A French *société anonyme* (joint stock corporation) with capital of EUR 160,470k
Registered office: 21-25 rue Balzac, 75008 Paris
422 800 029 RCS Paris
SIRET No. 422 800 029 00023

Interim financial report
Six-month period ended June 30, 2011

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

Interim financial report for the six-month period ended June 30, 2011 prepared in accordance with the provisions of Article L.451-1-2 III of the French Monetary and Financial Code and Articles 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. ATTESTATION BY THE PERSONS RESPONSIBLE FOR THE 2011 INTERIM FINANCIAL REPORT

"We certify that to our knowledge, the full financial statements for the six-month period ended June 30, 2011 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the Company's assets, financial position and results, 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 principal related-party transactions, as well as a description of the main risks and uncertainties for the remaining six months of the year."

Paris, July 22, 2011

Raphaël Tréguier Deputy Chief Executive Officer	Bardo Magel Chief Executive Officer

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, 2011

The interim financial statements for the six-month period ended June 30, 2011 were prepared in accordance with French generally accepted accounting principles applicable to individual financial statements.

On June 22, 2011, the Company created Prothin SAS, a wholly-owned subsidiary. As this subsidiary did not carry on any activity during the first half of 2011, it is not material in respect to the financial statements. Therefore, the Company did not prepare interim consolidated financial statements. The financial statements of Prothin SAS only comprise equity and cash in the amount of EUR 920k. It recorded no revenue, income or expenses in first-half 2011.

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

-the year ended December 31, 2010;

-the six-month period ended June 30, 2010.

a)Financial position/Statutory financial statements for the six-month period ended June 30, 2011

At June 30, 2011, shareholders' equity stood at EUR 354,276k compared with opening shareholders' equity of EUR 376,957k. This decrease is attributable to the payment of the dividend approved by the General Shareholders' Meeting of June 29, 2011, in the amount of EUR 14,710k, and the net loss for the period amounting to EUR 7,971k.

Cash and cash equivalents totaled EUR 29,705k at June 30, 2011, representing a EUR 4,161k increase compared to December 31, 2010.

This increase is mainly attributable to the following movements:

- EUR 4,812k in funds from operations during the period.
- The residual change in cash and cash equivalents therefore amounted to a negative EUR 651k.

b)Net income for the period/Statutory financial statements

The income statement for the period shows a net loss of EUR 7,971k, which breaks down as follows by key indicator:

Operating revenue: EUR 20,797k

Net revenue for the period came in at EUR 20,784k versus EUR 32,069k for the same prior-year period.

Other operating revenue amounted to EUR 13k.

Rental income for first-half 2011 was down 35% compared with the same period in 2010, mainly due to the departure of Bouygues Telecom from the Arcs de Seine building.

Operating expenses: EUR 20,887k

Other purchases and external charges came to EUR 5,321k and mainly consisted of rebillable rental expenses in an amount of EUR 1,081k and fees, including EUR 1,495k for asset management services. Other expenses mainly comprised insurance premiums, building upkeep expenses that were not invoiced to tenants (lessees) and miscellaneous fees.

Taxes and duties concern real property tax and levies on office premises relating to the buildings in the amount of EUR 2,349k.

Depreciation and amortization expense for the period came in at EUR 12,777k, of which EUR 3,037k represents additional depreciation recorded with respect to the prior remeasurement of fixed assets.

On the basis of the above-described items, the operating loss for the period came to EUR 90k.

Net financial expense: EUR 7,923k

Net financial expense breaks down as EUR 8,044k in financial expenses and EUR 122k in financial income.

Net non-recurring income: EUR 42k

Net non-recurring income for the period amounted to EUR 42k, and 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 revenue is derived from 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, 2011

The financial information presented in the IFRS financial statements for the six-month period ended June 30, 2011 includes comparative data in relation to:

-the IFRS financial statements for the year ended December 31, 2010;

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

a)Financial position

At June 30, 2011, shareholders' equity stood at EUR 481,729k compared with opening shareholders' equity of EUR 490,805k. The increase is mainly attributable to the payment of the dividend approved by the General Shareholders' Meeting of June 29, 2011, in the amount of EUR 14,710k and net income for the period amounting to EUR 5,206k.

b)Reconciliation of the net loss under French GAAP to net income under IFRS for the six-month period ended June 30, 2011

For the six-month period ended June 30, 2011, the Company posted net income of EUR 5,206k under IFRS and a net loss of EUR 7,971k under French GAAP. The differences can mainly be attributed to the following factors:

Remeasurement of investment property at fair value

At June 30, 2011, investment property was 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 800k. The corresponding depreciation expense for the period recorded under French GAAP and eliminated in the IFRS financial statements amounted to EUR 12,777k.

The difference in the accounting method used to measure investment property in the French GAAP and IFRS financial statements resulted in a positive EUR 13,577k impact on net income under IFRS compared to 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 are 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 had a negative EUR 347k impact on net income under IFRS compared with French GAAP.

2.1.3 Changes in net asset value (NAV)

At June 30, 2011, the net asset value per share was estimated at EUR 34.6, or EUR 35.7 including the dividend paid on July 21, 2011.

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

in euros	June 30, 2011	Dec. 31, 2010	June 30, 2010
NAV per share (excl. taxes)	34.6	34.7	31.3
NAV per share (incl. taxes)	38.6	38.7	35.2

Determination of NAV

NAV 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, 2011.

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, 2011	Dec. 31, 2010	June 30, 2010	Change Dec. 31, 2010 – June 30, 2011
Real estate assets	861.5	860.7	835.5	0%

All of the Company's real estate assets were measured at market value in June 2011 by external real estate valuer BNP Paribas Real Estate Expertise, a member of the Royal Institute of Chartered Surveyors (RICS).

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

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 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 for its entire business activity, it is exempt from corporate income tax and no tax liability was taken into account.

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

2.2 Significant events between the date on which the 2010 financial statements were approved and June 30, 2011

No significant event has occurred since the date on which the 2010 financial statements were approved.

As indicated in section 2.1.1, during the first half of the year, the Company subscribed to the entire share capital of Prothin SAS. During the six months ended June 30, 2011, this subsidiary did not carry on any activity.

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, 2011 under no. R.11-022.

2.4 Foreseeable changes

CeGeREAL may purchase additional real estate assets 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 note 5.26 to the IFRS financial statements for the six-month period ended June 30, 2011.

3. INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2011 – FRENCH GAAP

Balance sheet at June 30, 2011 – French GAAP

in euros

ASSETS	Notes	Gross amount	Depr., amort. & prov.	June 30, 2011	Dec. 31, 2010	June 30, 2010
Uncalled subscribed capital						
Intangible fixed assets						
Start-up costs						
Research and 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	242,882,904	365,079,223	377,803,516	392,266,103
Technical plant, equipment and industrial machinery		1,028,652	834,651	194,001	245,160	297,168
Other property, plant and equipment		535,727	213,078	322,649	324,071	328,134
Property, plant and equipment in progress		4,068,465		4,068,465	4,068,465	
Advances and down payments						
Financial fixed assets						
Investments		920,000		920,000		
Receivables from controlled entities						
Long-term portfolio investments						
Other long-term investments						
Loans						
Other financial fixed assets		784,591		784,591	1,008,553	851,206
FIXED ASSETS	5-6	**980,372,268**	**243,930,633**	**736,441,634**	**748,522,472**	**758,815,317**
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	6,046,417	18,683	6,027,734	6,250,316	13,898,758
Other receivables	9	14,195,821		14,195,821	15,921,187	15,561,803
Subscribed capital, called up but not paid						
Short-term investment securities						
Cash and cash equivalents	8	29,705,247		29,705,247	25,543,830	27,689,698
CURRENT ASSETS		**49,947,485**	**18,683**	**49,928,802**	**47,715,333**	**57,150,259**
Prepaid expenses	12	2,956,267		2,956,267	2,048,529	2,660,860
Adjustment accounts						
TOTAL ASSETS		**1,033,276,020**	**243,949,316**	**789,326,704**	**798,286,334**	**818,626,435**

in euros

EQUITY AND LIABILITIES	Notes	June 30, 2011	Dec. 31, 2010	June 30, 2010
Capital				
Share capital (including paid-up capital: 160,470,000)	13	160,470,000	160,470,000	160,470,000
Additional paid in capital		33,285,900	34,221,976	34,221,976
Revaluation reserve	15	152,359,152	158,777,952	158,777,952
Reserves				
Legal reserve		16,047,000	16,047,000	16,047,000
Statutory or contractual reserves				
Regulated reserves				
Other reserves		8,423	8,423	8,423
Income				
Retained earnings		76,721	102,099	71,711
Net income/(loss) for the period		(7,971,331)	7,329,497	2,394,528
Investment subsidies				
Regulated provisions				
SHAREHOLDERS' EQUITY	14	**354,275,866**	**376,956,947**	**371,991,590**
Income from the issue of equity instruments				
Contingent advances				
OTHER EQUITY		-	-	-
Contingency provisions				
Provision for losses				
LOSS AND CONTINGENCY PROVISIONS		-	-	-
Non-current borrowings				
Convertible bonds				
Other bonds				
Bank borrowings	9	398,891,840	398,891,840	398,891,840
Miscellaneous borrowings and financial debt	9	15,886,245	1,904,537	24,668,385
Accounts payable and other current liabilities				
Advances/down payments received on orders in progress				
Trade accounts payable	9	3,711,230	3,616,665	2,387,459
Tax and social liabilities	9	3,307,810	1,715,340	4,007,980
Amounts owed to fixed asset suppliers	9	1,949,609	4,333,620	
Other liabilities	9	1,359,601	959,892	857,939
Prepaid revenue	12	9,944,502	9,907,494	15,821,243
LIABILITIES		**435,050,838**	**421,329,387**	**446,634,845**
Adjustment accounts				
TOTAL EQUITY AND LIABILITIES		**789,326,704**	**798,286,334**	**818,626,435**

Income statement for the six-month period ended June 30, 2011 – French GAAP

in euros

	France	Exports	Notes	6 months ended June 30, 2011	12 months ended Dec. 31, 2010	6 months ended June 30, 2010
				Total	Total	Total
Sales of goods for resale						
Sales of manufactured products						
Sales of services	20,784,100		16	20,784,100	63,956,378	32,069,048
NET REVENUE	**20,784,100**			**20,784,100**	**63,956,378**	**32,069,048**
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				12,643	969,699	27,983
Other revenue				1	17	18
Total operating revenue				**20,796,744**	**64,926,094**	**32,097,049**
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	5,320,701	13,463,198	6,397,171
Taxes, duties and other levies				2,402,369	3,971,528	1,936,068
Wages and salaries				246,753	336,332	191,113
Social security charges				101,528	140,920	76,778
On fixed assets: depreciation, amortization			6	12,776,876	26,048,435	12,917,351
On fixed assets: provisions for impairment						
On current assets: provisions for impairment						
Loss and contingency provisions						
Other expenses				38,723	44,242	37,500
Total operating expenses				**20,886,950**	**44,004,655**	**21,555,981**
OPERATING INCOME/(LOSS)				**(90,207)**	**20,921,438**	**10,541,068**
Allocated income or transferred loss						
Loss incurred or transferred income						
Financial income from controlled entities						
Income from other securities and receivables						
Other interest income				106,303	70,044	24,156
Release of provisions for impairment, other provisions and expense transfers				15,258	42,501	
Foreign exchange gains						
Net income on sale of short-term investment securities						
Total financial income				**121,561**	**112,545**	**24,156**
Financial amortization charges, provisions for impairment and other provisions				2,675	55,084	
Interest expenses				8,041,560	16,333,601	8,215,490
Foreign exchange losses						
Net expenses on sales of short-term investment securities						
Total financial expenses				**8,044,236**	**16,388,685**	**8,215,490**
NET FINANCIAL EXPENSE				**(7,922,675)**	**(16,276,140)**	**(8,191,334)**
RECURRING INCOME/(LOSS) BEFORE TAX				**(8,012,882)**	**4,645,298**	**2,349,734**

in euros

	Notes	6 months ended June 30, 2011	12 months ended Dec. 31, 2010	6 months ended June 30, 2010
Non-recurring income on management transactions				
Non-recurring income on capital transactions		46,126	51,778	49,353
Release of provisions for impairment, other provisions and expense transfers			4,068,465	
Total non-recurring income		**46,126**	**4,120,243**	**49,353**
Non-recurring expenses on management transactions				
Non-recurring expenses on capital transactions		4,575	48,472	4,559
Depreciation, amortization and provisions for impairment	6		1,387,573	
Total non-recurring expenses		**4,575**	**1,436,045**	**4,559**
NET NON-RECURRING INCOME	18	**41,551**	**2,684,198**	**44,794**
Employee profit sharing				
Corporate income tax				
TOTAL INCOME		**20,964,431**	**69,158,882**	**32,170,558**
TOTAL EXPENSES		**28,935,761**	**61,829,385**	**29,776,030**
NET INCOME/(LOSS)		**(7,971,331)**	**7,329,497**	**2,394,528**

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, 2011 to December 31, 2011.

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, 2010;
- the six-month period ended June 30, 2010.

1.4. Financial statements

On June 22, 2011, the Company created a wholly-owned subsidiary. As this subsidiary did not carry on any activity during the first half of 2011, the consolidation of this subsidiary has no impact on consolidated income. Since it is not material in respect to the financial statements, the Company did not prepare interim consolidated financial statements. It does, however, provide individual financial statements prepared under International Financial Reporting Standards (IFRS).

1.5. Key events

Leasing of the Company's real estate assets

One floor of the Europlaza building was leased to S Three during the first half of 2011.
Bouygues Telecom terminated its lease in the Arcs de Seine building on January 1, 2011, leaving 38,819 sq.m or 88% of the building vacant.

Indemnity for restoration of property obtained during the second half of 2010 and repair work

Upon the termination of its lease, Bouygues Telecom paid a lump sum indemnity of EUR 5m to cover property restoration costs.
The corresponding work expenditures were either expensed or capitalized depending on whether they represented routine maintenance expenses or expenditures relating to the replacement of existing components, in accordance with CRC Regulation No. 2004-06 with respect to the French general chart of accounts (*Plan Comptable Général*).

This transaction had a net positive impact of EUR 2,681k on income for the year ended December 31, 2010.

Work carried out during the first half of 2011 had no impact on the income statement for the six-month period ended June 30, 2011.

Capital subscription of a real estate company

On June 22, 2011, CeGeREAL created Prothin SAS, a wholly-owned subsidiary with equity of EUR 920k.

2. Accounting rules, principles and methods

The Company's financial statements for the six-month period ended June 30, 2011 were prepared in accordance with the 1999 French general chart of accounts 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, 2011 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 at 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, facades, 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, 2011 are as follows:

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

- ***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. Long-term investments

- ***Classification of long-term investments***

Long-term investments correspond to shareholdings that it is deemed useful to hold over the long term particularly insofar as they enable the Company to exercise influence or control over the issuer.

- ***Capitalized costs of investments***

Investments are recognized in the balance sheet at their acquisition cost or contribution value.

The acquisition cost of shareholdings includes their purchase price and costs directly attributable to the acquisition.

- ***Impairment of investments***

At the end of the reporting period, the Company compares the realizable value of shareholdings with their acquisition cost. The realizable value of shareholdings corresponds to their value in use, representing the price the Company would be willing to pay should it wish to acquire this shareholding.

In order to measure shareholdings, the Company uses a method based on the valuation of the subsidiaries' assets.

The Company calculates the adjusted net asset value of each subsidiary. This method takes into account the valuation of the real estate assets held by the subsidiary at the end of the reporting period.

Unrealized gains and losses are calculated by comparing the value in use with the carrying amount. Impairment losses are recognized in respect of unrealized losses, without offset against unrealized gains.

However, the Company takes into account the outlook for (temporarily or structurally loss-making) subsidiaries in order to ensure that impairments are justified.

2.3. 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 higher 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".

2.4. 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.

This 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".

2.5. Revenue recognition

Rental income is recognized over the lease term.

Therefore, in order to reflect the economic benefits of the lease, the Company records benefits granted to tenants (lessees) as rent reductions. Material rent-free periods and expenses borne by the lessor for work specifically benefiting the tenant are recognized over the shorter of the lease term or the period up to the date at which the tenant may terminate the lease without suffering any material financial consequences (usually after six years).

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

2.6. Rental expenses and rebilling of expenses to tenants

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

The rebilling of rental expenses and expenses chargeable to tenants under the terms of the lease 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.

2.7. Financial expenses

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

2.8. Property restoration costs

The costs of restoring property vacated by former tenants are usually expensed since they serve to maintain the normal condition of rental properties and do not generate additional future economic benefits.

Indemnities paid by tenants for restoring property to its previous condition upon vacation of the premises are recognized in operating income or in non-recurring income depending on how the expenditures concerned are recognized in the accounts.

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 tenants of suitable credit standing. The Company has developed policies that limit the exposure to credit risk.

The Company is currently dependent on three tenants who collectively represent approximately 70% of total rental income generated over the six-month period ended June 30, 2011. Although the Company's real estate assets could be – and are – leased to many different tenants, financial difficulties experienced by one of these tenants, 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 21.1 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, 2011, 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 22,492k 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, 2010.

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, 2011	Increases	Decreases	Gross value at June 30, 2011
Property, plant and equipment	**978,667,677**		**-**	**978,667,677**
- 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	4,068,465		-	4,068,465
Arcs de Seine	4,068,465		-	4,068,465
Financial fixed assets	**1,021,136**	**1,070,706**	**387,251**	**1,704,591**
Investments	-	920,000	-	920,000
Treasury shares	752,999		387,251	365,748
Cash used in the liquidity agreement	268,137	150,706		418,843
Total gross fixed assets	**979,688,813**	**1,070,706**	**387,251**	**980,372,267**

At June 30, 2011, the Company's real estate assets were valued by external real estate valuer BNP Paribas Real Estate Expertise. 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.

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, 2011.

Security given on property, plant and equipment is analyzed in Note 21.1.

At June 30, 2011, CeGeREAL held 15,001 of its own shares out of a total of 13,372,500, representing EUR 365,748.

On June 22, 2011, the Company subscribed to the entire share capital of Prothin SAS, amounting to EUR 920k, including the issue premium.

6. Statement of depreciation

Changes in accumulated depreciation can be broken down as follows:

in euros

Caption	Accumulated depreciation at Jan. 1, 2011	Charges for the period	Reversals in the period	Accumulated depreciation at June 30, 2011
Property, plant and equipment				
Buildings	230,158,610	12,724,292		242,882,901
Europlaza	106,798,985	5,779,126		112,578,111
Arcs de Seine	87,540,101	4,547,688		92,087,789
Rives de Bercy	35,819,523	2,397,477		38,217,000
Technical plant, industrial machinery and other property, plant and equipment	995,147	52,583		1,047,729
Europlaza	211,656	1,422		213,078
Rives de Bercy	783,492	51,159		834,651
Total accumulated depreciation	**231,153,758**	**12,776,876**		**243,930,633**

7. Statement of impairment allowances

Changes in this item were as follows:

in euros

Caption	Amount at Jan. 1, 2011	Additions	Reversals	Amount at June 30, 2011
On treasury shares	12,583	2,675	15,258	-
On trade accounts receivable	18,683			18,683
Total impairment	**31,266**	**2,675**	**15,258**	**18,683**

8. Cash and cash equivalents

Cash and cash equivalents can be analyzed as follows:

in euros

Cash and cash equivalents	June 30, 2011	Dec. 31, 2010	June 30, 2010
Bank accounts	7,485,302	7,019,647	25,689,120
Time deposits	22,200,000	18,500,000	2,000,000
Accrued interest receivable	19,945	24,183	577
Total	**29,705,247**	**25,543,830**	**27,689,697**

Time deposits have an average term of two months. The interest rate on time deposits in effect at June 30, 2011 was approximately 1.15%.

9. Statement of receivables and payables by maturity

Receivables and payables at June 30, 2011 can be analyzed as follows by maturity:

in euros

Receivables	Gross value	Due in 1 year or less	Due in more than 1 year
Receivables related to current assets			
Trade accounts receivable[a]	6,046,417	6,046,417	
Other receivables[b]	14,195,821	4,009,494	10,186,327
Total receivables	**20,242,238**	**10,055,911**	**10,186,327**

(a) "Trade accounts receivable" mostly comprises rents (net of VAT) for the third quarter of 2011 and is offset by an entry to "Prepaid revenue" (see Note 12).

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

in euros

Payables	Gross value	Due in 1 year or less	Maturity	
			Due in more than 1 year but less than 5 years	Due in more than 5 years
Bank borrowings[a] [b]	398,891,840		398,891,840	
Miscellaneous borrowings and financial debt[c]	15,886,245	14,709,750		1,176,495
Trade accounts payable	3,711,230	3,711,230		
Tax and social liabilities	3,307,810	3,307,810		
Amounts due to fixed asset suppliers[d]	1,949,609	1,949,609		
Other liabilities	1,359,601	1,359,601		
Total payables	**425,106,334**	**25,037,999**	**398,891,840**	**1,176,495**

(a) "Bank borrowings" comprises three tranches which are reimbursed at maturity on March 2, 2013 subject to compliance with covenants or contractual clauses set out in Note 21.1. Based on calculations of the interest coverage ratio (ICR) and the loan-to-value ratio (LTV) at June 30, 2011, this repayment schedule remains unchanged.

(b) Collateral provided on borrowings at December 31, 2010 is analyzed in Note 21.1.

(c) Security deposits paid by tenants are recorded in "Miscellaneous borrowings and financial debt" for an amount of EUR 1,176,495. They are deemed to be long-term debt (maturing in over five years) on the assumption that tenants will seek to renew their leases, with the exception of tenants who have given notice to terminate the lease.

(d) "Amounts due to fixed asset suppliers" represents unbilled restoration work on the Arcs de Seine building corresponding to replaced components.

10. Accrued income and expenses

At June 30, 2011 accrued income and expenses can be analyzed as follows:

in euros

Accrued income	June 30, 2011	Dec. 31, 2010	June 30, 2010
Other receivables			
- Deferred rent-free periods	12,516,400	13,867,452	14,436,899
Cash and cash equivalents	19,945	24,183	577
Total	**12,536,345**	**13,891,635**	**14,437,476**

Accrued expenses	June 30, 2011	Dec. 31, 2010	June 30, 2010
Trade accounts payable*	5,577,336	7,785,482	1,701,207
Tax and social liabilities	78,022	92,593	1,364,138
Total	**5,655,358**	**7,878,075**	**3,065,345**

* The increase in "Trade accounts payable" compared to first-half 2010 corresponds to restoration work carried out on the Arcs de Seine premises as described in Note 1.5.

11. Transactions with related parties

Material transactions carried out by the Company with related parties are described below.

Transactions with related companies

The hausInvest europa property fund, CeGeREAL's majority shareholder, is managed by Commerz Real. Consequently, transactions with Commerz Real are identified as related-party transactions:

in euros

	6 months ended June 30, 2011	12 months ended Dec. 31, 2010	6 months ended June 30, 2010
Impact on operating income			
Other purchases and external charges: Asset management fees	1,495,234	3,014,200	1,453,152
Total impact on the income statement	**1,495,234**	**3,014,200**	**1,453,152**
Impact on balance sheet liabilities			
Dividends	8,792,845		13,588,942
Miscellaneous borrowings and financial debt	-	-	40,950
Trade accounts payable	-	839,684	729,060
Total impact on the balance sheet	**8,792,845**	**839,684**	**14,358,952**

Transactions with key management personnel

The Chairman of the Board's compensation for the years ended December 31, 2010 and December 31, 2011 was set at EUR 50,000 before tax.

In accordance with a decision by the Board of Directors, the amounts paid to members of management totaled EUR 139,169 for the six-month period ended June 30, 2011.

At the General Shareholders' Meeting of June 29, 2011, the shareholders set the maximum total annual directors' fees for all directors at EUR 120k. No directors' fees have been paid in respect of the six-month period ended June 30, 2011.

Transactions with other related parties

The loan of EUR 399m which appears in the financial statements arises from the credit agreement entered into in 2006 with the Eurohypo AG bank, which is considered a related party. This loan generated interest in the amount of EUR 8m in 2011. The conditions of this loan are described in Note 21.

In accordance with regulation no. 2010-02 of September 2, 2010 concerning related-party transactions of the new French accounting standards authority, combining the CNC and CRC, no material related-party transactions were entered into that were inconsistent with the arm's length principle.

12. Prepaid expenses and revenue

At June 30, 2011, prepaid expenses and revenue can be analyzed as follows:

in euros

	Expense	Revenue
Operating revenue/expenses	920,962	9,944,502
Financial income/expenses	2,035,305	
Non-recurring income/expenses		
Total impact on the income statement	**2,956,267**	**9,944,502**

Prepaid revenue consists mainly of rents and provisions for rebillable expenses in respect of the third quarter of 2011 billed in advance.

Prepaid expenses consist mainly of loan interest paid in the second quarter of 2011 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	Share capital	Issue and merger premiums	Reserves (including revaluation reserve)	Retained earnings	Shareholders' equity before appropriation of net income
Jan. 1, 2011	**160,470,000**	**34,221,976**	**174,935,474**	**7,329,497**	**376,956,947**
Dividends paid		(936,076)	(6,444,177)	(7,329,497)	(14,709,750)
Net loss for the period				(7,971,331)	(7,971,331)
June 30, 2011	**160,470,000**	**33,285,900**	**168,491,297**	**(7,971,331)**	**354,275,866**

The General Shareholders' Meeting of June 29, 2011:

- authorized the Board to cancel any shares bought back by the Company under Article L.225-209 of the French Commercial Code (*Code de commerce*);
- granted the Board authority to increase the share capital by capitalizing reserves, profits and/or additional paid-in capital;
- granted the Board authority to issue ordinary shares and/or securities granting access to the share capital and/or debt securities with pre-emptive subscription rights;
- granted the Board authority to issue ordinary shares and/or securities granting access to the share capital and/or debt securities without pre-emptive subscription rights through a public offer;
- granted the Board authority to issue ordinary shares and/or securities granting access to the share capital and/or debt securities without pre-emptive subscription rights through a private placement;

- authorized the Board, in the event of a share issue without pre-emptive subscription rights, to set the issue price within the limit of 10% of the share capital per year and according to the conditions determined by the General Shareholders' Meeting;
- authorized the Board to increase the amount of shares issued in the event of oversubscription;
- granted the Board authority to increase the share capital, within the limit of 10%, in consideration of contributions of shares or securities granting access to the share capital;
- granted the Board authority to use these powers during a public offer period;
- granted the Board authority to issue free share subscription warrants and grant them to shareholders during a public offer period under the reciprocity exception.

15. Revaluation reserve

At June 30, 2011, the revaluation reserve can be analyzed as follows:

in euros

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	(29,557,075)	68,870,569	*3,036,576*
Technical plant, industrial machinery and other property, plant and equipment	208,917	(34,250)			174,667	
Total	**246,423,770**	**(89,967,360)**	**25,459,816**	**(29,557,075)**	**152,359,152**	**3,036,576**

The additional depreciation related to the remeasurement of real estate assets amounted to EUR 3,036,576 for the six-month period ended June 30, 2011, which brings the cumulative amount of additional depreciation since April 1, 2006 to EUR 32,593,651.

In accordance with the decision of the General Shareholders' Meeting of June 29, 2011, the portion of the revaluation reserve corresponding to the additional depreciation in respect of 2010, i.e., EUR 6,418,800, 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, 2011**	*12 months ended* **Dec. 31, 2010**	*6 months ended* **June 30, 2010**
Rental income	19,286,762	54,686,652	27,431,145
Rental expenses rebilled to tenants	1,976,380	5,716,841	2,811,739
Real estate taxes rebilled to tenants	1,520,958	3,552,885	1,826,164
Total	**22,784,100**	**63,956,378**	**32,069,048**

The offsetting entries for rental expenses, insurance costs and real estate taxes rebilled to tenants 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, 2011	12 months ended Dec. 31, 2010	6 months ended June 30, 2010
Expenses rebilled to tenants	1,080,705	5,333,034	2,527,673
Rental expenses	44,412	84,288	40,063
Upkeep and repair of buildings[a]	210,552	1,586,555	347,651
Expenses on vacant premises[b]	1,572,307	973,439	491,085
Fees[c]	2,092,768	4,839,308	2,498,773
Publications	166,779	381,425	167,704
Sundry expenses	153,178	265,149	324,222
	5,320,701	**13,463,198**	**6,397,171**

(a) Of which EUR 931,535 for work on Arcs de Seine following the departure of Bouygues Telecom on December 31, 2010.
(b) Expenses related to vacant premises at the Europlaza and Arcs de Seine sites.
(c) Asset management fees amounted to EUR 1,495,234 in first-half 2011 compared to EUR 3,014,200 in 2010.

18. Net non-recurring income

As described in Note 1.5, non-recurring income for the year ended December 31, 2010 corresponds mainly to the portion of the indemnity received in 2010 from Bouygues Telecom allocated to the replacement of existing components. Components to be replaced are subject to accelerated depreciation.

19. 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% 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.

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.

In order to comply with the French Finance Act for 2006, in 2009 CRI, CeGeREAL's majority shareholder, 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 CRI's holding in the Company to less than the 60% threshold, 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.

Dividend distributions to CRI

As CRI holds the CeGeREAL shares in the name and on behalf of the unit holders of the hausInvest europa property fund, the French tax authorities have decided to treat CRI as a tax-transparent entity and to consider that the unit holders of the hausInvest europa property fund hold a direct interest in CeGeREAL.
Based on this approach, the 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 December 31, 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.

20. Subsidiaries and investments

	Share capital	Equity other than share capital	% interest held	Carrying amount of shareholdings	Outstanding loans and advances granted by the Company and not yet paid	Amount of guarantees and endorsements given by the Company	2010 revenue (net of taxes)	2010 income/(loss)	Dividends received by the Company in first-half 2011
Subsidiaries (held at more than 50%)									
- Prothin SAS	400,000	520,000	100	920,000	0	0	0	0	0
Interests (held at between 10% and 50%)									

21. Off-balance sheet commitments and security provided

21.1. 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.

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 CRI 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;
- to repay the loan upon its expiration or in advance without charge or penalty, with the exception of breakage costs and commissions.

21.2. Derivatives

The Company did not possess any derivative financial instruments at June 30, 2011.

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

Following the departure of Bouygues Telecom, security deposits received from tenants amounted to EUR 9,738,466 at June 30, 2011.

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.

21.4. Minimum guaranteed rental income from current operating leases

At June 30, 2011, 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

	Minimum annual rental income		
	June 30, 2011	**Dec. 31, 2010**	**June 30, 2010**
Second-half 2011	18,965		
2012	37,185	36,770	32,920
2013	32,053	31,647	32,999
2014	28,161	27,975	31,774
2015	12,575	13,629	18,509
2016	7,808	7,800	11,600
2017	4,892	4,892	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.

21.5. 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.

22. Headcount

The Company had three employees at June 30, 2011.

23. Statutory Auditor

The Statutory Auditor is:

KPMG Audit FS I
1 Cours Valmy
F-92923 Paris La Défense Cedex
First appointed at the Ordinary and Extraordinary Shareholders' Meeting of December 31, 2005 and renewable at the Ordinary and Extraordinary Shareholders' Meeting to be held on December 31, 2011.

The fees paid to the Statutory Auditor for the six-month period ended June 30, 2011 were as follows:

in euros

	Amount (net of taxes)			%		
	June 30, 2011	Dec. 31, 2010	June 30, 2010	June 30, 2011	Dec. 31, 2010	June 30, 2010
Statutory audit of the financial statements	98,053	352,585	168,721	100	96	100
Advisory services and services directly related to the statutory audit engagement		14,700		0	4	0
Total	**98,053**	**367,285**	**168,721**	**100**	**100**	**100**

24. Statement of sources and uses of funds

in euros

SOURCES	6 months ended June 30, 2011	12 months ended Dec. 31, 2010
Funds from operations	4,811,645	34,775,936
Available cash flow	**4,811,645**	**34,775,936**
Increase in shareholders' equity and current account balance		30,388
Decrease in fixed assets	236,545	
Increase in financial debt (bank borrowings)		
Increase in other financial debt (security deposits received from tenants)		337,393
Total sources of funds	**5,048,190**	**35,143,717**

USES		
Dividends paid	14,709,750	22,733,250
Increase in fixed assets	920,000	4,221,664
Decrease in financial debt (security deposits paid back to tenants)	728,041	
Decrease in financial debt (bank borrowings)		3,500,000
Total uses of funds	**16,357,791**	**30,454,914**

Net change in working capital	**(11,309,601)**	**4,688,803**

CHANGE IN OPERATING WORKING CAPITAL	6 months ended June 30, 2011		6 months ended June 30, 2011	12 months ended Dec. 31, 2010
	Uses	Sources		
Change in operating assets				
Trade accounts receivable		203,899	203,899	8,440,390
Other receivables		1,725,365	1,725,365	(221,886)
Adjustment accounts and prepaid expenses	907,738		(907,738)	21,567
Change in operating liabilities				
Trade accounts payable		94,566	94,566	806,492
Tax and social liabilities (excluding exit tax)		1,592,470	1,592,470	(1,419,913)
Other liabilities		399,709	399,709	(129,806)
Adjustment accounts and prepaid revenue		37,009	37,009	(7,175,262)
Net change in operating working capital	**907,738**	**4,053,018**	**3,145,280**	**321,582**
CHANGE IN NON-OPERATING WORKING CAPITAL				
Change in other receivables				
Due to partners		14,709,750	14,709,750	
Change in other payables				
Amounts owed to fixed asset suppliers	2,384,011		(2,384,011)	4,333,620
Tax and social liabilities (exit tax)				
Net change in non-operating working capital	**2,384,011**	**14,709,750**	**12,325,739**	**4,333,620**
Increase or decrease in working capital	**3,291,749**	**18,762,768**	**15,471,019**	**4,655,202**
Change in cash on hand		4,161,417	4,161,417	9,344,005
Net change in cash and cash equivalents	**-**	**4,161,417**	**4,161,417**	**9,344,005**
Net change in working capital	**3,291,749**	**14,601,351**	**(11,309,602)**	**4,688,803**

4. INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2011 – IFRS

Statement of comprehensive income for the six-month period ended June 30, 2011 – IFRS

in thousands of euros, except for per share data

	Notes	*6 months ended* June 30, 2011	*12 months ended* Dec. 31, 2010	*6 months ended* June 30, 2010
Rental income	**5.19**	17,214	54,687	27,431
Income from other services	**5.20**	3,583	10,236	4,663
Building-related costs	**5.21**	(6,747)	(15,124)	(7,058)
Net rental income		**14,049**	**49,799**	**25,036**
Sales of building				
Administrative costs	**5.22**	(1,361)	(2,828)	(1,581)
Other operating expenses			1	48
Other operating income				
Increase in fair value of investment property		1,300	35,200	15,000
Decrease in fair value of investment property		(500)	(2,000)	(7,000)
Total change in fair value of investment property	**5.1**	*800*	*33,200*	*8,000*
Net operating income		**13,487**	**80,173**	**31,503**
Financial income		40	70	24
Financial expenses		(8,322)	(16,931)	(8,557)
Net financial expense	**5.23**	**(8,282)**	**(16,861)**	**(8,533)**
Corporate income tax				
NET INCOME		**5,206**	**63,313**	**22,971**
Other comprehensive income				
TOTAL COMPREHENSIVE INCOME		**5,206**	**63,313**	**22,971**
Basic and diluted earnings per share (in euros)	*5.24*	**0.39**	**4.75**	**1.72**

Statement of financial position at June 30, 2011 – IFRS

in thousands of euros

	Notes	June 30, 2011	Dec. 31, 2010	June 30, 2010
Non-current assets				
Investment property	5.1	861,500	860,700	835,500
Equity investments	5.2	920		
Non-current loans and receivables	5.3	10,186	11,597	12,437
Total non-current assets		**872,606**	**872,297**	**847,937**
Current assets				
Accounts receivable	5.4	6,028	6,137	13,826
Other operating receivables	5.5	4,428	4,560	3,446
Prepaid expenses	5.18	3,090	2,183	2,795
Total receivables		**13,546**	**12,880**	**20,067**
Cash and cash equivalents	5.6	29,705	25,544	27,690
Total cash and cash equivalents		**29,705**	**25,544**	**27,690**
Total current assets		**43,252**	**38,423**	**47,757**
TOTAL ASSETS		**915,858**	**910,721**	**895,694**
Shareholders' equity				
Share capital		160,470	160,470	160,470
Legal reserve		16,047	16,047	16,047
Merger premium		33,286	34,222	34,222
Retained earnings		266,721	216,753	217,018
Net income for the period		5,206	63,313	22,971
Total shareholders' equity	5.12	**481,729**	**490,805**	**450,728**
Non-current liabilities				
Non-current borrowings	5.13	397,971	397,624	397,381
Other non-current financial debt	5.15	1,176	1,905	1,577
Non-current corporate income tax liability				
Total non-current liabilities		**399,147**	**399,529**	**398,958**
Current liabilities				
Other current financial debt				317
Accounts payable		3,711	3,609	2,333
Corporate income tax liability				
Other operating liabilities	5.16	21,327	6,871	27,537
Prepaid revenue	5.18	9,945	9,907	15,821
Total current liabilities		**34,983**	**20,388**	**46,009**
Total liabilities		**434,130**	**419,917**	**444,967**
TOTAL EQUITY AND LIABILITIES		**915,858**	**910,721**	**895,694**

Statement of cash flows for the six-month period ended June 30, 2011 – IFRS

in thousands of euros

	6 months ended June 30, 2011	12 months ended Dec. 31, 2010	6 months ended June 30, 2010
OPERATING ACTIVITIES			
Net income for the period	5,206	63,313	22,971
Elimination of items related to the valuation of buildings:			
Fair value adjustments to investment property	(800)	(33,200)	(8,000)
Indemnity received from tenants for the replacement of components		4,068	
Elimination of other income/expense items with no cash impact:			
Additions to depreciation, amortization and provisions for impairment			
Reversals of depreciation, amortization and provisions for impairment			(3)
Deduction of merger expenses from merger premium			
Change in provision for deferred taxation			
Discounting of exit tax liability			
Cash flows from operations before tax and changes in working capital requirements	**4,405**	**34,181**	**14,967**
Change in amounts due to owners	14,710		22,733
Change in exit tax liability			
Other changes in working capital requirements	780	4,655	(649)
Change in working capital requirements	**15,490**	**4,655**	**22,084**
Cash flows from operating activities	**19,895**	**38,836**	**37,051**
INVESTING ACTIVITIES			
Acquisition of fixed assets	(920)	(4,068)	
Cash flows used in investing activities	**(920)**	**(4,068)**	
FINANCING ACTIVITIES			
Change in bank debt		(3,500)	(3,500)
Net increase in other non-current financial debt		337	327
Net decrease in other non-current financial debt	(728)		
Purchases and sales of treasury shares	277	(153)	(6)
Dividends paid	(14,710)	(22,703)	(22,733)
Elimination of income/expense items related to financing activities with no cash impact:			
Adjustments for loans at amortized cost	347	597	353
Cash flows used in financing activities	**(14,814)**	**(25,423)**	**(25,559)**
Change in cash and cash equivalents	**4,161**	**9,344**	**11,492**
Cash and cash equivalents at beginning of period*	25,544	16,200	16,200
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**29,705**	**25,544**	**27,690**

* There were no outstanding bank overdrafts for any of the periods presented above.

Statement of changes in equity for the six-month period ended June 30, 2011 – IFRS

in thousands of euros

	Share capital	Additional paid-in capital	Undistributed reserves and retained earnings	Total shareholders' equity
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 (€1.70 per share)		*(1,070)*	*(21,663)*	*(22,733)*
- Change in treasury shares held			*(50)*	*(50)*
June 30, 2010	**160,470**	**34,222**	**256,036**	**450,728**
Total comprehensive income for the period			**40,342**	**40,342**
- Net income for the period			*40,432*	*40,432*
- Other comprehensive income				
Capital transactions with owners			**(265)**	**(265)**
- Dividends paid			*30*	*30*
- Change in treasury shares held			*(295)*	*(295)*
December 31, 2010	**160,470**	**34,222**	**296,113**	**490,805**
Total comprehensive income for the period			**5,206**	**5,206**
- Net income for the period			*5,206*	*5,206*
- Other comprehensive income				
Capital transactions with owners		**(936)**	***(13,346)***	***(14,282)***
- Dividends paid (€1.10 per share)		*(936)*	(13,774)	(14,710)
- Change in treasury shares held			*428*	*428*
June 30, 2011	**160,470**	**33,286**	**287,973**	**481,729**

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, 2011

1.1. Operational context

There were no changes in the Company's operating environment during the six-month period ended June 30, 2011.

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

Rental activity

One floor of the Europlaza building was leased to S Three.
Bouygues Telecom terminated its lease in the Arcs de Seine building on January 1, 2011, leaving 38,819 sq.m or 88% of the building vacant.

Creation of a subsidiary

On June 22, 2011, the Company created Prothin SAS, a wholly-owned subsidiary. As this subsidiary did not carry on any activity during the first half of 2011, it is not material in respect to the financial statements. Therefore, the Company did not prepare interim consolidated financial statements. The financial statements of Prothin SAS only comprise equity and cash in the amount of EUR 920k. It recorded no revenue, income or expenses in first-half 2011.

1.2. Regulatory context

As noted above, the Group made up of the Company and Prothin SAS did not prepare consolidated financial statements. However, the Company provides financial information in its individual financial statements 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, 2011 were prepared in accordance with international accounting standards (IAS/IFRS) applicable to accounting periods ended June 30, 2011, 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, 2011 includes, for the purposes of comparison:

- the IFRS financial statements for the year ended December 31, 2010;
- the IFRS financial statements for the six-month period ended June 30, 2010.

2. Accounting principles, rules and methods used to prepare the IFRS financial statements for the six-month period ended June 30, 2011

2.1. Presentation of the IFRS financial statements

The Company's financial statements for the six-month period ended June 30, 2011 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, 2011 and applicable at that date.

The standards and interpretations applied to prepare the IFRS financial statements for the six-month period ended June 30, 2011 are the same as those used to prepare the IFRS financial statements for the year ended December 31, 2010.

The new published standards and amendments effective for accounting periods beginning on or after January 1, 2011 but with no impact on the Company's first-half 2011 interim financial statements are as follows:

- IAS 24 (revised) – Related Party Disclosures;
- Amendment to IAS 32 – Financial Instruments: Presentation;
- Amendment to IFRS 1 – First-time Adoption of International Financial Reporting Standards;

- Amendments IFRS improvement.

The new published interpretations effective for accounting periods beginning on or after January 1, 2011 but with no impact on the Company's first-half 2011 interim financial statements are as follows:

- Amendment to IFRIC 14 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction;
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments.

The Company has elected not to early adopt any IFRS standards or IFRIC interpretations adopted by the European Union but only effective for subsequent accounting periods.

2.2. Segment reporting

Within the framework of 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 aggregated if they are similar in each of the following respects:
–the nature of the products and services;
–the nature of production processes;
–the type or class of customer for their products or services;
–the methods used to distribute their products or provide their services;
–if applicable, the nature of the regulatory environment, for example, banking, insurance or public utilities.

Consequently, the Company did not have significant additional disclosure requirements as a result of applying IFRS 8.

2.3. Investment property

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

Investment property is initially measured at cost, including transaction costs. After initial recognition, investment property is remeasured at fair value. As a result, no depreciation or impairment is recognized on investment property. Fair value is measured net of registration tax 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 2.4).

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.

2.4. 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 Committee of European Securities Regulators (CESR), in July 2009 the Company appointed the real estate valuation firm BNP Paribas Real Estate Expertise 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, 2011, 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, 2011 by an external real estate valuer.

- ***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 (RICS).

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 capitalize annual income by selecting a specific income base (actual rent, market rent, net rental income) and applying the corresponding rate of return. BNP Paribas Real Estate Expertise 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 tenants (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, facade, 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 tenants;
- capacity of the tenants 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%.

2.5. 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;
- those for which the holder may not recover substantially all of its initial investment, other than because of a deterioration in credit rating, which shall be classified as available for sale.

- ***Accounts receivable***

Accounts receivable consist of accrued amounts receivable from tenants. 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 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".

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

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

2.6. Share capital

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

2.7. 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 15,001 treasury shares (representing less than 0.12% of its total issued shares) for a total amount of EUR 366k at June 30, 2011.

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

Cash allocated to the liquidity agreement and not invested in Company shares at the end of the reporting period is stated in "Other operating receivables".

2.8. 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% 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.

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 order to comply with the French Finance Act for 2006, in 2009 CRI, CeGeREAL's majority shareholder, 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 CRI's holding in the Company to less than the 60% threshold, 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 CRI</u>

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

Based on this approach, the 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.

<u>Dividend distributions to other shareholders</u>

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 December 31, 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.

2.9.<u>Business tax reform</u>

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 records the CET as an operating expense. 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).

2.10. Bank borrowings

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

They are subsequently measured at amortized cost using the effective interest rate. 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.

2.11. Rental income

The Company leases out its real estate under operating leases. Assets leased under operating leases are recognized in the statement of financial position within investment property.

Rental income is recognized over the lease term.

The financial impact of all of the lease provisions is recognized on a straight-line basis over the shorter of the lease term or the period up to the date on which the tenant 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 and lease premiums paid to tenants are recognized over the firm term of the lease.

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

2.12. Rental expenses and rebilling of expenses to tenants

Rental expenses incurred by the lessor on behalf of tenants and expenses chargeable to the tenants 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”.

The rebilling of rental expenses and expenses chargeable to tenants under the terms of the lease 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.

2.13. Discounting of deferred payments

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

- Security deposits received from tenants are not discounted as the impact of discounting is not material.
- Provisions for material liabilities, as defined by IAS 37, are discounted over the estimated duration of the disputes they cover.

2.14. 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.

Estimates that could lead to a significant adjustment in the carrying amount 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 2.4.

Financial market volatility 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.

in millions of euros

			Changes in market capitalization rate								
Site	Market rental value	Market capitalization rate	0.500%	0.375%	0.250%	0.125%	0.000%	-0.13%	-0.25%	-0.38%	-0.50%
Europlaza	23.4	5.73%	353.5	360.7	368.2	376.1	384.3	392.9	401.8	411.2	421.0
Rives de Bercy	10.8	6.01%	155.7	158.8	162.0	165.3	168.7	172.3	176.0	179.9	184.0
Arcs de Seine	21.0	6.41%	286.2	291.4	296.9	302.6	308.5	314.6	321.0	327.7	334.6
Total	**55.1**	**6.06%**	**795.4**	**810.9**	**827.1**	**844.0**	**861.5**	**879.8**	**898.9**	**918.8**	**939.7**
		Impact on the portfolio value:	**-7.68%**	**-5.87%**	**-3.99%**	**-2.04%**	**0.00%**	**2.12%**	**4.34%**	**6.65%**	**9.07%**

Source: BNP Paribas Real Estate Expertise

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 sq.m) 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 tenants of suitable credit standing. The Company has developed policies that limit the exposure to credit risk.

The Company is currently dependent on three tenants who collectively represent approximately 70% of total rental income generated over the six-month period ended June 30, 2011 and individually more than 10%. Although the Company's real estate assets could be – and are – leased to many different tenants, financial difficulties experienced by one of these tenants, 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 5.25 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, 2011, 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 22,492k maturing in March 2013. In the event that the 3-month Euribor exceeds 4%, the Company has undertaken to enter into a hedging agreement.

5. Notes to the statement of financial position at June 30, 2011 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
December 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
June 30, 2010	**161,500**	**370,000**	**304,000**	**835,500**
Indemnity received			(4,068)	(4,068)
Subsequent expenditure			4,068	4,068
Disposals				
Change in fair value	6,700	13,500	5,000	25,200
December 31, 2010	**168,200**	**383,500**	**309,000**	**860,700**
Indemnity received				
Subsequent expenditure				
Disposals				
Change in fair value	500	800	(500)	800
June 30, 2011	**168,700**	**384,300**	**308,500**	**861,500**

As stated in Note 1.1, the indemnity received for the replacement of components in the Arcs de Seine building is allocated to "Change in fair value".

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

With the exception of the commitment given to building contractors to complete fitting-out work on the Arcs de Seine building, at June 30, 2011 there were no other contractual obligations regarding the purchase, construction, fitting-out, repair, upkeep or improvement of investment property.

- ***Main fair value assumptions***

The real estate valuer's estimation of the fair value of the buildings at June 30, 2011 is indicated below, along with the supporting information:

Building	Estimated value at June 30, 2011 (net of taxes)		Yield	Gross leasable area[(2)] at June 30, 2011		Annual rent (net of taxes)[(3)]	
	in millions of euros	%	%	*(sq.m)*	%	*in thousands of euros*	%
Europlaza (1999[(1)])	384	45	6.3	52,246	40	25,828	44
Arcs de Seine (2000[(1)])	309	36	6.5	47,222	36	21,247	36
Rives de Bercy (2003[(1)])	169	20	6.8	31,942	24	12,086	20
Total	**862**	**100**		**131,410**	**100**	**59,161**	**100**

[(1)] Year of construction or restoration.

[(2)] The gross leasable area includes the surface area of the offices, storage areas and a share of common areas.

[(3)] Annual rent includes rent billed to tenants for space occupied at June 30, 2011 and market rent, as estimated by valuers, in relation to vacant premises (€2,063k for Europlaza and €18,664k for Arcs de Seine)

5.2. Equity investments and other long-term investments

This item can be broken down as follows:

in thousands of euros

	% stake	June 30, 2011	Dec. 31, 2010	June 30, 2010
Equity investments	100%	920		
Total	**100%**	**920**	**-**	**-**

5.3. Loans and receivables

This item can be broken down as follows:

In thousands of euros

	June 30, 2011	Dec. 31, 2010	June 30, 2010
Benefits granted to tenants (non-current portion)	10,186	11,597	12,437
Non-current loans and receivables	**10,186**	**11,597**	**12,437**

"Benefits granted to tenants" offsets the amounts recorded in the statement of comprehensive income relating to the portion of benefits granted to tenants deferred for more than one year.

5.4. Accounts receivable

This item can be broken down as follows:

in thousands of euros

	June 30, 2011	Dec. 31, 2010	June 30, 2010
Accounts receivable	6,047	6,156	13,845
Provision for impairment of accounts receivable	(19)	(19)	(19)
Accounts receivable	**6,028**	**6,137**	**13,826**

5.5. Other operating receivables

This item can be broken down as follows:

in thousands of euros

	June 30, 2011	Dec. 31, 2010	June 30, 2010
Rental expenses	974	894	896
Benefits granted to tenants (current portion)	2,330	2,270	2,000
Input VAT	698	1,124	146
Supplier accounts in debit and other receivables	7	3	(2)
Liquidity account/treasury shares	419	268	406
Other operating receivables	**4,428**	**4,560**	**3,446**

"Benefits granted to tenants" corresponds to the current portion of these benefits.

5.6. 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 item is made up of checking account balances amounting to EUR 7,485k and time deposits of EUR 22,220k. The interest rate on time deposits in effect at June 30, 2011 was approximately 1.15%.

5.7. Ageing analysis of receivables

The ageing analysis of receivables at June 30, 2011 is as follows:

in thousands of euros

	Receivables (net of impairment) June 30, 2011	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	10,186	10,186				
Total non-current receivables	**10,186**	**10,186**				
Current receivables						
Accounts receivable	6,028	6,024	4			4
Other operating receivables	4,428	4,428				
Prepaid expenses	3,090	3,090				
Total current receivables	**13,546**	**13,542**	**4**			**4**
Total receivables	**23,732**	**23,728**	**4**	**-**	**-**	**4**

The ageing analysis of receivables at December 31, 2010 is as follows:

in thousands of euros

	Receivables (net of impairment) Dec. 31, 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	Receivables more than 1 year past due
Non-current receivables						
Non-current loans and receivables	11,597	11,597	-	-	-	-
Total non-current receivables	**11,597**	**11,597**	**-**	**-**	**-**	**-**
Current receivables						
Accounts receivable	6,137	6,126	11	2	5	4
Other operating receivables	4,560	4,560				
Prepaid expenses	2,183	2,183				
Total current receivables	**12,880**	**12,869**	**11**	**2**	**5**	**4**
Total receivables	**24,478**	**24,467**	**11**	**2**	**5**	**4**

5.8. 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 5.25 to the IFRS financial statements and corresponds to accounts receivable and cash and cash equivalents in the amount of EUR 6,028k.

5.9. Fair value of financial assets

The fair value of financial assets approximates their carrying amount.

5.10. 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, 2011	Dec. 31, 2010	June 30, 2010
Financial assets at fair value through profit or loss			
Held-to-maturity investments			
Loans and receivables			
Non-current loans and receivables	10,186	11,597	12,437
Current receivables		10,697	17,272
Available-for-sale financial assets			
Cash and cash equivalents	29,705	25,544	27,690
Total financial assets	**39,891**	**47,838**	**57,399**
Financial liabilities at fair value through profit or loss			
Financial liabilities measured at amortized cost			
Non-current liabilities	399,147	399,529	398,958
Current liabilities	25,038	10,481	30,188
Total financial liabilities	**424,185**	**410,010**	**429,146**

5.11. Changes in impairment of financial assets

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

in thousands of euros

	Dec. 31, 2010	Additions	Reversals	June 30, 2011
Impairment				
On trade accounts receivable	19			19
Total impairment	**19**	**-**	**-**	**19**

5.12. Shareholders' equity

At June 30, 2011, 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.
At June 30, 2011, 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. There was no change in the authorized share capital during the period.
At June 30, 2011, the Company owned 15,001 treasury shares (representing less than 0.11% of its total issued shares) for a total amount of EUR 366k.

The General Shareholders' Meeting of June 29, 2011:

- authorized the Board to cancel any shares bought back by the Company under Article L.225-209 of the French Commercial Code (*Code de commerce*);
- granted the Board authority to increase the share capital by capitalizing reserves, profits and/or additional paid-in capital;
- granted the Board authority to issue ordinary shares and/or securities granting access to the share capital and/or debt securities with pre-emptive subscription rights;
- granted the Board authority to issue ordinary shares and/or securities granting access to the share capital and/or debt securities without pre-emptive subscription rights through a public offer;
- granted the Board authority to issue ordinary shares and/or securities granting access to the share capital and/or debt securities without pre-emptive subscription rights through a private placement;
- authorized the Board, in the event of a share issue without pre-emptive subscription rights, to set the issue price within the limit of 10% of the share capital per year and according to the conditions determined by the General Shareholders' Meeting;
- authorized the Board to increase the amount of shares issued in the event of oversubscription;
- granted the Board authority to increase the share capital, within the limit of 10%, in consideration of contributions of shares or securities granting access to the share capital;
- granted the Board authority to use these powers during a public offer period;
- granted the Board authority to issue free share subscription warrants and grant them to shareholders during a public offer period under the reciprocity exception.

The reserves recorded in shareholders' equity mainly comprise non-distributable items, resulting from IFRS adjustments of EUR 127,453k at December 31, 2010, and the portion of the revaluation reserve that is not yet distributable in the amount of EUR 149,323k. These reserves can be analyzed as follows:

in thousands of euros	June 30, 2011			Dec. 31, 2010			June 30, 2010		
	Amount	Distributable portion	Non-distributable portion	Amount	Distributable portion	Non-distributable portion	Amount	Distributable portion	Non-distributable portion
Legal reserve	16,047		16,047	16,047		16,047	16,047		16,047
Merger premium	33,286	33,286		34,222	34,222		34,222	34,222	
Retained earnings	266,721	3,122	263,599	216,753	6,546	210,207	217,018	3,054	213,964
Net income for the period	5,206	(7,971)	13,177	63,313	7,329	55,984	22,971	2,395	20,576
Total	**321,259**	**28,436**	**292,823**	**330,335**	**48,097**	**282,238**	**290,258**	**39,671**	**250,587**

5.13. Non-current borrowings

The Company took out a bank loan on March 2, 2006. At June 30, 2011, 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:

in thousands of euros

Purpose	Principal	Maturity	Interest rate basis	Interest rate
Tranche A	196,400	Mar. 2, 2013	Fixed with variable-rate option	4.15%
Tranche B	180,000	Mar. 2, 2013	Fixed with variable-rate option	4.15%
Financing of exit tax liability	22,492	Mar. 2, 2013	Variable rate	3-month Euribor +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) amounts to 4.29%.

The average weighted cost of the loan for the six-month period ended June 30, 2011 was 4.03%.

The first two tranches of the loan and the tranche relating to the financing of the exit tax liability mature on March 2, 2013.

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 5.25).

Loan repayment dates are subject to compliance with the covenants or contractual clauses set out in Note 5.26. If the Company fails to comply with these ratios, it could be required to make a partial repayment of the loan in advance.

The ratios in questions, i.e., the interest coverage ratio (ICR) and loan-to-value ratio (LTV) described in Note 5.25, were calculated and complied with at June 30, 2011.

5.14. Fair value of financial liabilities

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

In thousands of euros

	June 30, 2011		Dec. 31, 2010		June 30, 2010	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Bank loan – first tranche (A)	196,400	200,091	196,400	203,581	196,400	206,171
Bank loan – second tranche (B)	180,000	183,382	180,000	186,582	180,000	188,955
Bank loan – third tranche (C)	22,492	22,492	22,492	22,492	22,492	22,492
Total	**398,892**	**405,965**	**398,892**	**412,655**	**398,892**	**417,618**

At June 30, 2011, there was no difference between the carrying amounts and fair values of other financial instruments.

5.15. Other non-current financial debt

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

5.16. Other operating liabilities

Other operating liabilities can be broken down as follows:

in thousands of euros

	June 30, 2011	Dec. 31, 2010	June 30, 2010
Personnel	3	50	25
Accrued VAT, other taxes and social security charges	3,304	1,664	3,982
Accrued rental expenses rebilled to tenants	864	825	756
Rent paid in advance by tenants	496		
Owners	14,710		22,774
Other operating liabilities	**19,377**	**2,538**	**27,537**
Amounts due to fixed asset suppliers	1,950	4,333	
Amounts due to fixed asset suppliers	**1,950**	**4,333**	**-**
Other liabilities	**21,327**	**6,871**	**27,537**

* At June 30, 2011, liabilities related to owners include the dividend to be paid on July 21 for EUR 1.10 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, 2011	Undiscounted contractual value	Undiscounted contractual value		
			Due in 1 year or less	Due in more than 1 year but less than 5 years	Due in more than 5 years
Non-current liabilities					
Non-current borrowings	397,971	398,892		398,892	
Other non-current financial debt	1,176	1,176			1,176
Non-current corporate income tax liability					
Total non-current liabilities	**399,147**	**400,068**	**-**	**398,892**	**1,176**
Current liabilities					
Other current financial debt					
Accounts payable	3,711	3,711	3,711		
Corporate income tax liability					
Other operating liabilities	21,327	21,327	21,327		
Total current liabilities	**25,039**	**25,039**	**25,039**	**-**	**-**

5.18. Prepaid expenses and revenue

Prepaid expenses consist mainly of interest paid on the bank loan for the second half of 2011.
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, 2011	12 months ended Dec. 31, 2010	6 months ended June 30, 2010
Europlaza	10,676	20,288	10,218
Arcs de Seine	1,159	24,011	12,038
Rives de Bercy	5,379	10,387	5,175
Rental income	**17,214**	**54,687**	**27,431**

5.20. Income from other services

Income from other services can be analyzed as follows:

In thousands of euros

	6 months ended June 30, 2011	12 months ended Dec. 31, 2010	6 months ended June 30, 2010
Rental expenses rebilled to tenants	1,976	5,717	2,653
Real estate taxes rebilled to tenants	1,521	3,553	1,826
Other amounts rebilled to tenants and miscellaneous income	85	967	184
Income from other services	**3,583**	**10,236**	**4,663**

5.21. Building-related costs

Building-related costs can be broken down as follows:

In thousands of euros

	6 months ended June 30, 2011	12 months ended Dec. 31, 2010	6 months ended June 30, 2010
Rental expenses	1,081	5,388	2,576
Taxes	2,349	3,825	1,847
Fees	1,505	3,270	1,570
Maintenance costs	211	1,587	348
Expenses on vacant premises	1,572	973	491
Other expenses	30	80	226
Building-related costs	**6,747**	**15,124**	**7,058**

Fees mainly comprise asset management fees, which amounted to EUR 1,495k for the six-month period ended June 30, 2011 and EUR 3,014k for the year ended December 31, 2010.

Expenses on vacant premises in the six-month period ended June 30, 2011 relate to the Europlaza and Arcs de Seine buildings.

Rental expenses amounted to EUR 5,002k of which EUR 3,497k were rebilled.

5.22. Administrative costs

Administrative costs mainly comprise professional fees and also include payroll expenses for EUR 348k.

5.23. Financial income and expenses

Financial income and expenses can be broken down as follows:

In thousands of euros

	6 months ended June 30, 2011	12 months ended Dec. 31, 2010	6 months ended June 30, 2010
Financial income	40	70	24
Financial expenses	(8,322)	(16,931)	(8,557)
Interest on bank borrowings	*(8,322)*	*(16,752)*	*(8,361)*
Commissions on bank borrowings		*(179)*	*(197)*
Discounting of exit tax liability			
Net financial expense	**(8,282)**	**(16,861)**	**(8,533)**

5.24. Earnings per share

Earnings per share is calculated by dividing net income attributable to owners of the Company by the number of ordinary shares net of treasury shares at June 30, 2011, i.e., 13,357,499, 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.

5.25. Off-balance sheet commitments and security provided

All material commitments are listed below. 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;
– to adhere to the legislation applicable to its business and assets;
– to repay the loan upon its expiration or in advance without charge or penalty, with the exception of breakage costs and commissions which at June 30, 2011 which were estimated to be EUR 18.4m.

(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 of availability of Tranche C of the loan in the event that the 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) Following the departure of Bouygues Telecom, security deposits received from tenants amounted to EUR 9,738k at June 30, 2011.

(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 could no longer be used at June 30, 2011, as the first three installments of exit tax had 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 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.

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

At June 30, 2011, 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

	Minimum annual rental income		
	June 30, 2011	**Dec. 31, 2010**	**June 30, 2010**
Second-half 2011	18,965		
2012	37,185	36,770	32,920
2013	32,053	31,647	32,999
2014	28,161	27,975	31,774
2015	12,575	13,629	18,509
2016	7,808	7,800	11,600
2017	4,892	4,892	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.

5.26. Transactions with related parties

- ***Transactions with related companies***

The hausInvest europa property fund, CeGeREAL's majority shareholder, is managed by Commerz Real. Consequently, transactions with Commerz Real are identified as related-party transactions:

In thousands of euros

	6 months ended June 30, 2011	12 months ended Dec. 31, 2010	6 months ended June 30, 2010
Impact on operating income			
Building-related costs: Asset management fees	1,495	3,014	1,453
Impact on net financial expense			
Interest expense and related charges			
Total impact on the statement of comprehensive income	**1,495**	**3,014**	**1,453**
Impact on liabilities			
Dividends	8,793		13,589
Non-current borrowings			
Accounts payable	-	840	730
Other operating liabilities	-	-	41
Total impact on the statement of financial position	**8,793**	**840**	**14,360**

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

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

The Chairman of the Board's compensation for the years ended December 31, 2010 and December 31, 2011 was set at EUR 50,000 before tax.

(ii) Compensation of key management personnel

in thousands of euros

Categories of employee benefits	6 months ended June 30, 2011	12 months ended Dec. 31, 2010	6 months ended June 30, 2010
Short-term employee benefits	191	227	191
Post-employment benefits			
Other long-term employment benefits			
Termination benefits			
Share-based payments			
Total	**191**	**227**	**191**

(iii) Directors' fees

Directors' fees of EUR 22,500 were paid for the year ended December 31, 2010.

Directors' fees of EUR 120k were allocated for the year 2011.

(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 CRI, namely certain directors and the Chief Executive Officer.

Transactions with other related parties

The loan of EUR 399m which appears in the financial statements arises from the credit agreement entered into in 2006 with the Eurohypo AG bank, which is considered a related party. This loan generated interest in the amount of EUR 8m in the six-month period ended June 30, 2011. The conditions of this loan are described in Notes 5.13 and 5.25.

5.27. Personnel

The Company had three employees at June 30, 2011.

5.28. Statutory Auditor

The Statutory Auditor is:

KPMG Audit FS I
1 Cours Valmy
F-92923 Paris La Défense Cedex
First appointed at the Ordinary and Extraordinary Shareholders' Meeting of December 31, 2005 and renewable at the Ordinary and Extraordinary Shareholders' Meeting to be held on December 31, 2011.

The fees paid to the Statutory Auditor for the six-month period ended June 30, 2011 were as follows:

in thousands of euros

	Amount (net of taxes)			%		
	6 months ended June 30, 2011	12 months ended Dec. 31, 2010	6 months ended June 30, 2010	6 months ended June 30, 2011	12 months ended Dec. 31, 2010	6 months ended June 30, 2010
Statutory audit of the financial statements	98	353	169	100	96	100
Advisory services and services directly related to the statutory audit engagement		15		0	4	0
Total	**98**	**367**	**169**	**100**	**100**	**100**

5. STATUTORY AUDITOR'S REPORT