Clément Marot
75008 Paris
First appointed at the Ordinary Shareholders' Meeting held in September 1999 and reappointed at the Ordinary and Extraordinary Shareholders' Meeting of December 31, 2005.

KPMG Audit
1 Cours Valmy
F-92923 Paris La Défense Cedex
First appointed at the Ordinary and Extraordinary Shareholders' Meeting of December 31, 2005.

The fees paid to the Statutory Auditors for the six-month periods ended June 30, 2010 and June 30, 2009, and the year ended December 31, 2009, were as follows:

	6 months ended June 30, 2010	12 months ended Dec. 31, 2009	6 months ended June 30, 2009
Statutory audit of the financial statements	169	313	200
Advisory services and services directly related to the statutory audit engagement		17	9
Total	**169**	**330**	**209**

5. STATUTORY AUDITORS' REPORTS

This is a free translation into English of the statutory auditor's report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditor's report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditor's assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

KPMG Audit
1, cours Valmy
92923 Paris La Défense Cedex
France

Charles Leguide
21, rue Clément Marot
75008 Paris
France

CeGeREAL S.A.

Statutory Auditors' review report

on the 2010 interim financial information

For the six-month period ended June 30, 2010
CeGeREAL S.A.
21-25, rue Balzac - 75008 Paris
This report consists of 3 pages
Reference: xxx-xxx

KPMG Audit
1, cours Valmy
92923 Paris La Défense Cedex
France

Charles Leguide
21, rue Clément Marot
75008 Paris
France

CeGeREAL S.A.

Registered office: 21-25, rue Balzac
75008 Paris
Share capital: EUR 160,470,000

Statutory Auditors' review report on the 2010 interim financial information

For the six-month period ended June 30, 2010

To the Shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, and in accordance with the requirements of Article L.45 1-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying interim financial statements of CeGeREAL S.A., for the six-month period ended June 30, 2010;

- the verification of the information contained in the interim management report.

These interim financial statements are the responsibility of the Board of Directors. As was the case at December 31, 2009, they were prepared against a backdrop of a lack of liquidity in the real estate market and significant difficulty in assessing the economic outlook. Our role is to express a conclusion on these financial statements based on our review.

I – Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view of the assets and liabilities and of the financial position of the Company at June 30, 2010 and of the results of its operations for the six-month period then ended, in accordance with French accounting principles.

II – Specific verification

We have also verified the information given in the interim management report on the interim financial statements subject to our review. We have no matter to report as to its fair presentation and consistency with the interim financial statements.

Paris La Défense, Month XX, 20XX

KPMG Audit
A department of KPMG S.A.

Régis Chemouny
Partner

Paris, Month XX, 20XX

Charles Leguide

KPMG Audit
1, cours Valmy
92923 Paris La Défense Cedex
France

Charles Leguide

21, rue Clément Marot
75008 Paris
France

CeGeREAL S.A.

Statutory Auditors' review report on the IFRS interim financial statements

For the six-month period ended June 30, 2010
CeGeREAL S.A.
21-25, Rue Balzac
75008 Paris
This report consists of 3 pages
Reference: xxx-xxx

KPMG Audit
1, cours Valmy
92923 Paris La Défense Cedex
France

Charles Leguide
21, rue Clément Marot
75008 Paris
France

CeGeREAL S.A.

Registered office: 21-25, Rue Balzac
75008 Paris
Share capital: EUR 160,470,000

Statutory Auditors' review report on the IFRS interim financial statements

For the six-month period ended June 30, 2010

To the Shareholders,

In our capacity as Statutory Auditors of CeGeREAL S.A., and in compliance with the assignment entrusted to us, we hereby report to you, for the six-month period ended June 30, 2010, on the review of the accompanying interim financial statements of CeGeREAL S.A. prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

These IFRS interim financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view of the assets and liabilities and of the financial position of the Company at June 30, 2010 and of the results of its operations for the six-month period then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Paris La Défense, Month XX, 20XX

KPMG Audit
A department of KPMG S.A.

Régis Chemouny
Partner

Paris, Month XX, 20XX

Charles Leguide