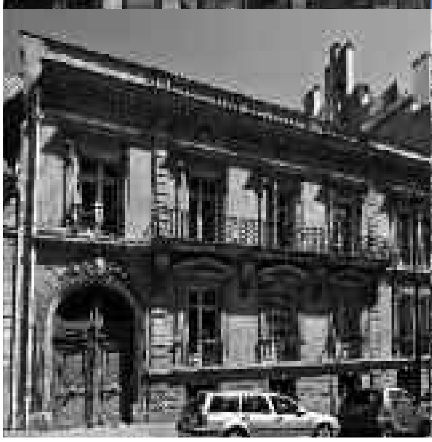


2009 ANNUAL REPORT

# A PORTFOLIO GENERATING CAPITAL GAINS AND A SECURE YIELD





ACANTHE DEVELOPPEMENT

2009 ANNUAL REPORT

# A PORTFOLIO GENERATING CAPITAL GAINS AND A SECURE YIELD

ACANTHE DEVELOPPEMENT

# CONTENTS

## ACTIVITY REPORT



## FINANCIAL REPORT

## PORTFOLIO VALUATION AND FINANCIAL SOLIDITY GUARANTEEING THE PERFORMANCE OF ACANTHE DÉVELOPPEMENT

ACANTHE DÉVELOPPEMENT, A REAL ESTATE COMPANY WITH FRENCH REIT (SIIC) STATUS, HOLDS REAL ESTATE ASSETS CONCENTRATED IN PARIS. ITS HIGH-END PORTFOLIO, WHICH IS MAINLY MADE UP OF OFFICE BUILDINGS AND SHOPS IN THE CAPITAL'S BUSINESS DISTRICT PROVIDES A REGULAR YIELD IN AN AREA WHERE DEMAND IS HIGH.

THE QUALITY OF THE BUILDINGS AND COST CONTROL ARE THE MAJOR STRATEGIC GUIDELINES.
A DEVELOPMENT POLICY WHICH GUARANTEES PROFITABILITY AND FINANCIAL INDEPENDENCE, TWO ASSETS PROVIDING SHAREHOLDERS WITH A SECURE YIELD AND PROSPECTS OF CAPITAL GAINS.

INCLUDED IN THE EPRA INDEX, ACANTHE DÉVELOPPEMENT IS LISTED ON THE EURONEXT PARIS STOCK EXCHANGE UNDER COMPARTMENT C. IT IS ALSO INCLUDED IN THE SBF 250 INDEX.

### Real estate

**87 %**
composed of office buildings and shops (in terms of value)

**84 %**
in the central business district of Paris (in terms of value)

**77 973 M$^2$**
total floor space at 30/04/2010

**25**
buildings at 30/04/2010

**€377.50 M**
at 31/12/2009

**€301.4 M**
in equity capital

**€0.15**
dividend per share





## A POSITIVE AND SOLID POSITIONING MAKING ACANTHE DÉVELOPPEMENT A CRISIS-PROOF INVESTMENT

In 2009, in a turbulent economic and financial environment, ACANTHE DÉVELOPPEMENT clearly confirmed its resistance to the crisis. Its unwavering solidity attests to the validity of the strategy initiated several years ago and strengthens its position as a crisis-proof investment.

In that context, operating income stands at €7.9 million under IFRS. The net consolidated result is a loss of €19.6 million as the appraised value of the investment buildings was down and the booking of bonus shares and stock options gave rise to an expense of €7.6 million.

In parallel, rental revenues only dropped slightly despite unfavourable economic conditions, while the net debt remained at a very moderate level.
ACANTHE DÉVELOPPEMENT remains the only real estate company which has managed to greatly reduce its debt over recent years.
The main line of its strategy, which is to refocus its property assets in the central business district of Paris, has confirmed its pertinence.

All of those assets give the company financial independence, which has made it possible to pay shareholders regular dividends amounting to nearly €195 million over a seven-year period.

Alain DUMÉNIL

# MODE OF OPERATION

THE BOARD OF DIRECTORS MET 19 TIMES IN 2009.
IN ADDITION TO ITS LEGAL POWERS, IT 'S ROLE INVOLVES EXAMINING EXTERNAL GROWTH OPERATIONS AND DEFINING THE STRATEGIC AND FINANCIAL POLICY.
THE TIMETABLE AND AGENDA OF ITS MEETINGS ARE SET IN ADVANCE TO ENABLE DIRECTORS TO HAVE EXHAUSTIVE INFORMATION FOR EACH MEETING.

## BOARD OF DIRECTORS

The Board is made up of five members, two of whom are independent.

## MEMBERS

Alain DUMÉNIL
Chairman & Managing Director

Philippe MAMEZ
Deputy Managing Director

Patrick ENGLER
Director

Pierre BERNEAU
Independent Director

Bernard TIXIER
Independent Director*

* (Cooptation submitted to the General Meeting of 17June 2009, to replace Jacques Halpérin who resigned)

## EXECUTIVE MANAGEMENT

is handled by a small number of executives for greater efficiency.

Chairman & Managing Director
**Alain DUMÉNIL**

| Chief Financial Officer | Legal Affairs Director | Deputy Managing |
|---|---|---|
| **Florence SOUCÉMARIANADIN** | **Nicolas BOUCHERON** | **Philippe MAMEZ** |

## AUDITORS

### REGULAR

DELOITTE & ASSOCIÉS
185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex
RCS Nanterre 572 028 041

AUDIT ET CONSEIL UNION
17 bis, rue Joseph-de-Maistre
75876 Paris Cedex 18
RCS Paris 341 012 656

### ALTERNATE

B.E.A.S.
7-9, villa Houssay
92524 Neuilly-sur-Seine Cedex
RCS Nanterre 315 172 445

SOGEC AUDIT
58, rue du Faubourg-Saint-Honoré
75008 Paris
RCS Paris 702 017 591

## APPRAISAL FIRM

LV & ASSOCIÉS, 9 avenue Marceau 75116 Paris.

The real estate assets were appraised by this firm of independent appraisers appointed by the Court of Appeal of Paris. At the company's request, the calculations were done on very stringent bases, in compliance with the criteria defined by the firm's Charter for real estate valuation and applied by all listed real estate companies.





## QUALITY OF REAL ESTATE ASSETS AND DEBT REDUCTION: CONSOLIDATED GOAL IN 2009

IN KEEPING WITH THE STRATEGY LINE WHICH HAS BEEN FOLLOWED FOR SEVERAL YEARS NOW, THE ACTIVITES OF ACANTHE DÉVELOPPEMENT IN 2009 HAVE BEEN MARKED BY THE CONTINUATION OF A CONTROLLED DISPOSAL PROGRAMME.

Several major sales took place, as a decisive step toward the objective of around 20,000 square metres stated in 2005. Those sales included the building on rue Clément Marot in Paris, and at the beginning of 2010, the office, shop and apartment building on boulevard Haussmann for a price of €32 million.
Furthermore, the construction work on an apartment building on rue Claude Terrasse (Paris 16) was completed and the 7 apartments were sold at the end of 2009 and beginning of 2010 for a total of €6.5 million.
In parallel, the valuation of the portfolio in the central business district of Paris continued.
In line with ACANTHE DÉVELOPPEMENT's positioning, the majority of its real estate assets (in terms of value) remain in Paris, where 84% of the value is concentrated, while the remaining assets are in the French provinces and in Brussels.

## MINIMISED ENVIRONMENTAL IMPACT, COMPLIANCE WITH SAFETY STANDARDS AND OPTIMIAL CONSTRUCTION PRACTICES

ON THE ENVIRONMENTAL LEVEL, NONE OF THE ACTIVITIES OF ACANTHE DÉVELOPPEMENT HAVE AN IMPACT DEEMED HARMFUL.

In a general way, the required attention is given to the management of water and energy consumptions, in order to keep them under control.

As the ordering party, the company fully plays its controlling role, particularly in the restructuring of buildings. In this respect, it ensures strict compliance with standards regarding construction, safety and the protection of the workers' health. Their verification is entrusted to independent bodies whose recommendations are stringently implemented.

In terms of workforce, ACANTHE DÉVELOPPEMENT has 18 employees. Executives and employees are equally mobilised on dedicated internal activities: analysis and financing of acquisitions, portfolio valuation and financial management. The management and marketing of the buildings are outsourced to specialised firms.

## REAL ESTATE ASSETS

# PARIS

### 7, rue d'Argenteuil, Paris 1er

- 675 m² of offices
- 323 m² of apartments
- 218 m² of shops

Attractive building in the heart of the Palais Royal-Opéra area.

### 23, bd Poissonnière, Paris 2e

- 3,518 m² of offices and shops
- 6 car parks

Beautiful building built in 1775.
The façade of this hotel is composed of 6 ionic columns supporting a railed balcony.
Along with two 18th century lounges, it is listed as a historic monument.

### 21, bd Poissonnière, Paris 2e

- 1,691 m² of offices and shops
- 223 m² of apartments
- 3 car parks

Nice building with a façade on one of the major boulevards due to be refurbished in the near future.

### 10, rue d'Uzès, Paris 2e

- 3,882 m² of offices

Parallel to boulevard Poissonnière, a street which is renowned for the beautiful architectural harmony of its buildings.

## REAL ESTATE ASSETS

# PARIS

### 15, RUE DE LA BANQUE, PARIS 2E

- 2,020 m² of offices
- 9 car parks

Nice building near the Bourse, located in the heart of a major business district with excellent public transport services

### 2-4, RUE DE LISBONNE, PARIS 8E

- 2,458 m2 of offices
- 38 car parks

Typical Haussmannian building near place Saint-Augustin, at the corner of rue de Lisbonne and rue du Général-Foy, thereby boasting a double façade.

### 3/5, QUAI MALAQUAIS, PARIS 6E

- 549 m² of apartments

### 17, RUE FRANÇOIS 1ER, PARIS 8E

- 2,095 m² of shops

Building housing luxury shops, near avenue

## REAL ESTATE ASSETS

# PARIS

### 8, RUE DE MARIGNAN, PARIS 8E

■ 162 m² of offices
A building acquired in 2008, with a prestigious address.

### 7, RUE DE SURESNES, PARIS 8E

■ 1,377 m² of offices and shops

### 15, RUE DE MARIGNAN, PARIS 8E

■ 931 m² of offices
This beautiful cut stone building near the Champs-Élysées boasts distinctive offices benefitting from an interior courtyard.

### 55, RUE PIERRE-CHARRON, PARIS 8E

■ 2,891 m² of offices and shops Superb Haussmannian building, only a few steps away from the Champs-Élysées, comprising an exceptional hall (70 m²) and vast spaces on the upper floors. Public car park at the foot of the building.

## REAL ESTATE ASSETS

# PARIS

### 26, RUE D'ATHÈNES, PARIS 9E


- 963 m² of offices and shops

A building with a double façade, located near the Saint-Lazare train station.

### 77, RUE BOISSIÈRE, PARIS 16E

- 1,510 m2 of offices and shops
- 276 m² of apartments near place Victor Hugo, in a Haussmannian building with attractive communal areas.

- 1, 674 m² residential hotel

### 5-7 ET 7 BIS, PASSAGE DUBAIL, PARIS 10E

### 2, RUE DE BASSANO, PARIS 16E

- 3,400m² of offices
- 20 car parks

Exceptional mansion house transformed into offices, only a few metres away from the Champs-Élysées.

REAL ESTATE ASSETS

# PARIS

## 24, RUE GEORGES BIZET, PARIS 16E

■ 956 m² of offices

# PARIS REGION

## 10, RUE EUGÈNE-BAUDOIN, VANVES 92


■ 2 250 m²
Hotel located close to the Parc des expositions.

## TOUR ATLANTIQUE - PARIS LA DÉFENSE 92

Co-owned building ■ 838 m² of offices
Office platform on the 8th floor.

REAL ESTATE ASSETS

# PARIS REGION

## 1, ALLÉE ROUSSEAU + ALLÉE VOLTAIRE - LOGNES 77

■ 2,697 $m^2$ of offices at Allée Rousseau ■ 2,697 $m^2$ of offices at Allée Voltaire
A building with an attractive modern architecture next to a park and near the RER train station.

## CLOS LA GARENNE - FRESNES 94

■ 4,920 $m^2$ of offices and shops as well as reserves on 3 levels.

# FRENCH PROVINCES

## ARC 2000 - 78 CLUB MED

■ 15,200 $m^2$
Hotel complex composed of a residential hotel and a hotel operated by Club Med in the heart of a large ski resort.

■ 11,310 $m^2$
Two hotels in this highly reputed resort.

## FLAINE - 74, HÔTEL LE TOTEM**, HÔTEL AUJON***

## REAL ESTATE ASSETS

# OUTSIDE FRANCE

### 10, AVENUE DE L'ASTRONOMIE - HÔTEL VAXELAIRE - BRUXELLES

■ 3,043 m$^2$
A vast luxury hotel in Brussels' business district.



## REAL ESTATE ASSETS

# PRO FORMA

| Address of the building | | Type of building | Total surface area | Vacant area (m$^2$) | Current rent at 01/04/09 (€) |
|---|---|---|---|---|---|
| **PARIS** | | | | | |
| 7, rue d'Argenteuil | Paris 75001 | Mixed building | 1,214 m$^2$ | 140 m$^2$ | 256,441 |
| 15, rue de la Banque | Paris 75002 | Office building | 2,020 m$^2$ | 200 m$^2$ | 743,000 |
| 21, boulevard Poissonnière | Paris 75002 | Office building | 1,914 m$^2$ | 0 m$^2$ | 386,119 |
| 23, boulevard Poissonnière | Paris 75002 | Office building | 3,518 m$^2$ | 0 m$^2$ | 1,130,000 |
| 10, rue d'Uzès | Paris 75002 | Office building | 3,882 m$^2$ | 354 m$^2$ | 1,299,100 |
| 3/5 quai Malaquais | Paris 75006 | Apartments | 549 m$^2$ | 0 m$^2$ | 330,000 |
| 55, rue Pierre-Charron | Paris 75008 | Office building | 2,891 m$^2$ | 360 m$^2$ | 1,357,000 |
| 2/4, rue de Lisbonne | Paris 75008 | Office building | 2,458 m$^2$ | 215 m$^2$ | 1,096,712 |
| 8, rue de Marignan | Paris 75008 | Office building | 162 m$^2$ | 0 m$^2$ | 68,948 |
| 15, rue de Marignan | Paris 75008 | Office building | 931 m$^2$ | 0 m$^2$ | 348,418 |
| 17, rue François 1er | Paris 75008 | Commercial building | 2,095 m$^2$ | 2,095 m$^2$ | - |
| 7,rue de Suresnes | Paris 75008 | Commercial building | 1,377 m$^2$ | 440 m$^2$ | 412,310 |
| 26, rue d'athènes/Amsterdam | Paris 75009 | Office building | 963 m$^2$ | 0 m$^2$ | 452,327 |
| 5-7 et 7 bis pasage Dubail | Paris 75010 | Residential hotel | 1,674 m$^2$ | 0 m$^2$ | 516,621 |
| 2, rue de Bassano | Paris 75016 | Office building | 3,400 m$^2$ | 865 m$^2$ | 1,643,360 |
| 77, rue Boissière | Paris 75016 | Office building | 1,786 m$^2$ | 0 m$^2$ | 777,625 |
| 24 rue Georges Bizet | Paris 75016 | Office building | 956 m$^2$ | 956 m$^2$ | - |
| **TOTAL, PARIS** | | | **31,790 m$^2$** | **5,625 m$^2$** | **10,817,981** |
| **PARIS REGION** | | | | | |
| 1, allée Rousseau + allée Voltaire | Lognes 77 | Office building | 5,394 m$^2$ | 3,388 m$^2$ | 221,973 |
| 10, rue Eugène-Baudoin | Vanves 92 | Hotel | 2,250 m$^2$ | 0 m$^2$ | 448,909 |
| Tour Atlantique | La Défense 92 | Offices | 874 m$^2$ | 528 m$^2$ | 120,400 |
| Clos La Garenne | Fresnes 94 | Shopping centre | 4,920 m$^2$ | 2,611 m$^2$ | 114,970 |
| **TOTAL, PARIS REGION** | | | **13,438 m$^2$** | **6,527 m$^2$** | **906,252** |
| **FRENCH PROVINCES** | | | | | |
| Le Varet / Club Med | Arc 2000 73 | Hotel | 15,200 m$^2$ | 0 m$^2$ | 376,308 |
| Hôtel Aujon, Flaine | Flaine 74 | Hotel | 6,347 m$^2$ | 0 m$^2$ | 530,000 |
| Hôtel Le Totem, Flaine | Flaine 74 | Hotel | 4,697 m$^2$ | 0 m$^2$ | 546,661 |
| **TOTAL, FRENCH PROVINCES** | | | **26,244 m$^2$** | **0 m$^2$** | **1,452,969** |
| **OUTSIDE FRANCE** | | | | | |
| Avenue de l'Astronomie | Bruxelles | Office building | 3,043 m$^2$ | 3,043 m$^2$ | 509,288 |
| **PRO FORMA PORTFOLIO** | | | **3,043 m$^2$** | **0 m$^2$** | **509,288** |

# FINANCIAL DATA

**THE SOLIDITY OF THE REAL ESTATE ASSETS OF ACANTHE DÉVELOPPEMENT STEMS FROM ITS CONCENTRATION IN PARIS' CENTRAL BUSINESS DISTRICT CONTROL OF THE DEBT IS A GUARANTEE OF BUSINESS CONTINUITY.**

## FOCUS
### ON THE VALUE OF THE REAL ESTATE ASSETS

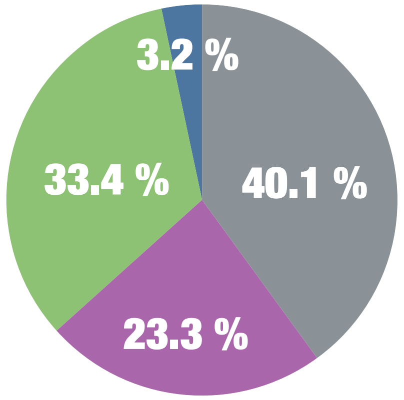
VALUE OF THE REAL ESTATE ASSETS AT 31/12/09
**€377.54 M**

AFTER DISPOSALS UNDERWAY
**€355.29 M**

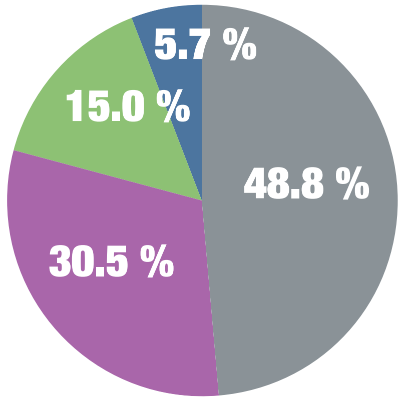
EXTENT OF REAL ESTATE ASSETS AT 31/12/09
**97,373 M²**

AFTER DISPOSALS UNDERWAY
**73,129 M²**

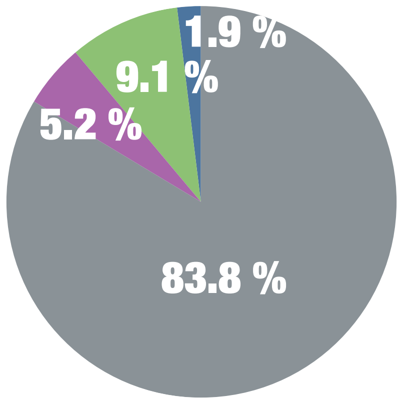
### GEOGRAPHICAL BREAKDOWN OF REAL ESTATE ASSETS
IN SQUARE METRES




### SECTORAL BREAKDOWN OF REAL ESTATE IN SQUARE METRES

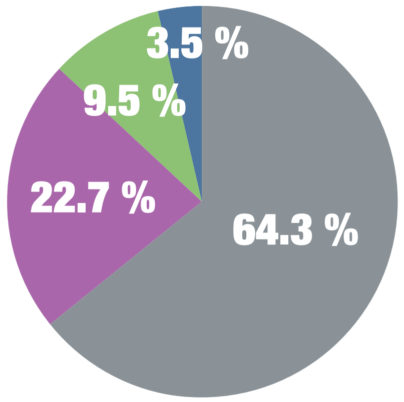



### GEOGRAPHICAL BREAKDOWN OF REAL ESTATE ASSETS IN VALUE



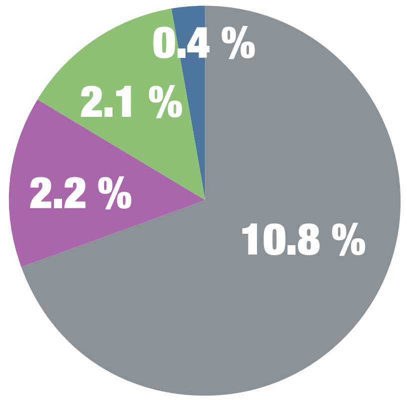

- Paris
- Paris region
- French Provinces
- Belgium

### SECTORAL BREAKDOWN OF REAL ESTATE IN VALUE




- Offices
- Hotels
- Shops
- Apartments

### BREAKDOWN OF RENTAL REVENUES




## FOCUS
### ON THE PROFITABILITY OF THE REAL ESTATE

RENTAL REVENUES
**€15.52 M**

POTENTIAL RENTS
**€21.53 M**

FINANCIAL OCCUPANCY RATE **86 %** IN VALUE
(EXCLUDING BUILDINGS UNDER RESTRUCTURING)

# FINANCIAL DATA

## FOCUS ON THE FINANCIAL POSITION

| | |
|---|---|
| Shareholders' equity, Group share | €301.4 M |
| Gross debt | €98.3 M |
| Gross debt/Equity | 29 % |
| Net asset value per share, after dilution | €2.85 |

## FOCUS ON FINANCIAL PERFORMANCE

| | |
|---|---|
| Operating income | €7.9 M |
| Cash flow from operations | €5.7 M |
| Change in value of investment property | -€19.4 M* |

* Estimate by an appraisal firm, based on the criteria set out in the real estate appraisal Charter.
At 31 December 2009, the market value represents the price expected on the sale of a building within approximately six months.

| | |
|---|---|
| Non-current operating expenses | €7.6 M* |

Impact of the booking of stocks options and bonus shares under IFRS:

- €2.1 million for the stock option plan adopted on 28 August 2009 based on a share price of €1.31.
- €5.5 million for the bonus share subscription plan adopted in July 2007, based on a potential subscription price of €3.29.

| | |
|---|---|
| Consolidated net income for the Group | - €19.6 M |

## FOCUS ON SHAREHOLDER COMPENSATION

### PROGRESSION OF ORDINARY + SUPPLEMENTARY DIVIDEND

| | |
|---|---|
| 2004: | €0.15 + €0.53 |
| 2005: | €0.28 + €0.47 |
| 2006: | €0.13 + €0.45 |
| 2007: | €0.13 + €0.16 |
| 2008: | €0.20 + €0.19 |
| 2009: | €0.04 |
| 2010: | €0.15 |

| | |
|---|---|
| Total dividend paid in 2009 | €193.4 M |

## STOCK MARKET DATA

### Breakdown of capital

| | |
|---|---|
| Float | 34.53 % |
| PHRV | 5.5 % |
| Ardor capital + Alain Duménil | 52.04 % |
| Treasury shares | 7.93 %* |

* Shares held by sub-subsidiaries.

## STATEMENT OF THE NATURAL PERSONS RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

"I hereby certify that, to the best of my knowledge, the parent-company and consolidated financial statements for the year ended 31 December 2009 presented in the following financial report were prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and profit or loss of the company and all the companies included in the consolidation, and that the management report presents a true and fair view of the development and performance of the business and the financial position of the company and all the companies included in the consolidation, together with a description of the principal risks and uncertainties they face."

ACANTHE DÉVELOPPEMENT
Represented by: Alain DUMÉNIL
Chairman & Managing Director



BOARD OF DIRECTORS'

# MANAGEMENT REPORT

## CONTENTS

# BOARD OF DIRECTORS' MANAGEMENT REPORT

## TO THE ORDINARY AND EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF 18 JUNE 2010

Dear Shareholders,

In accordance with the law and the provisions of our company by-laws, we have convened this General Meeting of Shareholders to: (i) to report the results of our management of the Company in 2009, ii) to submit the 2009 financial statements for your approval, (iii) to propose renewal of the authorisation granted to the Board to buy and sell the Company's treasury stock, (iv) to authorise the Board to reduce the share capital by cancelling treasury stock, and, (v) to increase the capital to pay for contributions in kind, (vi) to delegate the Board to increase the share capital by the issue of shares reserved to members of the employee savings plan and (vii) to amend Article 3 of the bylaws.

The convening notices for this General Meeting of Shareholders were prepared and executed in strict compliance with the statutory procedures.

The documents and information accompanying the convening notice were compiled in accordance with the existing regulations, and were sent to you or made available either to you or to the custodians of the securities giving access to the Company's capital within the timeframes stipulated in the legal, regulatory and statutory provisions.

You will be asked to vote on the following items:

## AGENDA

### Ordinary Meeting:

- Board of Directors' management report on the year ended 31 December 2009, including the Group management report;
- Board of Director's management report on the internal control procedures detailed in Article L.225-37 of the French Commercial Code;
- Supplementary report by the Board of Directors on its use of delegated powers in relation to capital increases (Articles L.225-129-1 and L.225-129-2 of the French Commercial Code),
- Board of Directors' special report on the share buyback programme;
- Special Board of Directors' report on the share distribution operations conducted by virtue of Articles L.225-197-1 to L.225-197-3 of the French Commercial Code and operations conducted under the provisions of Articles L.225-177 to L.225-186 of the French Commercial Code;
- Auditors' reports on the Company financial statements for the financial year 2009 and on the consolidated financial statements for the same period;
- Special Auditor's report on the Chairman's report on the internal control procedures as required by Article L.225-37 of the French Commercial Code;
- Special auditors' report on the regulated agreements referred to in Articles L.225-38 of the French Commercial Code;
- Approval of the Company financial statements and discharge of its Directors;
- Approval of the consolidated financial statements;
- Approval of the agreements referred to in Article L.225-38 of the French Commercial Code;
- Appropriation of earnings; Distribution of dividends;
- Fixing of directors' fees;
- Proposal to offer shareholders a choice between receiving their ordinary dividends in cash or in new shares to be created by the Company;
- Authorisation of the Board of Directors to initiate another share buyback programme.
- Powers to perform all necessary formal procedures.

### Extraordinary Session:

- Authorisation of the Board of Directors to reduce the Company's share capital by cancelling shares in the treasury stock;
- Authorisation of the Board of Directors to increase the Company's capital – by a maximum of 10% – with the objective of remunerating contributions in kind of shares or securities giving access to the Company's share capital;
- Authorisation of the Board of Directors to raise the Company's capital by issuing shares reserved for employees contributing to a company savings plan established in compliance with Articles L.225-129-6 of the French Commercial Code and L3332-18 et seq. of the French Labour Code;
- Amendment of the corporate purpose and corresponding amendment of Article 3 of the bylaws;
- Powers to perform all necessary formal procedures.

## CONTENTS OF THE REPORT

# BOARD OF DIRECTORS' MANAGEMENT REPORT

## CONTENTS OF THE REPORT



## 1. 1. COMPANY SITUATION AND GROUP ACTIVITY DURING 2009

(Articles L.225-100, L.225-100-2 and L.233-26 of the French Commercial Code)

### 1.1. Situation and activity of the Group during 2009 (Article L.225-100-2 of the French Commercial Code):

In 2009 income from buildings was EUR 16,276k (of which EUR 14,106k was rent income and EUR 2,170k was rebilled rent charges) compared with EUR 17,032k (o/w EUR 15,051k was rent income and EUR 1,981k was rebilled rent charges) in 2008.

Rent income was down 6.28% on the year, compared to 2008 (-6.93% like-for-like).

The fall was essentially due to the departure of the lessees of building C in the rue de Bassano private mansion house (16th arrondissement of Paris) at end-September 2008 and the Brussels building at end-June 2009. These departures reduced rent income on these buildings by EUR 525k and EUR 250k, respectively, compared to 2008.

In most other buildings, loss of income from lessees leaving in the year were made good by the arrival of new lesssees. The Group's remaining vacant lots are either being marketed or renovated.

Two Group companies made contributions-in-kind of their property assets and equity interests to the Venus company, part of the ADT SIIC group. The transaction was designed to rationalise the structure of the groups involved by the type of buildings held.

The value of the contributions (as appraised by Abergel, commissaire aux apports, appointed by the Paris Commercial Court) meant that the Group took control of 97.34% of Venus. Its other shareholders are ADT SIIC with 1.59% and ADC SIIC with 1.07%.

Venus was therefore consolidated along with its assets and other subsidiaries into Acanthe Développement group as from 23 November 2009.

Before these contributions, Venus had owned the co-ownership lots (offices and one apartment) in the Résidence La Forêt à Flaine, Haute-Savoie (74), and was the direct or indirect owner of 4 companies :

- SCI Le Voltaire: owner of the building in Lognes, Seine-et-Marne (77),
- SCI Le Brevent: owner of the building in Fernay-Voltaire, Ain (01),
- SNC Axonne: parent company of SCI Adel, owner of the co-ownership lot in 8 rue de Chazelles, Paris.

The table below shows the properties belonging to the Venus sub-group and their main features (location, value, surface area, income, associated debt):

| Company | Location | Contribution value (EUR K) | Surface area ($m^2$) | Annual income (EUR K) | Associated debt |
|---|---|---|---|---|---|
| ADEL | Rue de Chazelle à Paris | 1,750 | 391 | 50 | |
| VOLTAIRE | Voltaire Building, Lognes<br>Le Brévent building in Ferney | 2,500 | 2,697 | 251 | 1,255 |
| Le BREVENT | Voltaire | 1,100 | 1,110 | 37 | 199 |
| VENUS | Résidence la Forêt à Flaine (74) | 1,015 | 750 | 64 | 504 |
| VENUS (contribution from ADC SIIC) | Rue de Suresne, Paris VIII$^{th}$ arrondissement | 10,000 | 1,377 | 645 | 7,153 |

In late December, the Group also acquired the company Cedriane, owner of a 549 m² luxury building in Paris (6th arrondissement). A new lease was agreed on these lots in January 2010. The total borrowings of this company are EUR 1,883k.

During 2009, the Group made the following divestments:

- The building in rue Clément Marot (Paris's 16th arrondissement) for EUR 17m.
- A vacant suite of offices at 10 avenue de la Grande Armée (Paris's 17th arrondissement) for 2,150k.
- The last four apartments in the building in rue de Rome, Paris (8th arrondissement), which had been converted residential accommodation, were sold for EUR 2,504k including EUR 56k of VAT on gains. There is still a reserve on this site as well as two commercial units. currently leased and which have been the subject of a provisional sale agreement since 29 January 2001.

The same year, provisional sale agreements were signed on the following assets:

- A vacant office block at 55 rue de Lisbonne, Paris (8th arrondissement), for EUR 4.2m. The definitive sale contract was signed in January 2010.
- A 150m² vacant office space at avenue de l'Opéra, Paris (1st arrondissement) for EUR 1m. The commercial zoning rights on these offices remains with the Group having been assigned to the rue d'Argenteuil building.
- An office block in Paris (8th arrondissement) for EUR 15.5m. The sale was completed in February 2010.
- A mixed-use retail and office block in Ferney-Voltaire, Ain (01) for EUR 1.44m.
- A retail building in Ferney-Voltaire, Ain (01) for EUR 912k.

In addition, the Company continued various asset switching transactions initiated in 2006 as part of its strategy to refocus the Group's portfolio on top quality Parisian buildings:

- A price had been agreed with the Mairie to sell the Ivry warehouse complex unlet. However, because of ongoing eviction procedures with the lessee, the sale had not yet been officially finalised. In August 2009, the lessee, whose lease had expired, left the premises and negotiations restarted with SADEV94, the public-private company or "SEM" now responsible for development and land acquisitions throughout the Ivry Confluence zone.
- A provisional sale agreement on the Fernay-Voltaire plot had been signed with a national-scale developer in 2006 but the developer ultimately had to pull out because of the economic environment and its own financial problems. Negotiations were begun with another national developer, leading in early 2010 to the signature of a provisional sale agreement to be completed in 2011.
- A 7-apartment building project in Paris's 16th arrondissement was delivered in December 2009. At that time, 4 provisional sale agreements had been signed (on 3 apartments and 1 duplex) for a total of EUR 3.75m including tax. A further 3 sales were provisionally agreed in 2010 which leaves only one apartment unsold.

Elsewhere, the Group has continued various projects to enhance the value of its assets:

- Administrative consent for the use of 2-4 rue de Lisbonne in Paris (8th arrondissement) as offices was obtained by 31 December 2008 after the Préfecture de Paris granted definitive consent under its new planning regulations, a decision notified to the Group in early 2009. The lots affected by the change of use (1,351m2) have all been leased, almost all of them in their entirety. Only a 215m2 half-unit remained unlet as at 31 December 2009.
- The tender was awarded for work on the building in rue François Ier, Paris (8th arrondissement). But before work could begin, a study looking at increasing the usable surface area and improving traffic was carried out. An amended proposal was submitted in early 2010 and work will start in the first half of 2010.
- The works to renovate the 4th and 5th floors of 23 blvd Poissonnière in Paris (2nd arrondissement) have been accepted and the units affected relet.
- The work to convert the 6th floor of the building in rue d'Argenteuil in Paris (1st arrondissement) into offices was delivered. Administrative consent (change of use to be offset against the building in the avenue de l'Opéra) is being sought and the lot will be put on the market after receipt of the Mairie's approval. In the same building, the 1st floor was completely renovated and relet after its former lessee left.
- Units on the 1st and 5th floors of 55 rue Pierre Charron, Paris (8th arrondissement) were refitted. A lease has already been signed for the 1st floor starting from the second quarter of 2010.
- The façade of the building on rue Le Marois, Paris (16th arrondissement) is being renovated, with work ongoing as at 31 December 2009, and the 10 co-ownership lots (9 apartments and 1 shop) will eventually be sold off unit-by-unit: 2 provisional sale agreements totalling EUR 308k were signed in December 2009. Three others were signed in 2010 and we already have offers on all the other lots.
- In the La Défense business district, work has begun on the Tour Atlantique lot to remove asbestos, comply with fire regulations and renovate the units. A lease has already been signed, taking effect from 1 May 2010 on 301m².

A project to renovate the façade of the Clos la Garenne shopping mall in Fresnes, Val-de-Marne (94) has been filed with the Mairie and approved. Work will take place in 2010.

- Finally, a provisional sale agreement was signed in April 2010 on an office block in Paris (8th arrondissement outside the Central Business District) for EUR 15.1m.

As at 31 December 2009, Acanthe Développement Group's property portfolio had a total surface area of 97,373m² including 48,079m² of offices, 30,472m² of hotels and apartment hotels and 15,024m² of retail premises. The remainder consisted of 3,798m² of residential property, of which 1,222m² is being sold as individual units (rue Claude Terrasse and rue Le Marois, Paris, 16th arrondissement). By surface area, 40.11% of the portfolio is in Paris, 23.34% in the Paris region, 33.43% in other regions of France and 3.12% in Brussels.

However, in terms of value, 84.30% of the portfolio is located in Paris, 5.08% in the Paris region, 8.78% in the rest of France and 1.83% in Brussels. The Group also owns 11ha 26a and 76ca of land in the French provinces.

The portfolio is financed through a mix of medium- and long-term bank loans. Total financing outstanding rose from EUR 86.4m at end-2008 to EUR 96.4m as at 31 December 2009. The increase was due to consolidation within the Group of companies that had pre-existing loans to fund their property assets. Free cash at the same date was around EUR 12.3m.

## 1.2. Changes to the Company Acanthe Développement during 2009 (Article L.225-100 of the French Commercial Code):

**- Increases in share capital:**

As at 31 December 2009, the Group's share capital stood at EUR 35,312,643 represented by 93,458,355 shares compared with EUR 38,247,014 represented by 101,199,299 shares a year earlier.

The increase resulted from:

**1/ Exercise of 95,438,175 share subscription warrants (ISIN code FR 0000346975)**
creating 2,964,946 new shares with nominal value (EUR 1,120,453) and issue premium (EUR 3,969,582.83) both fully paid up in cash.

**2/ Shareholder reinvestment within the framework of the distribution of dividends as new shares:**
**At the Ordinary General Meeting of Shareholders on 17 June 2009** shareholders were given the option to receive dividends in cash or as new Company shares. Holders of 12,666,935 shares opted for the distribution of dividends as new shares. At the AGM of 20 July 2009, the Board of Directors fixed the price of the new shares at EUR 1.11 per share on the basis of figures approved at the same meeting.
The Board declared that 445,998 new shares had been issued as a result of the dividend paid in new shares.
The Board noted that the nominal value of the new shares and the associated issue premium were fully paid up in cash for a total amount of EUR 495,057.78: (445,998 x EUR 1.11). The EUR 326,540.29 difference between total subscriptions and the capital increase was recorded under "Issue premium".
The share capital was then rounded up to the next whole number of euros by transferring EUR 0.51 from the issue premium account.

**3/ issue and allocation of free shares:**
The Board of Directors on 22 July 2009, under powers delegated at the Ordinary and Extraordinary General Meetings of Shareholders held on 21 March 2007, decided to increase the share capital with effect from 26 July 2009 by EUR 1,645,400 charged against "Issue, merger and paid-up capital premiums" by issuing 4,330,000 shares which were awarded to the Chairman and Chief Executive.

• **Directors:**

**Shareholders at the Ordinary General Meeting of 17 June 2009** renewed the appointment as director of Pierre Berneau, for a further six years until the end of the AGM called to approve the financial statements for the year ended 31 December 2014.

**Shareholders at the Ordinary General Meeting of Shareholders of 17 June 2009** ratified the cooption by the Board of Directors on 8 December 2008 of Bernard Tixier as a new director to replace Jacques Halpérin, who resigned.

Bernard Tixier will act as director for the remaining period of his predecessor's appointment, until the end of the AGM held in 2013 to approve the financial statements for the year ended 31 December 2012.

• **Renewal of the appointment of statutory and deputy auditors**

**At the AGM of 17 June 2009** shareholders renewed the mandates of the companies Deloitte & Associés and B.E.A.S., respectively as co-statutory auditors and co-deputy auditors, for a further six years until the end of the AGM called to approve the financial statements for the year ended 31 December 2014.

• **Creation of an Accounts Committee:**

**The Board of Directors, at its meeting of 4 August 2009** created within the Board an Accounts Committee whose role is to prepare the work of the Board as regards the accounts, including drawing up quarterly financial information and interim and annual financial statements before these are passed to the Board for examination and approval. The Committee will also examine the fees paid to auditors and candidates for auditor.

The Accounts Committee comprises Messrs Engler (Chairman), Berneau and Tixier.

• **Share subscription options:**

**The Board of Directors at its meeting of 28 August 2009** recognized that Alain Duménil had not exercised any of the 9,538,336 share subscription options granted at the Board of Directors meeting of 25 July 2007 in accordance with the authorisation granted by the Ordinary and Extraordinary General Meetings of Shareholders of 21 March 2007.

It was also recognised that in accordance with a letter dated 3 August 2009, Alain Duménil waived his rights to exercise all the options.

At the same meeting the Board, acting under the authorisation granted at the Ordinary and Extraordinary General Meetings of Shareholders on 21 March 2007, decided to grant 9,936,436 share subscription or purchase options to Alain Duménil as Chairman and Chief Executive of the Company with an exercise price set at EUR 1.24. It is nonetheless specified that Mr Duménil must keep 1% of the shares resulting from the option grant until he ceases to act as Chairman and Chief Executive of the Company, unless this obligation threatens the continuation of the Company's SIIC status.

**The Board of Directors at its meeting of 31 December 2009** at midday decided that the options awarded at its meeting of 28 August 2009 should be share purchase options. The Board further decided that the share purchase options shall be exercisable by the Beneficiary only if the Company has the required number of shares at the exercise date.

**The Board of Directors further decided, at its meeting of 31 December 2009** at 2.00pm, that, following the decision taken the same day at midday, if on the exercise date of the options the Company did not have enough shares for them all to be exercised the options should be considered share purchase options up to the number of shares held by the Company and the remainder should be considered share subscription options..

# 2. 2. COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

## 2.1. Parent Company financial statements

The net value of the parent company's real estate portfolio as at 31 December 2009 was EUR 3.41m and includes:
• a building of offices and retail space located in rue d'Athènes, Paris (9th arrondissement) valued at EUR 3.23m with a total surface area of 963m² and rented out for EUR 0.48m p.a. vs. EUR 0.45m in 2008,
• A plot of land in Verdun, Meuse (55), valued at EUR 0.18m.

Investments in subsidiaries were valued at EUR 7.6m as at 31 December 2009. The EUR 1.2k change from the previous year reflected the sale of SCI Le Rousseau (Sirène no. 412 883 472 – holding: 1%) for EUR 8.7k and the sale of the company Pont Boissière (Sirène no. 444 224 141 – holding: 0.01%) for EUR 0.6k.

The other "Accounts receivable from associated undertakings" consist essentially of EUR 45.1m in loans to subsidiaries, compared with EUR 37.4m in 2008.

The line "Other financial fixed assets" includes the deposit paid for the rent of the head office.

"Trade receivables and similar" (EUR 1.74m) mainly consisted of EUR 1.68m of invoices not yet issued, including rebilled administrative costs and immediately due receivables from lessees totalling EUR 0.05m.

The EUR 1.65m of "Other receivables" mainly consisted of VAT receivables of EUR 0.25m, a tax rebate of EUR 1.3m on an early tax payment and a carry-back request of EUR 0.04m.

"Short-term investments and cash or cash equivalents" was EUR 9.6m compared to EUR 1m in 2008.

As at 31 December 2009, shareholder's equity stood at EUR 62.54m. The change since end-2008 was mainly due to:
• The exercise of 95,438,175 share subscription warrants leading to the creation of 2,964,946 shares and a EUR 5.09m increase in shareholders' equity,
• The reinvestment of 12,666,935 coupons leading to the creation of 445,998 new shares and an increase in shareholder's equity of EUR 0.5m;
• The distribution of gross dividends of EUR 3.73m;
• 2009 profit of EUR 14.61m.

"Debt to banks" was EUR 1.77m in 2009 against EUR 2.26m in 2008. The change was essentially due to repayment of a short-term loan.

"Borrowings and financial debt" totalled EUR 4.2m against EUR 4m as at 31 December 2008.

"Trade payables and similar" consisted of EUR 0.23m in payables to suppliers and EUR 0.33m in unreceived invoices.

"Other Debts" of EUR 0.33m consists mainly of VAT owed.

Profit for 2009 was EUR 14.61m compared with EUR 6.67m the previous year. It derived mainly from:
• revenue of EUR 2.18m, including rent on the rue d'Athènes building (Paris 8th arrondissement) of EUR 0.49m, rebilled rent for the Bassano head office to ADC SIIC and ADT SIIC groups of EUR 0.29m, and EUR 1.4m of other charges rebilled to the subsidiaries (EUR 1.2m of administrative costs and EUR 0.15m);
• operating charges of EUR 2.7m, part of which was rebilled (see previous paragraph). These mainly comprised EUR 0.96m in fees, EUR 0.21m for financial publications, EUR 0.85 for rents and rent charges, EUR 0.2m for salaries, EUR 0.1m for directors' fees and EUR 0.13 for depreciation provisions;
• financial income from invested cash of EUR 0.1m;
• interest charges of EUR 0.09m on loans related to property investments;

- dividends received from subsidiaries of EUR 13.7m and EUR 1.7m in net financial income on advances to and from subsidiaries;
- a provision on own shares of EUR 0.18m.

## 2.2. Consolidated financial statements

**Consolidated statement of financial position**

Investment properties as at 31 December 2009 totalled EUR 371.21m after the contributions in kind, acquisitions and sales detailed in section 1.1 of this management report.

Investment buildings as at 31 December 2009 are carried at fair value.

The premises occupied by the Group (389m2 at 2, rue de Bassano, Paris 16th arrondissement) are now recognised in accordance with IAS 16: Property, plant and equipment. In accordance with IAS 16.36, the Group has used the revaluation model in measuring its "Land and Constructions" assets. The net value of these premises as at 31 December 2009 was EUR 6.33m.

The programme to sell off individually the units in the rue de Rome building (Paris 9th arrondissement) continued during the year. There is now only an unsold reserve remaining, recognised under "Building inventories" at a net EUR 0.02m as at 31 December. As the section of the building destined for commercial use is not being renovated before its sale, it is still recognised under "Investment buildings". The land on rue Claude Terrasse (Paris 16th arrondissement) and associated buildings have also been classified under "Building inventories" (EUR 5.28m) due to the property development of which they are part. The buildings A and B at the same address have been recognised under "Investment buildings" since they will not undergo any major renovation.

"Cash and Cash equivalents" stood at EUR 12.27m at the end of 2009 and consisted mainly of:
- Money market SICAVs: EUR 9.62m
- Cash: EUR 2.65m

Other asset items are detailed in the notes to the consolidated financial statements, paragraph 4.3.

Shareholders' equity as at 31 December 2009 stood at EUR 301.38m excluding minority interests.

The change in shareholders' equity since 31 December 2008 resulted from:
- An increase in the revaluation reserves of EUR 0.1m to take account of the valuations of buildings used for administrative purposes according to the re-valued cost method (fair value) and the change in the fair value of available-for-sale financial assets;
- The reduction in consolidated reserves (-EUR 3.29m) as a result of dividend payments.
- A EUR 2.94m increase in share capital and a EUR 2.65m increase in the issue premium as a result of the exercise of warrants and the option to receive dividends in the form of new shares;
- In accordance with IFRS 2 on share-based payments, the Company recognised a EUR 7.61m increase in the issue premium after the grant of free shares and stock options. This sum was also recognised under payroll costs;
- Movements in warrants and own shares during the year increased shareholders' equity by EUR 1.83m.
- The Consolidated Group loss for 2009 was EUR 19.61m.

"Financial liabilities" (current and non-current) rose from EUR 88.58m in 2008 to EUR 98.31m at end-2009. The rise was mainly linked to first-time consolidation of companies that had taken out loans to finance their property portfolios.

A breakdown of the other liability items is provided in the notes to the consolidated financial statements, paragraph 4.5.

**Income statement**

Consolidated revenue for the year ended 31 December 2009 was EUR 16.3m (of which EUR 14.11m in rent income after deduction of EUR 0.65m in rent paid for the Company's offices and EUR 2.17m of rebilled charges) versus EUR 17.03m in 2008 (of which EUR 15.05m was rent income after deduction of EUR 0.40m in intra-group rent and EUR 1.98m in rebilled charges). For details see paragraph 1.1 of this management report.

Net revenue from buildings amounted to EUR 11.7m as at 31 December 2009 compared to EUR 13.45m as at 31 December 2008.
The Group's property development activities (unit-by-unit sales) generated a net loss of EUR 1.1m The loss was chiefly due to a EUR 953k impairment charge taken against the rue Claude Terrasse building to cover the difference between the expected sale price of unsold lots and their cost, including additional costs from halting and restarting construction work and making good defects.

The award of stock options and free shares made up EUR 7.61m (also booked to shareholders' equity in accordance with IFRS 2) of payroll costs totalling EUR 8.42m. This EUR 7.61m - consisting of EUR 3.2m in free shares with a two-year vesting period, EUR 2.3m in free shares with a four-year vesting period and EUR 2.1m in stock options - was offset against a balancing entry to the issue premium and therefore had no impact on the Group's shareholder's equity.

The charge recognised during the vesting periods for employees' entitlements is based on the fair value of the options and the shares on the plan's grant date. This is fixed irrespective of whether the share prices subsequently rises or falls. It should be noted that the price used to value the free shares was EUR 3.29 and that used for the options granted in 2009 after the beneficiary waived his entitlement to the 2007 options was EUR 1.31.

"Other operating expenses" amounted to EUR 1.9m vs. EUR 2.1m in 2008.

The adjustment to the fair value of "Investment buildings" as at the end of 2009 generated a negative writedown of EUR 19.44m, a like-for-like reduction in value of 4.77%.

"Depreciation, amortisation and provisions" includes charges taken against "Other property, plant and equipment and intangible assets" (EUR 0.03m), against the part of 2, rue de Bassano occupied by the Group (EUR 0.1m), against impaired trade receivables (EUR 0.31m) and, most significantly, a EUR 1.6m charge for impairment of goodwill, mainly relating to costs for restructuring and contribution-in-kind.

Capital gains from the sale of buildings totalled EUR 3.15m.

The net cost of financial debt of EUR 4.35m essentially reflected interest payments of EUR 4.41m on loans to finance the Company's property assets, minus income of EUR 0.06m from the Group's financial investments.

Other financial income and charges gave rise to a profit of EUR 0.10m.

Negative goodwill arising from the capital increase at a subsidiary was recognised as a EUR 2.79m gain for the year on a specific line of the income statement.

Tax income (EUR 0.01m) is mainly due to repaid tax.

The consolidated net loss for 2009 was EUR 19.48m, including minority interests of EUR 0.13m. The net loss for the year attributable to owners of the Group was therefore EUR 19.61m.

All significant lawsuits are detailed and analysed in Note 9.3 to the consolidated financial statements.

## 2.3. Off-balance sheet commitments (Article L.225-100 of the French Commercial Code)

Commitments, both internal and external to the Group, are as follows:

**Description of off-balance-sheet commitments given**

The commitments are only exercisable to the amount of the remaining sums outstanding on the day any such guarantees might be exercised. Such sums may then be increased by costs, taxes and ancillary expenses up to a maximum limit of 20%. The real impact for the Group of these commitments at the closure of the 2009 accounts is presented below.

| Eur K | 31/12/2009 | 31/12/2008 |
|---|---|---|
| GUARANTEES GIVEN BY ACANTHE DEVELOPPEMENT to financial institutions funding subsidiaries' property | 66,648 | 62,905 |
| MORTGAGES on property purchased | 130,670 | 103,263 |
| PLEDGED COMMERCIAL RENTAL INCOME | 96,992 | 86,053 |

It should be noted that the total accumulated financial liabilities in 2009 and 2008 were respectively EUR 93,310k and EUR 88,584k.

| Other commitments given (Eur K) COMMITMENT | 31/12/2009 | 31/12/2008 |
|---|---|---|
| Money market SICAV or financial instruments pledged to banks (1) | 1,578 | 1,567 |
| Commitment to sellers of SOGEB to maintain the equivalent of the Guaranted a SICAV until resolution of the legal dispute with the tenant | - | 313 |
| Term deposits pledged to banks | 577 | 74 |

(1) Pledges to banks are made as collateral for bank guarantees.

The increase in "Term deposits pledged to banks" relates to the interest-bearing deposit at Landesbank Saar, as part of the loan arrangement by Pont Boissière described in paragraph 4.5.1. of the notes to the consolidated accounts.

Terms of off-balance-sheet commitments (as at 31 December 2009):

| GUARANTEES | Eur k | Less than year | 1-5 years |
|---|---|---|---|
| Guarantees | 66,648 | 3,237 | 15,998 |
| Mortgages Loans still outstanding * 1,2 | 130,670 | 4,830 | 25,575 |
| Pledge of commercial rental income | 96,992 | 4,025 | 21,282 |
| Pledge of money market SICAV to banks (against guarantees) | 1,578 | 1,474 | 104 |

Pledges, guarantees and sureties given (as at 31 December 2009):

| Companies whose shares or units pledged | Shareholder or partner | Beneficiary | Start date | Expiry date | N° of shares units pledged | % of capital pledged |
|---|---|---|---|---|---|---|
| BASNO | VENUS | DEUTSCHEPFANDRIEFBANK | 13/08/2003 | 13/08/2019 | 100 | 100% |
| BASNO pour FONCIERE DU ROCHER | VENUS | DEUTSCHEPFANDRIEFBANK | 29/09/2003 | 29/09/2019 | 1 000 | 100% |
| SCI BRIHAM | VENUS | Crédit Foncier | 16/11/2001 | 20/11/2013 | 1 000 | 100% |
| SCI CANDIDE | BALDAVINE SA | SADE | 19/12/2002 | 19/12/2014 | 100 | 100% |
| DFLI | SIF DÉVELOPPEMENT | AAREAL | 30/05/2002 | 30/05/2012 | 60 | 100% |
| SCI LES DAUPHINS | BALDAVINE SA | SADE | 19/12/2002 | 19/12/2014 | 100 | 100% |
| SCI LES MEUNIERS | VENUS | DEUTSCHEPFANDRIEFBANK | 15/02/2001 | 20/01/2016 | 1 695 | 100% |
| LORGA | VENUS | DEUTSCHEPFANDRIEFBANK | 03/08/2001 | 31/07/2021 | 290 500 | 100% |
| PONT BOISSIERE | ACANTHE DÉVELOPPEMENT ET VENUS | LANDESBANK SAAR | 14/05/2009 | 15/05/2019 | 10 000 | 100% |
| SFIF | VENUS | DEUTSCHEPFANDRIEFBANK | 15/02/2001 | 20/01/2016 | 2 500 | 100% |

All pledges listed above will be cancelled by repayment of the loan that they guarantee.

**Description of off balance sheet commitments received**

- Liability guarantees given: In the acquisition of a two-thirds interest in SOGEB, a liability guarantee was given by the sellers to the value of the acquisition price, i.e. EUR 8m, for a duration of three years ending on 22 June 2010.
- In return for pledged SICAVs, the bank Société Générale provided bank guarantees to the inland revenue (Trésor Public) for EUR 1.4m and to the seller of commercial zoning rights for EUR 0.1m.
- Loan guarantee given to ADT SIIC: pledge of shares in Venus held by ADT SIIC.

## 2.4. Factors of potential risk or uncertainty:

**Capital management risk**

The Group manages its capital to ensure that Group entities may continue to function and to maximise the return on investment for shareholders via an optimisation of the balance between "shareholder capital" and "net financial debt".

The definition of net financial debt includes the loans mentioned in point 4.5 of the notes to the consolidated accounts, minus cash and cash equivalents. Shareholder capital is understood to mean the shareholders' equity of the parent Company, plus the consolidated reserves and the consolidated profit for the period.

| Eur k | 31/12/2009 | 31/12/2008 |
|---|---|---|
| Bank debt | 98,310 | 88,585 |
| Cash and cash equivalents | (12,269) | (1,209) |
| Net financial debt | 86,041 | 87,376 |
| Group shareholder capital | 301,385 | 309,153 |
| Net fiancial debt / Group shareholder capital | 29 % | 28 % |

The ratio net financial debt / Group shareholder capital takes no account of own shares held (EUR 26.5m valued at restated net asset value) which could be mobilised to generate cash, or of the current "realisable" surplus, i.e. the difference between current assets (excluding cash and cash equivalents) and current debts (excluding current financial liabilities).

Following a period in which the management's principal objective was to reduce the Group's debt, this ratio may now change. The Group may finance future acquisitions with loans if opportunities arise in its core market of offices in the Paris Central Business District. It may equally decide to sell certain buildings depending on market opportunities.

**Interest-rate risk**

As Acanthe Développement has a number of variable rate loans outstanding, the Group is exposed to interest rate risk. However, following a policy that is both prudent and coherent with the profile of its activities, the Group has bought financial hedging instruments that effectively hedge the risk of interest rate increases.

The variable rate loans are partially capped (up to EUR 20m) by an interest rate swap contract capped at 6.94%.

Interest rate risk hedges at 31/12/2009

| Instrument | Maturity | Notional amount 31/12/2009 |
|---|---|---|
| Swap capping spread at 0-6,94 % | June 2012 | 20,000 |

To illustrate the risk associated with our debt, the following table (see Note 8.3 to the consolidated financial statements) sets out the amounts and the current repayment dates for variable rate loans and loans with adjustable rates every five or ten years.

The sensitivity analysis has been calculated on the basis of the debt situation of and the interest rate derivatives (the Group has no forex risk) at the reporting date.

This sensitivity corresponds to the impact on the income statements or shareholders' equity of a +/ 0.6% variation in interest rate compared with the rates that prevailed in 2009.

As the swap contract swaps a variable rate for a capped variable rate, we estimate that the swapped rates will increase similarly without reaching the threshold of the cap and therefore should have no impact on the income statement.

The table below presents the effect of a 0.6% interest rate variation in both directions on net profit and shareholders' equity as at 31 December 2009 and 2008:

| En K€ | 31/12/2009 | | 31/12/2008 | |
|---|---|---|---|---|
| | Impact or income | Impact or equity | Impact or income | Impact or equity |
| Interest rate +/- 0.6% | +/- 267 | - | +/- 388 | - |

**Liquidity risk**

Risks arising from future investments

Acanthe Développement's strategy depends on its capacity to mobilise financial resources, either in the form of loans or in the form of shareholders' equity, in order to finance its investments. At certain times, for example when the property market undergoes a sharp correction or when financial markets are affected by an international crisis, the Group may temporarily encounter difficulties in accessing the financial resources to finance the acquisition of new buildings and/or in raising the necessary funds on financially acceptable terms and conditions.

Short-term liquidity risk

As regards counterparty risk, the Group practices a policy of counterparty diversification to avoid the risks associated with excessive concentration and its counterparties are selected on a qualitative basis. In addition, the Group controls the credit risks associated with the financial instruments it invests in by using credit ratings as limiting factor in its investment decisions. As at 31 December 2009, the Group's cash surplus amounted to a net EUR 12.3m (vs. EUR 1.2m as at 31 December 2008). This cash is managed by the Group and is mainly invested in money market funds (SICAVs). The Group invests its surplus cash in short-term money market financial instruments acquired from counterparties with minimum ratings of AA- (Standard & Poors) and AA2 (Moody's). The off-balance sheet derivative instruments are contracted with top rated banking institutions.

The Group is not exposed to any short-term liquidity risk. The EUR 15.9m in current debt as at 31 December 2008 (vs. EUR 14.8m as at 31 December 2008) was offset by EUR 38.8m in current assets as at 31 December 2009 (vs. EUR 26.6m as at 31 December 2008).

Overdue loans not yet impaired:

| Eur K | 31/12/2009 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Assets due at reporting date | | | | Impaired assets | Undue & unimpaired assets | |
| | 0-6 mths | 6-12 mths | +12 mths | Total | Total | Total | Total |
| Trade receivables | 708 | 549 | 1,330 | 2,587 | 208 | 4,482 | 7,277 |
| Other receivables | 64 | - | 4,891 | 4,955 | - | 5,517 | 10,472 |
| **TOTAL** | **772** | **549** | **6,221** | **7,542** | **208** | **9,999** | **17,749** |

Amount carried forward: 549

"Other receivables" includes EUR 4,626k from the French state that was overdue at end-2009. It concerns a supplementary amount of "Exit tax" paid by the Company following a tax correction (contested) that will be reimbursed to the Group once its legal dispute with the French tax authorities is settled.

Leases are subject to deposit guarantees fixed at three months rent (excluding charges) which limit the risk of unrecoverable rent payments.

| Eur K | 31/12/2008 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Assets due at reporting date | | | | Impaired assets | Undue & unimpaired assets | |
| | 0-6 mths | 6-12 mths | +12 mths | Total | Total | Total | Total |
| Trade receivables | - | - | 19 | 19 | 487 | 6,186 | 6,692 |
| Other receivables | 2,115 | 6,349 | 845 | 9,309 | - | 1,234 | 10,543 |
| **TOTAUX** | **2,115** | **6,349** | **864** | **9,328** | **487** | **7,420** | **17,235** |

"Other receivables" includes EUR 6,349k from the French state that was overdue at end-2008. It concerns a supplementary amount of "Exit Tax" paid by the Company following a tax correction (contested) that will be reimbursed to the Group if it wins its legal dispute with the French tax authorities.

Leases are subject to deposit guarantees fixed at three months rent (excluding charges) which limit the risk of unrecoverable rent payments.

As a complement to the information concerning the Group's liquidity risk exposure, the following table shows our loan maturity schedule.

| Type of rate | Value at 31/12/2009 (Eur k) | Parts | | |
|---|---|---|---|---|
| | | - 1 year (Eur k) | 1-5 years (Eur k) | + 5 years (Eur k) |
| Fixed-rate | 18,025 | 226 | 3,067 | 14,732 |
| Variable rate Euribor | 48,032 | 2,210 | 10,175 | 35,647 |
| Fixed rate with 5-year or 10-year reset PEX 5 YEARS | 23,601 | 1,005 | 5,411 | 17,185 |
| PEX 10 YEARS | 6,112 | 399 | 2,040 | 3,673 |
| **TOTAL** | **95,770** | **3,840** | **20,693** | **71,237** |

**Counterparty risk**

The Group faces counterparty risk in its investments, in its commercial transactions and in its contracts involving derivative financial instruments. As the Group mainly invests in money-market funds managed by recognised asset managers, its counterparty risk on traded financial assets is very low.

With respect to derivative instruments, the Group only engages in contracts with major financial institutions.

Acanthe Développement's capacity to recover rents depends on the solvency of its lessees. Before any lease is signed Acanthe Développement researches the credit quality of its prospective lessee. Nevertheless, occasional rent payment defaults can occasionally have an impact on Acanthe Développement's operating revenue.

All leases are with SMEs as lessees. Any lessee defaulting on their rent will be declared bankrupt. The Administrative Receiver must then decide whether to continue the lease and, if so, will be personally liable for the payments. The Receiver may also cancel the lease and return the keys within a period generally set at 3 months (the period covered by the deposit).

The only risk for the Group is thus the vacant period before a new lessee can be found at a negotiated rent that may be higher or lower depending on the market at the time.

As at 31 December 2009, no one client represents more than 7.33% of the rent income (compared to 4.84% as at 31 December 2008). The biggest client is the lessee of Le Totem hotel in Flaine, who pays EUR 401k. This lessee gave notice as of 31 May 2010 and the Group is holding a deposit of EUR 251k.

As regards other counterparties such as lawyers or building managers, these professions are covered by specific insurance policies.

**Risk related to our tax status (SIIC)**

ACANTHE DÉVELOPPEMENT is subject to the SIIC tax regime which exonerates the Group from corporate tax as long as it complies with certain obligations such as the distribution of profits (a condition that is immediately applicable) and the limitation stipulating that no one shareholder (or group of shareholders) may hold more than 60% of the Group's capital.

For companies having already adopted the SIIC status before 1 January 2007, this capital dispersion condition was to be complied with by 1 January 2009. However, point I of Article 24 of the 2009 Finance Law has extended the deadline for compliance with this condition to 1 January 2010.

If these obligations are not be fulfilled, Acanthe Développement and its subsidiaries run the risk of losing the tax exemption on all its income (profits, capital gains, dividends) in the year concerned.

Failure to comply with the conditions for SIIC status during years after adoption of the regime can result in the Group and any subsidiaries that have also opted for the regime being disqualified from the SIIC regime.

Such disqualification from the SIIC regime would be retroactive to the first day of the year in which the regime was exited. The profits of the Company and its subsidiaries in respect of that tax year would therefore no longer be eligible for the tax exemption subject to the threshold for dividend distribution.

On the other hand, the profits from years previous to the year in which the Company (and its subsidiaries) exited the SIIC regime would still be eligible for the exemption, even if distribution obligations remained in respect of the year of exit and any subsequent fiscal years. The SIIC and its subsidiaries must therefore fulfil the above-mentioned obligations to be definitively exonerated from corporate income tax.

Where a company opts out of the SIIC regime in the 10 years following its adoption of the regime, all capital gains recognised at the time of adoption of the SIIC regime by the company (and its subsidiaries having also adopted the regime) and taxed at the rate 16.5%, become taxable at a normal rate, or at the reduced rate for the year it ceased to be a SIIC if the unrealised capital gains on securities of fiscally transparent entities would have been eligible for the reduced tax rate when the company suspended its SIIC status, minus the 16.5% tax paid.

This measure effectively places the SIIC and its subsidiaries in the same situation they would have found themselves in, if these capital gains had never been taxed at the special rate of 16.5%.

Whether the exit occurs during or after the 10-year period, the capital gains on building sales and shares in fiscally transparent entities generated previous to the regime exit are calculated according to the real value that was used as the basis of taxation at 16.5% when the regime was suspended.

When the dividends paid out of tax-exempt profits are distributed to a shareholder other than a company holding directly or indirectly - at the time the payment is made - at least 10% of the dividend rights of the SIIC making the distribution and these dividends are not subject to corporate tax (or its equivalent) in the country of residence of the shareholder concerned, the SIIC making the distribution is required to deduct and transfer to the tax authorities 20% of the amounts distributed.

However, this deduction is not required by the tax authorities when the dividend distribution is made to a company that must distribute all the dividends it receives and whose shareholders, holding directly or indirectly at least 10% of the dividend rights, are subject to corporate tax (or its equivalent) on such distributions (L.2006-1771 of 30/12/2006 Article 138 applicable to dividends distributed as at 1 July 2007).

This tax regime is applicable unless otherwise modified by any international agreements that might amend it.

Note that the 2009 budget law provides for the regime to be suspended in the event of a temporary breach of the holding ceiling.

Article 24 of the 2009 budget law streamlines and completes the rules for SIIC's that breach the holding ceiling by introducing a one-year suspension of the regime, which can be invoked once only in the 10 years following the adoption of SIIC status and once again in the following 10 years.

Reaching the ceiling, even if for just one day in the year, would therefore imply, unless exceptional circumstances were admitted, a breach of the condition.

The SIIC would then have to pay corporate tax at the standard rate for the year concerned.

However, the holding ceiling can be breached following certain transactions, provided the situation is rapidly remedied. The transactions concerned are:

- share or cash-base takeover bids as defined by Article L.433-1 of the French Monetary and Financial Code,
- restructuring transactions under Article 210-0 A of the French General Tax Code. These concern mergers, demergers and Complete Asset Transfers ("TUPs") as described by Article 1844-5 of the Civil Code.
- conversion or redemption of bonds in shares.

In these cases, the capital dispersion condition is held to have been met if the percentage holding is below 60% at the deadline date for filing the annual results. Where the fiscal year is the same as the calendar year a minimum period of four months is therefore allowed, until 30 April the following year, for the shareholder with 60% or more of the capital to sell some of their shares.

As at 31 December 2009 no shareholder had reached the 60% direct or indirect holding threshold.

**Insurance risk**
The insurance cover that ACANTHE DÉVELOPPEMENT has contracted would allow the complete reconstruction of its investment buildings. As the Company is dependent on the insurance market, its premiums could increase if the insurance companies were to receive a series of major claims. Group buildings are insured with well-known solvent companies, mainly AXA and GAN.

**Currency risk**
As the Group operates exclusively within the euro zone, it faces no currency translation risk.

**Risk associated with own shares**
As at 31 December 2009, the Group held 8,149,849 own shares and 86,730,047 warrants dated 2011, the total acquisition value of which (EUR 19,480k) is deducted from shareholder capital.

**Market risk**
Risks associated with managing a portfolio of investment buildings are linked to the following factors:
a) Indexation of rents
b) Occupancy rate
c) The property market
d) Changes in the benchmark index
e) Leases expiring

a) Indexation of rents:
• Offices and commercial premises: the main rate used by the Group for indexing leases is the INSEE index of construction costs. Most leases are revised annually but some every three years.
• Residential properties: the main rate used by the Group for indexing leases is the INSEE index of construction costs. Most leases are revised annually.

As a result, future revenues from buildings are correlated to the trend in these indicators. The initial rent and permitted changes are set by the terms of the lease and legally are binding on the parties until it expires.

However, rents can be renegotiated with lessees during the lifetime of a lease where both parties so wish.

b) Occupancy rate:

The financial occupancy rate was 72% as at 31 December 2009. Physical occupancy at the same date was 74%. These rates rise to 88% and 89%, respectively, if we exclude buildings currently up for sale or undergoing major renovation works and so unfit for habitation (François 1er, Tour Atlantique and the Brussels building which is to be converted into a hotel).

The financial occupancy rate is defined as actual rents divided by the rents that would be received if the building was fully let expressed as a percentage.

c) The property market:
The trend in the property market is described in Note 9.1 "Restated NAV" to the consolidated financial statements.

d) Changes in the benchmark index:

• The index of construction costs:

The table below shows the impact of a 30 point rise or fall in the index of construction costs. This index is considered to be representative.

The last index of construction costs published before the reporting date was that for the third quarter 2009 which stood at 1,502.

| Eur k | 31/12/2009 | | 31/12/2008 | |
|---|---|---|---|---|
| | Impact or income | Impact or equity | Impact or income | Impact or equity |
| Construction costs +/- 30 points | +/- 272 | - | +/- 293 | - |

• The rent benchmark index:

The table below shows the impact of a 2 point rise or fall in the benchmark rents index. This index is considered to be representative.

The last benchmark rents index published before the reporting date is that for the fourth quarter 2009, which was 117.47.

| Eur k | 31/12/2009 | | 31/12/2008 | |
|---|---|---|---|---|
| | Impact or income | Impact or equity | Impact or income | Impact or equity |
| Rent benchmark index +/- 2 points | +/- 9 | - | +/- 7 | - |

e) Leases expiring

The expiry schedule for leases outstanding as at 31 December 2009 (by the amount of rent payable under leases due for renewal at different intervals) is shown below.

| Eur k | Total | Maturing -1 year | Maturing 1-5 years | Maturing +5 years |
|---|---|---|---|---|
| Maturity | 15,522 | 2,303 | 6,672 | 6,547 |

Impact on income of applying the fair value method

Impacts are recognised jointly on the income statement under "Change in value of investment buildings".

## 3. CHANGES TO PRESENTATION OF FINANCIAL STATEMENTS AND TO VALUATION METHODS USED IN PREVIOUS YEARS

(Article L232-6 of the French Commercial Code)

There are no changes to the presentation of financial statements or to the valuation methods used in previous years.

## 4. ACQUISITION OF MINORITY OR MAJORITY STAKES IN COMPANIES

(Articles L.233-6 and L.247-1 of the French Commercial Code)

| Consolidated companies | Percentage shareholding | | Percentage of control | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| SCI XANTARES<br>Société Civile Immobilière<br>Capital Eur 1,000<br>Registered office: 15 rue de la Banque - 75002 PARIS<br>Paris Trade and Companies Registry no. 438 101 594 | Sold | 100% | Sold | 100% |
| SCI LABUANA<br>Société Civile Immobilière<br>Capital Eur 1,000<br>Registered office: 23 bd Poissonnière – 75002 PARIS<br>Paris Trade and Companies Registry no. 438 101 842 | Sold | 100% | Sold | 100% |
| VENUS<br>Société en Nom Collectif<br>Capital Eur 224,811,405<br>Registered office: 55 rue Pierre Charron – 75008 PARIS<br>Paris Trade and Companies Registry no. 334 284 890 | 97.34% | | 97.34% | |
| SCI LE VOLTAIRE<br>Société Civile<br>Capital Eur 3,566.16<br>Registered office: 55 rue Pierre Charron – 75008 PARIS<br>Paris Trade and Companies Registry no. 412 883 670 | 97.34% | | 100% | |
| AXONNE<br>Société en Nom Collectif<br>Capital Eur 1,000<br>Registered office: 55 rue Pierre Charron – 75008 PARIS<br>Paris Trade and Companies Registry no. 478 748 866 | 97.34% | 100% | | |
| SOCIETE CIVILE ADEL<br>Société Civile<br>Capital Eur 1,000<br>Registered office: 55 rue Pierre Charron – 75008 PARIS<br>Paris Trade and Companies Registry no. 410 347 538 | 97.34% | 100% | | |
| SCI LE BREVENT<br>Société Civile Immobilière<br>Capital Eur 1,524.49<br>Registered office: 55 rue Pierre Charron – 75008 PARIS<br>Paris Trade and Companies Registry no. 415 254 683 | 97.34% | 100% | | |
| CEDRIANE<br>Société par Actions Simplifiée<br>Capital Eur 232,789.62<br>Registered office: 51 rue du Faubourg Poissonnière – 75009 PARIS<br>Paris Trade and Companies Registry no. 414 767 046 | 97.34% | 100% | | |

## 5. IDENTITY OF SIGNIFICANT SHAREHOLDERS

(Articles L233-13 and L247-2 of the French Commercial Code)

**Company shareholder structure**

(Article L.233-13 of the French Commercial Code)

On the basis of threshold declarations and information brought to our attention, the following table shows the identity of the individuals and/or companies who held either directly or indirectly, separately or together, as at 31 December 2009, more than 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.6%, 90% and 95% of the share capital or voting rights:

• Alain Duménil still directly or indirectly holds more than 50% of the share capital and of the voting rights at General Meetings of Shareholders.

• Paris Hôtels Roissy Vaugirard (P.H.R.V), a subsidiary of the AGF and GMF groups and of the company COFITEM-COFIMUR still owns more than 5% of the Company's capital and voting rights (having acquired 4,355,295 shares on the market on 7 February 2008).

**Own shares**

(Article L.233-13 of the French Commercial Code)

Situation as at 31 December 2009:

The company Acanthe Développement held 124,268 own shares as part of a liquidity contract.

As at 31 December 2009, the following Group companies held the following percentages of the Company's share capital:

• Cédriane: 4.57% of the capital (i.e. 4,623,065 shares out of the 101,199,299 Acanthe Développement shares in circulation as at 31 December 2009)

• FINPLAT: 3.36% of the capital (i.e. 3,402,516 shares out of the 101,199,299 Acanthe Développement shares outstanding as at 31 December 2009)

SURBAK also held 25,000,000 warrants expiring 31 October 2011 out of the 351,052,650 warrants still in circulation as at 31 December 2009.

FINPLAT also held 61,730,047 warrants expiring 31 October 2011 out of the 351,052,650 warrants still in circulation as at 31 December 2009.

**Disclosure of ownership and sale of cross-shareholdings**

None of the subsidiaries (i.e. companies in which Acanthe Développement has a direct stake of at least 10%) holds any own shares.

Consequently, no shares were liberated to eliminate cross-shareholdings in accordance with Article R.233-19 of the French Commercial Code.

## 6. SIGNIFICANT EVENTS IMPACTING EITHER THE COMPANY OR THE GROUP SINCE THE END OF 2009

The Group has simplified its legal structure with a view to reducing costs and also, as stated in Note 9.3.2.4 to the consolidated financial statements, to comply with a fiercely contested but enforceable court ruling.

FIG was split off by distributing shares in the subsidiary that received the contributions in kind. This clearly meets the requirement under the SIIC regime to distribute 100% of the shares of the subsidiary that receives the contributions.

FIG and Tampico are no longer part of the Group.

## 7. SITUATION AND VALUE OF ASSET PORTFOLIO – FORESEEABLE DEVELOPMENTS – FUTURE PROSPECTS FOR THE COMPANY AND THE GROUP

After all the sales completed in 2009 or under way in 2010 (provisional sales agreements and/or offers) and the acquisition (currently subject to a provisional sale agreement) of a building in rue Bizet, Paris (16th arrondissement), the Company's refocused portfolio will contain 30 property assets, of which 23 will be wholly-owned, with a total surface area of 73,129m² (Annex 1 contains a pro-forma summary of the portfolio).

This portfolio will be composed 39.92% of office blocks or mixed office/retail premises (29,195m²), 41.67% of hotels and apartment hotels (30,472m²) and 15.67% of a commercial building and other commercial premises (11,462m²). In value terms, a large proportion of these property assets are situated in Paris's Central Business District (84.81%) commanding an average price of EUR 8,774 per square metre, with the remainder spread between the Paris region (3.79%, average price: EUR 1,300 per square metre), other regions of France (8.41%, average price: EUR 1,000 per square metre) and Brussels (2.09%, average price: EUR 2,300 per square metre).

The ACANTHE DÉVELOPPEMENT Group decided to adopt IAS 40 in order to value its investment buildings at fair value as of 1 January 2006. The purpose of this decision was to allow our consolidated financial statements to reflect market fluctuations in the values of our "investment buildings" and thereby make our NAV figure truly reflective of market values.

The Group's portfolio was reappraised by independent valuers (Experts & Associés, valuers for the Paris Court of Appeals) as at 31 December 2009. As in previous years, these valuations were carried out based on the criteria set out by the Property Valuers' Charter that apply to all listed property companies.

Since the end of 2008, due to the financial and economic crisis that impacted the global economy as from the second half of 2008, the Group has been particularly vigilant in estimating the fair value of its buildings because such valuations – by the very nature of the Group's activity – can have a substantial impact on its books.

Although the current crisis is not limited to the property sector (unlike the one that occurred in the 1990s) the economic environment remained weak in 2009 and the logical consequence was a slowdown of the real estate market.

The market was stagnant in 2009 in the commercial property rent and investment segments and in the residential sector.

1) Rent market in 2009:

Satisfied demand in 2009 was 1,800,000m² in the Paris region, 24% down on 2008. However, there was a change in trend during the fourth quarter 2009, a positive sign for 2010.

Vacancy rates were on the rise, but remain well within acceptable bounds compared to other European capitals.

The supply of available premises is rising sharply in Paris, particularly in the northern and southern districts of the capital. In the Central Business District, the main growth in supply was from second-hand properties.

In the shop rent market, retailers were affected by the economic crisis in 2009 putting a direct squeeze on margins. Rent as a percentage of income was automatically driven upward, resulting in difficulties for many independent stores.

There is reason to fear that, particularly for shops in second-string locations, the number of requests for a reduction in rents will rise in 2010.

On the other hand, for prime locations in the capital which are both profit centres and serve a publicity role, market rent values held up very well.

2) The investment market in 2009:

Volumes in the office investment market remained low in the first three quarters of 2009, but this remains the most attractive segment.
A historically low Euribor 3-month rate, currently around 0.75%, creates an encouraging environment for a revival of investment in office space. There were as many commitments in this sector during January 2010 as in the whole of 2009.
Problems raising bank finance eased somewhat in the fourth quarter of 2009, although banks are still demanding a high proportion of equity, around 40%.
Rent yields on high-quality office blocks in the Central Business District continued to grow, albeit at a slow pace, in the first half of 2009 but have now turned downward.
Paris is the only geographical region where commitments rose in 2009. This confirms buyers' appetite for secure assets.
In contrast, the rest of the Paris region was much harder hit, testifying to investors' risk aversion.

3) The Group's property portfolio:

The conclusions of the appraisal carried out by Antoine Vasselin of Expert & Associés – 58 rue de Ponthieu, Paris – were as follows:

"The property portfolio of the Acanthe Développement Group, mainly comprising office blocks commanding very high rents, in a good state of repair and located in Paris's Central Business District, proved highly resilient to the current turbulent market.

Rent yields have increased slightly and requests to reduce rents, under Article L.145-39 of the French Commercial Code, have been very few. Vacancy rates are low except in certain properties undergoing restructuring.

The residential portfolio comprises luxury apartments in prestigious locations, a niche segment that has been largely unaffected by the market trend. Transaction volumes in this segment were low in 2009, with no significant fall in price."

The valuations of Acanthe Développement group's property portfolio have identified a like-for-like fall in value of 4.77% in 2009, with variations depending on location (Paris Central Business District, Suburbs, Alps) and type of building.

The Group's net asset value thus calculated, as at 31 December 2009, was EUR 301,385k. For the calculation of the Restated Net Asset Value (RNAV) we add to this sum the book value of company's treasury stock (shares and warrants) which had been deducted from the calculation of consolidated shareholders' equity as well as that of the unrealised capital gains on equities. The RNAV, excluding transfer tax and before deduction of any future taxes relating to capital gains on the sale of the Group's as yet unexercised warrants held in treasury stock, is therefore as follows as at 31 December 2009:

| Eur k | |
|---|---|
| Consolidated shareholders' equity | 301,385 |
| Own shares and warrants: | |
| - 86,730,047 warrants | 867 |
| - 8,149,849 shares | 18,613 |
| Unrealised capital gains on own shares and warrants | 7,860 |
| **Restated Net Asset Value (RNAV)** | **328,725** |
| Number of shares outstanding (as at 31/12/2009) | 101,199,299 |
| RNAV | EUR 3.248 per share |
| RNAV diluted following exercise of warrants only | EUR 3.099 per share |
| RNAV diluted following exercise of warrants and issue of remaining free shares due in 4 years | EUR 2.984 per share |
| RNAV diluted following exercise of warrants, issue of remaining free shares due in 4 years, and exercise of stock options | EUR 2.850 per share |

The final diluted RNAV per share is the RNAV that would result from the exercise of all 351,052,650 warrants in circulation (75 warrants + EUR 4.00 confers rights to 2.33 new shares), the issue of all the 4,330,000 free shares that have been granted for the next 4 years but not yet issued and the exercise of all stock options granted.

At the moment, this would result in a EUR 31,044k increase in share capital to EUR 359,769k, with the creation of 25,048,203 new shares taking the total number of shares outstanding to 126,247,502.

We note, moreover, that the share price is still heavily discounted and therefore offers substantial upside.

## 8. APPROVAL OF THE FINANCIAL STATEMENTS – APPROPRIATION OF PROFIT – DIVIDENDS – DISCHARGE OF DIRECTORS

**Appropriation of profit**
The appropriation we propose of the Company's profits conforms to French law and the Company's bylaws.

We propose that the net profit of fourteen million, six hundred and seven thousand, six hundred and forty-eight euros and forty-seven cents (EUR 14,607,648.47) be allocated as follows:

| | |
|---|---|
| Profit for the year ended 31/12/2009: | EUR 14,607,648.47 |
| Allocation to the statutory reserve account: | EUR 0.00 |
| Retained earnings as at 31/12/2009: | EUR 2,971,820.72 |
| **Leaving a distributable net profit of** | **EUR 17,579,469.19** |
| Which would be allocated as follows: | |
| To the shareholders as dividends | EUR 15,179,894.85 |
| To "Other Reserves" | EUR 2,399,574.34 |

We propose that the holders of each of the 101,199,299 shares making up the Company's share capital as at 31 December 2009 should receive a dividend of EUR 0.15 per share. This payment qualifies for the 40% reduction of the tax base stipulated in Article 158-3-2 of the French General Tax Code.

We invite you to offer each shareholder the option to receive the whole of the dividend to which they are entitled in respect of shares held, either in cash or in new shares to be created by the Company. The date of the dividend payment will be determined by the Board of Directors, in accordance with the law.

We remind you that under the SIIC regime, Acanthe Développement is obliged to distribute its profits to shareholders. For 2009 the distributable profit amounted to EUR 14,654,744 out of a total tax exempt profit of EUR 14,817,753 composed of EUR 1,086,723 of rent profit (of which a minimum of 85% must be distributed) and EUR 13,731,030 in dividends received from our SIIC subsidiaries (100% of which must be distributed). We therefore propose to pay EUR 14,817,753 as a "SIIC" dividend and the remainder as a normal dividend.

We also draw your attention to the fact that in the case where, at the time of the payment of these dividends, the Company holds some of its own shares, the undistributed profit corresponding to dividends on such shares will be recorded as retained earnings.

We ask you to grant the Board of Directors all necessary powers to ensure the effective distribution of this dividend.

**Non tax-deductible expenses**
(Article 39-4 of the French General Tax Code)

We inform you that our financial statements for the year ended 31 December 2009 do not show any charges or expenses covered by Article 39-4 of the French General Tax Code.

**Previous dividend distributions**
(Article 243(b) of the French General Tax Code)

Pursuant to the provisions of Article 243(b) of the French General Tax Code, dividends allocated to each share in the last three years are shown in the table below.

| | 31/12/2006 (per share) | 31/12/2007 (per share) | 31/12/2008 (per share) |
|---|---|---|---|
| Dividend paid out eligible for tax relief in accordance with Article 158-3-2 of the French Tax Code (i.e. 40% for profits paid out in 2008) | EUR 0.13 | EUR 0.20 | EUR 0.04 |

Over the last three years the following extraordinary dividend pay-outs have been made:

| Years | Extraordinary dividend (per share) | Total (EUR K) |
|---|---|---|
| 2009 | None | None |
| 2008 | EUR 0.19 | EUR 17,752 K * |
| 2007 | EUR 0.16 | EUR 13,472 K * |

(*) the whole of the extraordinary dividend was charged to the issue premium account.

**Discharge of Directors**
We invite you to accord full and definitive discharge to the Board of Directors.

## 9. PROVISION TO ALLOW SHAREHOLDERS TO RECEIVE THEIR DIVIDENDS IN SHARES

After noting that the Company's share capital is fully paid up, we propose, in accordance with Article 48 of the Company's bylaws, to grant the Board of Directors the power to offer each shareholder the option to receive the whole of the dividend, in accordance with Resolution 3, either in cash or in new shares to be created by the Company.

The new shares created by the exercise of this option shall be issued at a price of 90% of the average stock market opening price over the 20 trading days preceding the General Meeting of Shareholders, less the net value of the dividend per share.

If a shareholder's total dividend entitlement does not correspond to a whole number of shares, the shareholder may either make up the difference to the next highest whole number of shares in cash on the day the option is exercised, or take the next lowest number of whole shares plus the balance in cash.

Shares issued as a result of this provision will qualify for dividends from 1 January 2010. We propose to authorise the Board of Directors to set an opening and closing date for the period (which must not exceed 3 months) during which shareholders may exercise their choice to receive their dividend in new company shares. After this period, shareholders who have not made a choice will receive their dividend payment in cash.

We propose to grant the Board of Directors full powers to ensure that the above-mentioned decisions are successfully executed, and to specify the methods of application and execution, and in particular, set the effective dividend payment date, which should, in accordance with the law, fall within 3 months of the General Meeting of Shareholders, record the number of issued shares pursuant to this resolution, and make any necessary amendments to Articles 6 and 8 of the bylaws regarding the share capital and the number of shares representing it.

## 10. RESEARCH AND DEVELOPMENT ACTIVITY OF THE COMPANY AND THE GROUP

(Article 232-1 of the French Commercial Code)

We confirm, in accordance with the provisions of Article L.132-1 of the French Commercial Code, that neither the Company nor the Group incurred any research and development expenses in 2009.

## 11. INFORMATION ON THE CORPORATE OFFICES AND ACTIVITIES OF THE COMPANY DIRECTORS

(Article L225-102-1, paragraph 4, of the French Commercial Code)

| First name and surname (or company name) of corporate officers | Office within the Company | Date of appointment | Date term of office ends | Other position(s) within the Company | Offices and/or positions in another company (Group or non-Group )* |
|---|---|---|---|---|---|
| Alain DUMÉNIL | Director | 30/06/2000 renewed 25/07/2006 | AGM called to approve the financial statements for the year ended 31/12/2011 | Président du Conseil d'Administration Général et Directeur depuis le 25/07/2007 | See list in Annex |
| Patrick ENGLER | Director | 31/05/2001 renewed 22/05/2007 | AGM called to approve the financial statements for the year ended 31/12/2012 | None | See list in Annex |
| Philippe MAMEZ | Director | 19/06/2002 renewed 30/05/2008 | AGM called to approve the financial statements for the year ended 31/12/2013 | Directeur Général Délégué depuis le 25/07/2007 | See list in Annex |
| Pierre BERNEAU | Director | 10/06/2003 renewed 17/06/2009 | AGM called to approve the financial statements for the year ended 31/12/2014 | None | See list in Annex |
| Bernard TIXIER | Director | 08/12/2008 | AGM called to approve the financial statements for the year ended 31/12/2012 | None | See list in Annex |

In application of the provisions of Article L.225-102-1, paragraph 3 of the French Commercial Code, we invite you to consult the list of other corporate offices held by members of Acanthe Développement's Board of Directors in 2009, attached as Annex 3 to this report.

## 12. INFORMATION ON REMUNERATION AND OTHER BENEFITS RECEIVED BY THE CORPORATE OFFICERS

(Article L.225-102-1 paragraph 1 of the French Commercial Code)

In application of Article L.225-102-1 of the French Commercial Code, we show below the total remuneration and benefits received by each corporate officer in 2009.

Philippe Mamez received:

• The sum of EUR 189,600 excluding VAT, in respect of consulting contracts entered into between MEP Consultant and Acanthe Développement for the period from 1 January 2009 to 31 December 2009.

Following Alain Duménil's decision to waive all the options granted to him by the Board on 25 July 2007, in exercise of the authorisation granted by the Ordinary and Extraordinary General Meetings of Shareholders of 21 March 2007, the Board of Directors on 28 August 2009 decided to grant 9,936,436 share subscription or purchase warrants with an exercise price of EUR 1.24 to Alain Duménil as Chairman and Chief Executive of the Company.

The Board of Directors at its meeting of 31 December 2009 at midday decided that the options awarded at its meeting of 28 August 2009 should be share purchase options. It then, at its 2.00pm meeting held the same day, specified that if on the exercise date of the options the Company did not have enough shares for them all to be exercised the options should be considered share purchase options up to the number of shares held by the Company and the remainder should be considered share subscription options.

## TABLE 1

**Summary of gross remuneration, options and shares attributed to each corporate officer**

| | 2008 | 2009 |
|---|---|---|
| Alain DUMÉNIL,<br>Chairman and Chief Executive | | |
| Remuneration due for the year (detailed in table 2) | 0 | 0 |
| Valuation (according to IFRS and without spreading the charge) of the options attributed during the year (detailed in table 4) – with an exercise price of EUR 1.24.<br>Closing price as at 31/12/09 = EUR 1.38 | 0 | EUR 2,100,000 |
| Valuation (according to IFRS and without spreading the charge) of the free shares attributed during the year (detailed in table 6) | 0 | 0 |
| **TOTAL** | **0** | **EUR 2,100,000** |

| | 2008 | 2009 |
|---|---|---|
| Philippe MAMEZ,<br>Director and Deputy Managing Director | | |
| Remuneration due for the year (detailed in table 2) | EUR 5,000 | EUR 10,000 |
| Services billed to the company MEP Consultants for the year (detailed in table 2) | EUR 174,300 | EUR 189,600 |
| Valuation of the options attributed during the year (detailed in table 4) | 0 | 0 |
| Valuation of the free shares attributed during the year (detailed in table 6) | 0 | 0 |
| **TOTAL** | **EUR 179,300** | **EUR 199,600** |

| | 2008 | 2009 |
|---|---|---|
| Patrick ENGLER,<br>Director | | |
| Remuneration due for the year (detailed in table 2) | EUR 5,000 | EUR 50,000 |
| Valuation of the options attributed during the year (detailed in table 4) | 0 | 0 |
| Valuation of the free shares attributed during the year (detailed in table 6) | 0 | 0 |
| **TOTAL** | **EUR 5,000** | **EUR 50,000** |

| | 2008 | 2009 |
|---|---|---|
| Pierre BERNEAU,<br>Director | | |
| Remuneration due for the year (detailed in table 2) | EUR 30,000 | EUR 30,000 |
| Valuation of the options attributed during the year (detailed in table 4) | 0 | 0 |
| Valuation of the free shares attributed during the year (detailed in table 6) | 0 | 0 |
| **TOTAL** | **EUR 30,000** | **EUR 30,0000** |

| | 2008 | 2009 |
|---|---|---|
| Bernard TIXIER,<br>Director | | |
| Remuneration due for the year (detailed in table 2) | 0 | EUR 10,000 |
| Valuation of the options attributed during the year (detailed in table 4) | 0 | 0 |
| Valuation of the free shares attributed during the year (detailed in table 6) | 0 | 0 |
| **TOTAL** | **0** | **EUR 10,000** |

## TABLE 2

**Gross remuneration awarded to each corporate officer**

| | 2008 | | 2009 | |
|---|---|---|---|---|
| | Due | Paid | Due | Paid |
| M. Alain DUMÉNIL, Chairman and Chief Executive | | | | |
| Fixed remuneration | 0 | 0 | 0 | 0 |
| Variable remuneration | 0 | 0 | 0 | 0 |
| Exceptional remuneration | 0 | 0 | 0 | 0 |
| Directors' fees | 0 | 0 | 0 | 0 |
| Benefits in kind | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |

| | 2008 | | 2009 | |
|---|---|---|---|---|
| | Due | Paid | Due | Paid |
| M. Philippe MAMEZ Director and Deputy Managing Director | | | | |
| Fixed-price services provided to MEP Consultants | EUR 174,300 | EUR 174,300 | EUR 189,600 | EUR 189,600 |
| Variable-price services provided to MEP Consultants | 0 | 0 | 0 | 0 |
| Exceptional remuneration | 0 | 0 | 0 | 0 |
| Directors' fees | EUR 5,000 | EUR 5,000 | EUR 10,000 | EUR 10,000 |
| Benefits in kind | 0 | 0 | 0 | 0 |
| TOTAL | EUR 179,300 | EUR 179,300 | EUR 199,600 | EUR 199,600 |

| | 2008 | | 2009 | |
|---|---|---|---|---|
| | Due | Paid | Due | Paid |
| M. Patrick ENGLER, Director | | | | |
| Fixed remuneration | 0 | 0 | 0 | 0 |
| Variable remuneration | 0 | 0 | 0 | 0 |
| Exceptional remuneration | 0 | 0 | 0 | 0 |
| Directors' fees | EUR 5,000 | EUR 5,000 | EUR 50,000 | EUR 50,000 |
| Benefits in kind | 0 | 0 | 0 | 0 |
| TOTAL | EUR 5,000 | EUR 5,000 | EUR 50,000 | EUR 50,000 |

| | 2008 | | 2009 | |
|---|---|---|---|---|
| | Due | Paid | Due | Paid |
| M. Pierre BERNEAU, Director | | | | |
| Fixed remuneration | 0 | 0 | 0 | 0 |
| Variable remuneration | 0 | 0 | 0 | 0 |
| Exceptional remuneration | 0 | 0 | 0 | 0 |
| Directors' fees | EUR 30,000 | EUR 30,000 | EUR 30,000 | EUR 30,000 |
| Benefits in kind | 0 | 0 | 0 | 0 |
| TOTAL | EUR 30,000 | EUR 30,000 | EUR 30,000 | EUR 30,000 |

| | 2008 | | 2009 | |
|---|---|---|---|---|
| | Due | Paid | Due | Paid |
| M. Bernard TIXIER, Director | | | | |
| Fixed remuneration | 0 | 0 | 0 | 0 |
| Variable remuneration | 0 | 0 | 0 | 0 |
| Exceptional remuneration | 0 | 0 | 0 | 0 |
| Directors' fees | 0 | 0 | EUR 10,000 | EUR 10,000 |
| Benefits in kind | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | EUR 10,000 | EUR 10,000 |

### TABLE 3

**Summary of Directors' fees paid (gross value)**

| Members of the Board | Directors' fees paid in 2008 | Directors' fees paid in 2009 |
|---|---|---|
| Alain DUMÉNIL | EUR 0 | EUR 0 |
| Philippe MAMEZ | EUR 5,000 | EUR 10,000 |
| Patrick ENGLER | EUR 5,000 | EUR 50,000 |
| Pierre BERNEAU | EUR 30,000 | EUR 30,000 |
| Bernard TIXIER | EUR 0 | EUR 10,000 |
| Jacques HALPÉRIN<br>resigned his office 18 July 2008) | EUR 10,000 | |
| **TOTAL** | **EUR 50,000** | **EUR 100,000** |

### TABLE 4

**Share purchase or subscription options granted to each corporate officer during the year**

| Options attributed to each corporate officer by the issuer and by any company within the Group | N° and date of the plan | Nature of the options (purchase or subscription) | Valuation of the options by method used in the consolidated accounts | Number of options attributed during the year | Exercise price | Period during which options may be exercised |
|---|---|---|---|---|---|---|
| Alain DUMÉNIL | 28/08/2009 | purchase (share purchase options up to the number held by the Company at the exercise date and the remainder should be considered share subscription options) | EUR 2,100,000 | 9,936,436 | EUR 1.24 | 10 years as from 28/09/2009 |

### TABLE 5

**Share purchase or subscription options exercised by each corporate officer during the year**

None

### TABLE 6

**Free shares granted to each corporate officer during the year**

None

### TABLE 7

**Free shares become available to each corporate officer during the year**

None

**Determination of Directors' fees for 2010:**
We propose that the Directors should receive fees for the current year and that these fees should be paid in the form of a lump sum of EUR 120,000 to be divided amongst them for 2008.

## 13. INFORMATION ON THE MANNER IN WHICH THE COMPANY ACCOUNTS FOR THE SOCIAL AND ENVIRONMENTAL CONSEQUENCES OF ITS ACTIVITIES

(Article L.225-102-1, paragraph 4, of the French Commercial Code),

We ask you to refer to Annex 2 for information on the manner in which the Company accounts for the social and environmental consequences of its activities.

## 14. PERCENTAGE OF THE COMPANY'S CAPITAL HELD BY EMPLOYEES OF THE COMPANY

(Article L.225-102 of the French Commercial Code)

At the year-end, the employee shareholdings, as defined in Article L225-102 of the French Commercial Code, represented 0% of the Company's share capital.

## 15. INFORMATION RELATING TO THE IMPLEMENTATION OF THE SHARE BUYBACK PROGRAMME

(Article L225-211 of the French Commercial Code)

At the Ordinary and Extraordinary General Meetings of Shareholders held on 17 June 2009, the shareholders approved a share buyback programme of the Company's own shares for a period of 18 months.
As this programme ends in December 2010, a resolution will be proposed at this General Meeting of Shareholders to implement another share buyback programme superseding the previous programme.

Following its approval at the General Meeting of Shareholders of 25 July 2006 (and extended by the AGM of 17 June 2009) and in accordance with the objectives determined at that meeting, a description of the programme was published on the AMF's website on 21 August 2006, and the Company proceeded with the following operations in 2009:

| During 2009 | |
|---|---|
| Number of own shares acquired | 380,499 |
| Number of own shares sold | 364,540 |
| Average price paid | 1.32 |
| Average price of shares sold | 1.33 |
| Total brokerage fees paid | - |

| Own shares held by the company as at 31 december 2008 | |
|---|---|
| Number: | 124,268 |
| Proportion of total capital represented | 0.12% |
| Total value (based on acquisition price) | EUR 339,931.12 |

A liquidity contract was signed with Oddo Corporate Finance in January 2007 lasting one year, renewable by tacit agreement. Under this contract, Oddo Corporate Finance retains 70,314 shares with a further 53,954 own shares held by the Company.

Details of the transactions involving own shares and their objectives are presented in the special report mentioned in point 27 of this report and established in accordance with Article L225-209 paragraph 2 of the French Commercial Code. This report details the transactions carried out in accordance with Article L225-209 paragraph 1 of the French Commercial Code.

## 16. CONVERSION RATIOS OF SECURITIES GIVING ACCESS TO THE COMPANY'S SHARE CAPITAL

(Articles R.228-90 and R.228-91 of the French Commercial Code)

The following securities giving access to the Company's share capital are currently in circulation:

• Warrants expiring 31/10/ 2011, Euroclear code 34697, ISIN code FR0000346975.

No adjustments were made to the conversion ratios for these warrants in 2009. The last adjustment was made at the Board of Directors meeting of 8 July 2008 when it was decided that the new conversion ratio for share subscription warrants in circulation should be as follows: with 75 warrants the bearer may subscribe to 2.33 shares in Acanthe Développement at a price of EUR 4.00.

At 31 December 2009, 351,052,650 warrants remained in circulation, due to expire in 2011 (of which 25,000,000 held by the sub-subsidiary SURBAK and 61,730,047 by sub-subsidiary FINPLAT).

• Share subscription options attributed on 28 August 2009 to Alain Duménil.

On 28 August 2009: the Board of Directors, acting under the authorisation granted by the Ordinary and Extraordinary General Meetings of Shareholders of 21 March 2007, decided to grant 9,936,436 share subscription or purchase options to Alain Duménil as Chairman and Chief Executive of the Company with an exercise price set at €1.24.

The Board of Directors at its meeting of 31 December 2009 held at midday decided that the options awarded at its meeting of 28 August 2009 should be share purchase options. The Board further decided that the share purchase options shall be exercisable by the Beneficiary only if the Company has the required number of shares at the exercise date.

The Board of Directors at its meeting of 31 December 2009 at 2.00pm specified that following the decision taken the same day at midday that if on the exercise date of the options the Company did not have enough shares for them all to be exercised the options should be considered share purchase options up to the number of shares held by the Company and the remainder should be considered share subscription options.

## 17. DIRECTORS' APPOINTMENTS

None of the appointments of the current Directors expires with the convening of this General Meeting of Shareholders.

## 18. AUDITORS' APPOINTMENTS

None of the appointments of the current auditors expires with the convening of this General Meeting of Shareholders.

## 19. AUTHORISATION OF THE BOARD OF DIRECTORS TO INITIATE A NEW OWN SHARE BUYBACK PROGRAMME

At the Extraordinary General Meeting of Shareholders on 17 June 2009, the shareholders authorised the Board of Directors to initiate a further share buyback programme for a period of 18 months.

As this authorisation ends in December 2010, a resolution will be proposed at this General Meeting of Shareholders to renew this authorisation for a further period of 18 months.
These purchases and sales may be carried out for any purpose permitted or any purpose that is to become authorised by the laws and regulations in effect.
The acquisition, sale or transfer of shares may be carried out either on the market or over the counter, by any means in compliance with the laws and regulations in effect, including by using derivative financial instruments or by buying or selling blocks of shares.
These transactions may be carried out at any time, subject to the abstention periods stipulated in the AMF's general regulation (French Financial Markets Authority).
The maximum share price may not exceed EUR 4 (four euros) per share, and the maximum number of shares that may be acquired within the scope of this authorisation is set, in accordance with Article L.225-209 of the French Commercial Code, at 10% of the Company's share capital; however, it should be noted that (i) the number of shares acquired by the Company with a view to retaining them or using them in future exchange transactions or as payment in operations involving mergers, spin-offs or contributions in kind may not exceed 5% of its capital, in accordance with the provisions of Article L.225-209 paragraph 6 of the French Commercial Code, and (ii) this limit applies to a number of shares that will, where applicable, be adjusted to take into account any operations affecting the Company's share capital after this General Meeting of Shareholders. The own share purchases conducted by the Company may under no circumstances lead the Company to hold directly, or via a person or company acting in his/her/its own name on behalf of the Company, more than 10% of the Company's share capital, and the total amount that the Company may allocate to purchase its own shares must comply with the provisions of Article L.225-210 of the French Commercial Code.

If a capital increase is carried out by a transfer from the premium account, reserves, retained profits or takes the form of an allocation of free shares while this authorisation is valid, or if there is a stock split or a reverse stock split, the maximum share price mentioned above will be adjusted by the same ratio as that reflected by the relationship between the number of shares outstanding before the operation and the number of shares after the operation.
We ask you to grant the Board of Directors all powers necessary to:

• Decide on the implementation of this authorisation;

• Place any stock exchange orders, enter into any agreement with a view, in particular, to maintaining a registry of share purchases and sales, in accordance with the applicable rules and regulations of the French stock market;

• Handle any declarations, complete any formalities and generally execute all necessary associated tasks.

## 20. AUTHORISATION OF THE BOARD OF DIRECTORS TO REDUCE THE COMPANY'S SHARE CAPITAL BY CANCELLING OWN SHARES IN THE TREASURY STOCK

At the Extraordinary General Meeting of Shareholders of 17 June 2009, the shareholders authorised the Board of Directors to reduce the Company's share capital, on one or more occasions, in whatever amounts and at whatever times it shall see fit, by cancelling any amount of own shares that it shall decide within the limits stipulated by the law, in accordance with the provisions of Article L.225-209 et seq. of the French Commercial Code.

This authorisation was granted for a period of 18 months and ends in November 2010. A resolution will be proposed at this General Meeting of Shareholders to renew this authorisation for a period of 18 months.

## 21. AUTHORISATION OF THE BOARD OF DIRECTORS TO INCREASE THE COMPANY'S CAPITAL – BY A MAXIMUM OF 10% – WITH THE OBJECTIVE OF REMUNERATING CONTRIBUTIONS IN KIND OF SHARES OR SECURITIES GIVING ACCESS TO THE COMPANY'S SHARE CAPITAL;

We hereby ask you to authorise the Board of Directors to increase the Company's share capital by a maximum of 10% of its amount at the moment of the issue in order to remunerate contributions in kind to the Company in the form of shares and/or securities giving access to the shares.

This authorisation shall be valid for 26 months. It would supersede that granted under the seventeenth resolution of the Ordinary and Extraordinary General Meetings of Shareholders of 17 June 2009.

The overall nominal value of the ordinary shares that may be issued by virtue of this authorisation may not exceed 10% of the Company's share capital.

This limitation counts towards the overall limitation defined in the nineteenth resolution to the Ordinary and Extraordinary General Meetings of Shareholders of 17 June 2009.

## 22. AUTHORISATION OF THE BOARD OF DIRECTORS TO RAISE THE COMPANY'S CAPITAL BY ISSUING SHARES RESERVED FOR EMPLOYEES CONTRIBUTING TO A COMPANY SAVINGS PLAN ESTABLISHED IN COMPLIANCE WITH ARTICLES L.225-129-6 OF THE FRENCH COMMERCIAL CODE AND L3332-1 ET SEQ. OF THE FRENCH LABOUR CODE;

We also propose that you authorise the Board of Directors to realise capital increases specifically reserved for members of a PEE (company savings scheme), and carried out in accordance with the provisions of Articles L.3332-18 to L.3332-24 of the French Labour Code, via the issue of ordinary shares for cash and, where appropriate, via the free attribution of ordinary shares or other securities giving access to the Company's capital.

In accordance with the provisions of Article L.3332-19 and L.3332-21 of the French Labour Code, the price of shares to be issued in the framework of such capital increases may not be more than 20% lower (or 30% lower in the case where the lock-in period provided by the plan pursuant to Articles L.3332-25 and L.3332-26 is greater than or equal to ten years) than the average stock market opening price in the twenty trading days preceding the day of the Board of Directors' decision to fix the opening date for the subscriptions, and may not be higher than this average.

The maximum nominal value of the increase(s) which may be carried out under this authorisation is equal to 3% of the Company's share capital as calculated at the time the Board of Directors decides to raise the Company's capital. This limitation counts towards the overall limitation defined in the nineteenth resolution to the Ordinary and Extraordinary General Meetings of Shareholders of 17 June 2009.

We propose that you grant the Board of Directors full powers to use this authorisation over a period of twenty-six months.

Within the limitations fixed mentioned above, the Board of Directors will be empowered with the necessary powers to fix the terms of any issue or issues of shares or securities, officially record the resulting capital increases, make the necessary adjustments to the Company's relevant bylaws, charge, at its sole initiative, the costs of the capital increases against the corresponding issue premium(s) and use this latter source of funds to top up the legal reserves to one-tenth of the new capital after each increase, and more generally, to carry out all actions that may be necessary or useful for the implementation of this authorisation.

## 23. AMENDMENT OF THE CORPORATE PURPOSE AND CORRESPONDING AMENDMENT OF THE BYLAWS:

We propose to amend Article 3 of the bylaws concerning the Company's corporate purpose.

Before this meeting, Article 3 of the bylaws read as follows:

**Current version:**
ARTICLE 3 - CORPORATE PURPOSE
The Company's core purpose is the acquisition and construction of buildings for rent purposes and the acquisition of direct or indirect holdings in companies involved in the same business. It may also engage in, in France and abroad, any commercial, industrial, financial or property transactions related to:

• The taking of holdings or interests in any existing or future companies,

• The implementation of the Group's general strategy and the running of companies over which it exercises sole or joint control or notable influence by taking an active role in defining their aims and economic strategy,

• The provision of financial, administrative and accounting assistance and, generally, management support to all companies using all current and future technical means, including:
- Making available administrative and accounts staff,
- Making available all kinds of equipment,
- Management and leasing of buildings,
- Providing training and information to staff,
- Negotiating contracts.

• The creation, acquisition, rent, leasing, installation and exploitation of all establishments, factories and workshops belonging to any of the specified companies.

• The holding, acquisition, exploitation and sale of any processes, patents and brands related to these activities.

• The direct or indirect participation by the Company in any commercial or industrial transactions serving its corporate purpose, notably by creating new companies, contributions in kind, partnerships, subscription or purchase of shares or units, mergers, alliances or partnerships through joint ventures or otherwise.

• And, generally, any kind of financial, commercial, industrial, civil and property transactions that may directly or indirectly serve one of the corporate purposes specified or any other similar or related purpose.

We propose to adopt this new draft and amend the bylaws accordingly:

ARTICLE 3 - CORPORATE PURPOSE

The Company's core purpose is the acquisition and construction of buildings for rent or sub-letting purposes, the acquisition of property leases for the purpose of sub-letting buildings, and the taking of direct or indirect holdings in companies involved in the same business. The Company may also engage in any switching, transfer or reclassification of assets that it holds or expects to hold as part of its core purpose, whether buildings, company securities, property leases, by sale, acquisition or contribution-in-kind to third parties or any company within its Group.

It may also engage in, in France and abroad, any commercial, industrial, financial or property transaction related to:

• The taking of holdings or interests in any existing or future companies,

• The implementation of the Group's general strategy and the running of companies over which it exercises sole or joint control or notable influence,

• The provision of financial, administrative and accounting assistance and, generally, management support to all companies using any means,

• The creation, acquisition, rent, leasing, installation and exploitation of all establishments, factories and workshops belonging to one or other of the specified companies.

• The direct or indirect participation by the Company in any commercial or industrial transactions serving its corporate purpose, notably by creating new companies, contributions in kind, partnerships, subscription or purchase of shares or units, mergers, alliance or partnerships through joint ventures or otherwise.

And, generally, any kind of financial, commercial, industrial, civil and property transactions that may directly or indirectly serve one of the corporate purposes specified or any other similar or related purpose."

## 24. REGULATED AGREEMENTS AND CURRENT AGREEMENTS

In accordance with Article L.225-39 of the French Commercial Code, we hereby inform you that a list of agreements relating to current operations agreed under normal business conditions and their objectives has been communicated by the Chairman of the Board of Directors to the Auditors.

Agreements such as those described in Article L225-38 of the French Commercial Code are the subject of a special Auditor's report. We ask you to approve the agreements, regulated by Article L.225-38 of the French Commercial Code, and legally authorised by the Board of Directors.

The Company's auditors will present them to you and will provide all the information required in their special report that will be read to the shareholders shortly.

## 25. CHAIRMAN'S REPORT PURSUANT TO THE PROVISIONS OF ARTICLE

L.225-37 of the French Commercial Code

Pursuant to the provisions of Article L225-37 of the French Commercial Code, the Chairman will Annex to this document a report on the preparation and organisation of tasks carried out by the Board and on the internal control procedures established by the Company.

## 26. SUPPLEMENTARY REPORT BY THE BOARD OF DIRECTORS ON THE USE OF DELEGATED POWERS RELATING TO CAPITAL INCREASES

(Articles L.225-129-1 and L.225-129-2 of the French Commercial Code)

In accordance with the provisions of Article L.225-129-5 of the French Commercial Code, the supplementary report of the Board of Directors on the use of delegated powers relating to capital increases is annexed to this report.

## 27. SHARE BUYBACK PROGRAMME

In accordance with the law, we hereby inform you of the own share buyback operations carried out by the Company from 1 January 2009 to 31 December 2009 under the powers delegated at the General Meeting of Shareholders in accordance with Article L.225-209 of the French Commercial Code.
The General Meeting of Acanthe Développement Shareholders of 17 June 2009 approved a share buyback programme in accordance with Article L.225-209 of the French Commercial Code.

| Objectives of the share buyback programme | Number of shares bought for this objective | Price of shares bought | Number of shares sold for this objective | Re-allocation to other objectives |
|---|---|---|---|---|
| Motivation of the secondary market or of the market liquidity of the Company share in accordance with a deontological charter recognised by the AMF | 380,499 | 501,497.47 | 364,540 | |
| Implementation of any stock option schemes | | | | |
| Free allocation of shares to employees and/or company directors | | | | |
| Allocation of shares to employees and, under certain circumstances, to company directors in the context of sharing profits generated by the Company's expansion and of the implementation of any company savings schemes | | | | |
| To build up a reserve of own shares that may be used as payment or in exchange for the shares of another company in the context of external growth operations, | | | | |
| Delivery of shares upon exercise of rights attached to securities giving access to the Company's share capital | | | | |
| Cancellation of shares bought back | | | | |

## 28. SUMMARY TABLE OF THE CURRENT AND VALID POWERS DELEGATED TO THE BOARD OF DIRECTORS WITH RESPECT TO CAPITAL INCREASES.

In Annex 4 to this report, you will find a summary table of the currently valid powers delegated by the General Meeting of Shareholders to the Board of Directors (Article L.225-100 of the French Commercial Code).

These powers were granted to the Board of Directors at the Ordinary and Extraordinary General Meetings of Shareholders of 17 June 2009 and they are valid until 16 August 2011.

## 29. SUMMARY TABLE OF THE OPERATIONS DESCRIBED IN ARTICLE L.621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE

(Article 2 of the Decree of 2 March 2006 and Articles 222-14 and 222-15 of the AMF's General Regulations)

No such operations having been conducted or brought to our attention during 2009, the summary table described in Article L.621-18-2 of the French Monetary and Financial Code is not required.

## 30. OPERATIONS INVOLVING THE ATTRIBUTION OF SHARES CARRIED OUT PURSUANT TO ARTICLES L.225-197-1 TO L.225-197-3 OF THE FRENCH COMMERCIAL CODE AND OPERATIONS CARRIED OUT PURSUANT TO THE PROVISIONS OF ARTICLES

(Articles L.225-177 to L.225-186 of the French Commercial Code)

In application of the provisions of Articles L.225-184 and L.225-197-4 of the French Commercial Code, the Board of Directors' Special Report on share attribution operations and on the operations described in Articles L.225-177 to L.225-186 of the French Commercial Code is annexed to this report.

## 31. KEY INFORMATION IN THE EVENT OF A TAKEOVER BID

(Article L.225-100-3 of the French Commercial Code)

1-Structure of the Company's share capital

The Company's share capital is set at EUR 38,247,014. It is divided into 101,199,299 fully paid up ordinary shares.

2-Statutory restrictions on exercising voting rights and transferring shares or the clauses of agreements brought to the attention of the Company in accordance with Article L.233-11 of the French Commercial Code.

None.

3-Direct or indirect interests in the Company's share capital that the Company is aware of pursuant to Articles L.233-7 and L.233-12 of the French Commercial Code

See point 5 of this report.

4-List of holders of securities conferring special control rights and description of such rightsNéant.

None.

5-Control mechanisms provided for within a possible employee ownership system, when employees do not exercise their ownership rights

None.

6-Agreements among shareholders brought to the attention of the Company likely to generate restrictions on the transfer of shares and the exercise of voting rights

No agreements among shareholders likely to generate restrictions on the transfer of shares and the exercise of voting rights were brought to the attention of the Company.

7-Rules pertaining to the appointment and replacement of members of the Board of Directors as well as to the amendment of the Company's bylaws

The directors are appointed by the shareholders at the Ordinary General Meeting of Shareholders, and their appointment may be revoked at any time. In the event of a merger or split, they may be appointed at the Extraordinary General Meeting of Shareholders. In the event of a vacancy due to the death or resignation of one or more directors, the Board of Directors may appoint an interim replacement between the dates of these two General Meetings. If there are fewer than three directors at any time, the remaining director(s) must immediately convene an Ordinary General Meeting of Shareholders so as to appoint new members to the Board. Temporary appointments made by the Board of Directors must be ratified at the next Ordinary General Meeting of Shareholders. A director appointed to replace another director remains in office for the rest of the term of office of his/her predecessor.

Amendments to any provisions of the bylaws may only be made at an Extraordinary General Meeting of Shareholders. While amendments to the bylaws may only be approved at the Extraordinary General Meeting of Shareholders, amendments to the clauses related to the amount of share capital or the number of shares that make up the share capital may be made by the Board of Directors, provided that such amendments result from a capital increase, a capital decrease or a capital redemption (i.e. a distribution not resulting in a reduction of the share capital). Except in specific cases relating to certain capital increases and security conversions, EGM decisions are not considered valid unless the shareholders present, represented or voting by correspondence have at least one-fourth of the shares with voting rights, and, in the case of a second meeting, at least one-fifth of the shares with voting rights. If this second quorum requirement is not met, the second meeting may be postponed by up to two months after its originally fixed date, and the one-fifth quorum must again be satisfied. Except in the special cases mentioned above, this second EGM may pass resolutions on the basis of a two-thirds majority of the shareholders present, including those represented or voting by correspondence.

8-The Board of Directors' powers, particularly the issue and buyback of shares

see points 15,19 and 27 of this report.

9-Agreements entered into by the Company that would be modified or would terminate in the event of a change in the Company's control. (Apart from those which the Company is legally obliged to disclose, only those whose disclosure would not seriously harm the Company's interests need be mentioned).

None.

10-Agreements providing benefits for members of the Board of Directors or the Management Board or for employees who resign or are made redundant for no just and serious cause or if their position is terminated due to a takeover.

None.

## 32. FIVE-YEAR EARNINGS HISTORY

In accordance with the provisions of Article R.225-102 of the French Commercial Code, Annex 8 includes a table showing the results of the Company over the last five years.

## 33. POWERS WITH RESPECT TO FORMAL PROCEDURES

The Annual General Meeting grants full powers to the bearer of copies of, or extracts from, the minutes of the present meeting to make use of them to fulfil any legally required disclosure formalities.

## CONCLUSION

We hereby ask you to accord full and definitive discharge to the Board of Directors in relation to its management of the Company during the year ended 31 December 2009, as well as to the Auditors in relation to their fulfilment of the auditing mission as described in their general report.

The Board of Directors invites you to approve by vote the text of the resolutions proposed to you.

The board of Directors

## ANNEX 1- Pro-forma Asset Portfolio

| Adresse | | Type of asset | Surface area m² | Financial occupancy rate | Current rent | Potential rent full year | Total potential rent |
|---|---|---|---|---|---|---|---|
| **PARIS** | | | | | | | |
| 31, av. de l'Opéra | Paris 75001st | Offices | 236 m² | 100% | EUR 65,932 | EUR 0 | EUR 65,932 |
| 7, rue d'Argenteuil | Paris 75002nd | Mixed-use building | 1,214 m² | 87% | EUR 256,793 | EUR 38,520 | EUR 295,313 |
| 15, rue de la Banque | Paris 75002nd | Office block | 2,020 m² | 90% | EUR 753,972 | EUR 84,800 | EUR 838,772 |
| 21, boulevard Poissonnière | Paris 75002nd | Mixed-use building | 1,914 m² | 100% | EUR 489,889 | EUR 0 | EUR 489,889 |
| 23, boulevard Poissonnière | Paris 75002nd | Mixed-use building | 3,518 m² | 91% | EUR 1,047,216 | EUR 98 080 | EUR 1,145,296 |
| 10, rue d'Uzès | Paris 75002nd | Mixed-use building | 3,882 m² | 96% | EUR 1,295,704 | EUR 50 550 | EUR 1,346,254 |
| 3/5, quai Malaquais | Paris 75006th | Apartments | 549 m² | 100% | EUR 330,000 | EUR 0 | EUR 330,000 |
| 2-4, rue de Lisbonne | Paris 75008th | Office block | 2,458 m² | 85% | EUR 1,095,960 | EUR 193,370 | EUR 1,289,330 |
| 55, rue Pierre Charron | Paris 75008th | Office block | 2,891 m² | 84% | EUR 1,368,022 | EUR 251,900 | EUR 1,619,922 |
| 8, rue de Marignan | Paris 75008th | mixed-use units | 162 m² | 100% | EUR 70,961 | EUR 0 | EUR 70,961 |
| 15, rue de Marignan | Paris 75008th | mixed-use units | 934 m² | 85% | EUR 348,418 | EUR 60 370 | EUR 408,788 |
| 17, rue François 1st | Paris 75008th | Commercial premises | 2,095 m² | 0% | EUR 0 | EUR 2 425 000 | EUR 2,425,000 |
| 25, rue de la Boétie | Paris 75008th | Offices | 255 m² | 0% | EUR 0 | EUR 109 650 | EUR 109,650 |
| 7, rue de Suresnes | Paris 75008th | Mixed-use Commercial and Offices | 1,377 m² | 68% | EUR 412,310 | EUR 197 550 | EUR 609,860 |
| 26, rue d'Athènes | Paris 75009th | Mixed-use Commercial and Offices | 963 m² | 100% | EUR 452,329 | EUR 0 | EUR 452,329 |
| 5,7 et 7 bis, passage Dubail | Paris 75010th | Résidence hôtelière | 1,674 m² | 100% | EUR 516,621 | EUR 0 | EUR 516,621 |
| 2, rue de Bassano (Bât A & B) | Paris 75016th | Office block | 2,535 m² | 100% | EUR 1,464,346 | EUR 0 | EUR 1,464,346 |
| 2, rue Bassano (Bât C) | Paris 75016th | Office block | 865 m² | 0% | EUR 0 | EUR 519 000 | EUR 519,000 |
| 24, rue Georges Bizet | Paris 75016th | Office block | 956 m² | 0% | EUR 0 | EUR 525 800 | EUR 525,800 |
| 77, rue Boissière | Paris 75116th | Mixed-use building | 1,786 m² | 100% | EUR 781,264 | EUR 0 | EUR 781,264 |
| **PARIS REGION** | | | | | | | |
| Tour Atlantique | La Défense (92) | Offices | 874 m² | 0% | EUR 0 | EUR 292,950 | EUR 292,950 |
| Hôtel du Parc des Expositions 16-18, rue Eugène Baudoin | Vanves (92) | Hotel | 2,250 m² | 100% | EUR 448,909 | EUR 0 | EUR 448,909 |
| 57, avenue Maréchal Joffre | Nanterre (92) | Service station | 1,685 m² | 100% | EUR 32,881 | EUR 0 | EUR 32,881 |
| Centre commercial Clos le Garenne 4, avenue Edouard Herriot | Fresnes (94) | Shopping mall | 4,920 m² | 42% | 151,814 € | EUR 210,900 | EUR 362,714 |
| **OTHER FRENCH REGIONS** | | | | | | | |
| Les Dauphins | Ferney (01) | Shopping mall | 775 m² | 90% | EUR 106,472 | EUR 11,700 | EUR 118,172 |
| L'Aujon | Flaine (74) | Hotel | 6,347 m² | 100% | EUR 530,000 | EUR 0 | EUR 530,000 |
| Le Totem | Flaine (74) | Hotel | 4,967 m² | 100% | EUR 524,262 | EUR 0 | EUR 524,262 |
| Résidence La Forêt | Flaine (74) | co-ownership units | 750 m² | 83% | EUR 59,198 | EUR 12 000 | EUR 71,198 |
| Le Varet | Arc 2000 (73) | Hotel | 15,234 m² | 100% | EUR 376,308 | EUR 0 | EUR 376,308 |
| Le Varet Bail à construction | Arc 2000 (73) | Hotel | | 100% | EUR 0 | EUR 0 | EUR 0 |
| **INTERNATIONAL** | | | | | | | |
| Avenue de l'Astronomie | Bruxelles | Mansion house | 3,043 m² | 0% | EUR 0 | EUR 475,000 | EUR 475 ,000 |
| | | | **73 129 m²** | **70%** | **EUR 12,979,581** | **EUR 5,557,140** | **EUR 18,536,721** |

Buildings undergoing renovation

Provisional sale agreed

## ANNEXE 2 – Information regarding the social and environmental consequences of the Company's activities

Under the French New Economic Regulations Law of 15 May 2001, listed companies are required to specify in their management report the manner in which they account for the social and environmental consequences of their activities.

Our Company's core business is property management, involving the purchase or construction of buildings for rent purposes and the acquisition of direct or indirect holdings in other property management companies. It has no significant impact on employment in the Paris region and its activities do not have any significant impact on the environment.

**Employment policy**
(Article R225-104 of the French Commercial Code)

• Personnel-related information:

The Group's headcount (excluding managers) is unchanged: 18 people as at 31 December 2009 compared to 18 people as at 31 December 2008.

(Salaries and other payroll costs: EUR 832k as at 31 December 2009 compared with EUR 709k as at 31 December 2008).

| HEADCOUNT | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|---|---|
| Managers | 10 | 7 | 10 | 4 | 5 | 9 | 9 |
| Other employees | 13 | 12 | 5 | 6 | 7 | 9 | 9 |
| Total | 25 | 21 | 17 | 13 | 13 | 18 | 18 |

Acanthe Développement's in-house staff is mainly involved in researching and analysing possible acquisitions, securing funding for the properties acquired, tracking asset performance (property valuations), accounting, conducting management controls and handling the Groups' legal affairs.

Many other tasks are outsourced to property management companies and to property consultants specialising in marketing rent properties.

At the same time, we have been prioritising the recruitment of top-level specialists with broad experience in the different sectors in which the Company is active.

• Organisation of working hours:

Our work time is organised on the basis of the 35-hour week.

We have had no significant problems relating to absenteeism during 2009.

**Environmental policy**
(ArticlesR.225-104 and R.225-105 of the french commercial code)

The Group complies strictly with all environmental standards and recommendations. To this end the Company is especially careful when acquiring new properties or setting work schedules to ensure that all existing legislation is respected and more generally to guard against all risks associated with pollution and/or toxicity.

• Measures and procedures relating to environmental protection:

Property investments comply with prevailing legislation on parasite infestation, asbestos and the prevention of lead poisoning.

Property renovation or development work is carried out in compliance with all the environmental protection regulations.

In this respect, in our capacity as project owners, we systematically appoint:

- Monitoring groups (Veritas, Socotec, Qualiconsult, etc.) to check that all construction and safety regulations are respected;

- Coordination assignments on worker health and safety issues.

As part of this policy we also verify the conclusions and recommendations of the monitoring groups and carry out the necessary work to bring the properties concerned into conformity with them.

• Consumption of water, raw materials and energy:

Water consumption costing EUR 106,067 in 2009 concerns water supplied to the Company's properties.

The Company aims to limit its consumption of electricity and gas and fuel. The bills relating to supplies to of gas and electricity to our buildings in 2009 amounted to EUR 195,264. Those relating to fuel consumption amounted to EUR 55,290.

Expenditure aimed at preventing any impact of the Company's activity on the environment:

As the Company's activity is of no consequence for the environment, the Company incurs no specific costs in this area.

## ANNEX 3 – List of offices held by corporate officers

**Alain DUMÉNIL,** Chairman of the Board of Directors and Chief Executive of the Company, performed the following functions for all or part of 2009:
Chairman, Chief Executive and Director of the company: ACANTHE DÉVELOPPEMENT ;
Chairman of the Board of Directors of the Companies: Alliance Développement Capital SIIC – ADC SIIC, Smalto, Poiray Joaillier, Société Nouvelle d'Exploitation de Rénovation du Théâtre de Paris – SNERR;
Director of the company: ADT S.I.I.C (until 25 March 2010);
Chairman of the companies: Ad Industrie, Alliance Designers (until 21 January 2009), Compagnie Paris Scène Production, SRP (until 20 May 2009);
Manager of the Companies: BSM, Editions de l'Herne, Padir, Société Civile Mobilière et Immobilière JEF, Société Financière et Immobilière de la Grange Batelière – SFIGB (until 23 February 2009), Suchet, Valor;
Co-manager of the Company: Smalto Suisse.

**Philippe MAMEZ,** Director and Deputy Managing Director of the Company, performed the following functions for all or part of 2009:
Chairman and Chief Executive of the company: Baldavine SA;
Deputy Managing Director and Director of the companies: ACANTHE DÉVELOPPEMENT, Compagnie Financière MI 29, Eurobail.
Chairman of the Board of Directors of the company: Navigestion;
Director of the companies: ADT S.I.I.C, Alliance Développement Capital S.I.I.C - ADC SIIC, Compagnie Fermière de Gestion et de Participation (Cofegep);
Chairman of the companies: France Immobilier Group (FIG), Tampico;
Manager of the company: MEP Consultants.

**Patrick ENGLER,** Director of the Company, performed the following functions for all or part of 2009:
Chairman, Chief Executive and Director of the companies: ADT S.I.I.C, Alliance Finance;
Chief Executive and Director of the company: Société Nouvelle d'Exploitation de Rénovation, et de Renaissance du Théâtre de Paris (SNERR);
Director of the Companies: ACANTHE DÉVELOPPEMENT, Alliance Développement Capital S.I.I.C. – ADC SIIC;
Representative of a legal entity appointed as a Director of the companies: Alliance Finance;
Manager of the Companies: Agence Haussmann Transactions Immobilier de Prestige, Ingénierie, Ingénierie et Gestion, Sep 1.

**Pierre BERNEAU,** administrateur de votre Société a exercé pendant tout ou partie de l'exercice clos le 31 décembre 2009 les fonctions suivantes :
Administrateur des sociétés : ACANTHE DÉVELOPPEMENT, Alliance Développement Capital S.I.I.C. – ADC SIIC ;
Gérant de la société : Sinef.

**Bernard TIXIER,** Director of the Company, performed the following functions for all or part of 2009:
Director of the company: ACANTHE DÉVELOPPEMENT.

## ANNEX 4 – Summary table of the current and valid powers delegated to the Board of Directors with respect to capital increases.

| Eur | Date of EGM | Expiry date of delegated power | Approved amount | Increase(s) made in previous years | Increase(s) made in 2009 | Residual amount on date this table was drawn up |
|---|---|---|---|---|---|---|
| | | | 2009 | | | |
| Delegation of powers to increase the Company's capital by incorporation of reserves, profits or premiums | 17 juin 2009 | 16 août 2011 | EUR 160,000,000 | None | EUR 0.51 | EUR 159,999,999.49 |
| Delegation of powers to increase the Company's capital with PSRs | 17 juin 2009 | 16 août 2011 | EUR 160,000,000 | None | EUR 0.51 | EUR 159,999,999.49 |
| Delegation of powers to increase the Company's capital without PSRs | 17 juin 2009 | 16 août 2011 | EUR 160,000,000 | None | EUR 0.51 | EUR 159,999,999.49 |
| Approval to increase the share capital to honour convertible securities | 17 juin 2009 | 16 août 2011 | 10% of Company share capital | None | None | EUR 159,999,999.49 |

## ANNEX 5 - Supplementary report by the Board of Directors on the use of delegated powers relating to capital increases

(Articles L.225-129-1 and L.225-129-2 of the French Commercial Code),

The Board of Directors has drafted this supplementary report in accordance with the provisions of Article L.225-129-5 of the French Commercial Code and Article R.225-116 of the French Commercial Code in order to inform the General Meeting of Shareholders of the definitive terms and conditions of transactions undertaken by the Board of Directors during 2009 using powers delegated by the Shareholders in accordance with Articles L.225-129-1 and L.225-129-2 of the French Commercial Code.

• Decisions taken by the Board of Directors to round up the Company's share capital
During 2009, the Board of Directors used its power, delegated by the AGM and the EGM of 17 June 2009, to round up the Company's share capital by drawing sums from the "Issue premium".

The following increase was carried out by raising the nominal value of the shares making up the Company's share capital.
- Board of Director's meeting of 20 July 2009: A capital increase of EUR 0.51.

**Board of Directors**

## ANNEXE 6 - Special Board of Directors' report on share attribution operations conducted under Articles L.225-197-1 to L.225-197-3 of the French Commercial Code and other operations conducted under Articles L.225-177 to L.225-186 of the French Commercial Code

In accordance with the provisions of Articles L.225-184 and L.225-197-4 of the French Commercial Code, the purpose of this Special Report is to inform the General Meeting of Shareholders of the operations described in Articles L.225-197-1 to L.225-197-3 and L.225-177 to L.225-186 of the French Commercial Code that the Company executed during 2009.

The meeting of the Board of Directors of 25 July 2007 decided to attribute free shares and options to subscribe for or to buy shares:

- Pursuant to the authorisation, voted by more than 99% of the shareholders present, granted by the 2nd resolution of the Ordinary and Extraordinary General Meetings of Shareholders on 21 March 2007, The Board of Directors decided to attribute 8,660,000 free shares, representing 9.99132% of the Company's share capital at 25 July 2007, to Alain Duménil in his capacity as Chairman and Chief Executive of the Company. The composition of this attribution of free shares was as follows:

- 4.99566%, i.e. 4,330,000 shares are subject to a 2-year vesting period and a 2-year holding period,
- 4.99566%, i.e. 4,330,000 shares are subject to a 4-year vesting period with no holding period.

Pursuant to the Board of Directors' decision of 25 July 2007, under powers delegated at the Ordinary and Extraordinary General Meetings of Shareholders of 21 March 2007, the Board of Directors on 22 July 2009 decided to increase the Company's share capital with effect from 26 July 2009 by issuing 4,330,000 free shares at face value, all of which were transferred on 26 July 2009, to Alain Duménil, in his capacity as Chairman and Chief Executive of the Company, with EUR 1,645,400 being charged against the "Issuer, merger and paid-up capital premiums" corresponding to the amount of capital required to issue these shares.

- Pursuant to the authorisation, voted by more than 99% of the shareholders present, granted by the 1st resolution of the Ordinary and Extraordinary General Meetings of Shareholders of 21 March 2007, The Board of Directors decided to attribute 8,667,520 options to subscribe or buy Company shares, to Alain Duménil in his capacity as Chairman and Chief Executive of the Company. The exercise price of these options was fixed at EUR 3.21 for the subscription of one share, and at EUR 3.22 for the purchase of one share. The options will be exercisable after a vesting period of 1 year (i.e. as of 26 July 2008) and will be valid until 25 July 2017.

The Board of Directors at their meeting of 18 July 2008 decided that the options granted on 25 July 2007 to Alain Duménil are share subscription options and adjusted their number and their price to take into account the payout of the extraordinary dividend drawn from the issue premium account on 1 July 2007, thereby protecting the interests of the beneficiaries of options, in accordance with the provisions of Articles R.225-137 to R.225-142 of the French Commercial Code. Following these adjustments, the number of share subscription options was 9,528,336 with a subscription price of EUR 2.92.

The Board of Directors' meeting of 28 August 2009, recognised that no options had been exercised and that, in accordance with a letter dated 3 August 2009, Alain Duménil waived his rights to exercise these options.

At the same meeting the Board, acting under the authorisation granted by the Ordinary and Extraordinary General Meetings of Shareholders of 21 March 2007, decided to grant 9,936,436 share subscription or purchase options to Alain Duménil in his capacity as Chairman and Chief Executive of the Company with an exercise price set at EUR 1.24. It is nonetheless specified that Mr Duménil must keep 1% of the shares resulting from the option grant until he ceases to act as Chairman and Chief Executive of the Company, unless this obligation threatens the continuation of the Company's SIIC status.

The Board of Directors at its meeting of 31 December 2009 held at midday decided that the options awarded at its meeting of 28 August 2009 should be share purchase options. The Board further decided that the share purchase options shall be exercisable by the Beneficiary only if the Company has the required number of shares at the exercise date.

The Board of Directors at its meeting of 31 December 2009 at 2.00pm specified that following the decision taken the same day at midday that if on the exercise date of the options the Company did not have enough shares for them all to be exercised the options should be considered share purchase options up to the number of shares held by the Company and the remainder should be considered share subscription options.

Lastly, we draw your attention to the fact that neither the Company or any of the Group companies attributed any free shares and or options to subscribe or buy shares to any non-executive employees of the Company during 2009.

**Board of Directors**

## ANNEX 7 – Report by the Chairman of the Board of Directors on the internal control procedures

Dear Shareholders,

In application of the provisions of Article L.225-37 of the French Commercial Code, and the amendments made by Order 2009-80 of 22 January 2009, the Chairman of the Board of Directors has drawn up this report.

This report informs you of the composition, the preparatory conditions and the organisation of undertakings by the Board of Directors and of the internal control and risk management procedures already implemented or currently being implemented by the Company.

This report must also list any restrictions imposed by the Board of Directors on the powers delegated to the Chief Executive.

As the Board of Directors has decided not to refer to a corporate governance code elaborated by the organisations representing companies, this report contains the reasons for this decision along with an explanation of the internal control regulations adopted.

Finally, the report explains any specific procedures for shareholders' participating at the AGM and the principles and rules decided by the Board of Directors to determine the remuneration and benefits of all kinds awarded to corporate officers.

The report was approved by the Board of Directors at its meeting of 29 April 2010.

It is therefore in these conditions and in order to respect the provisions relating to corporate governance (Article L.225-37 of the French Code Commerce) that I present the following information to you:

**I – Code of corporate governance elaborated by corporate representative organisations**

The Law L.2008-649 of 3 July 2008 makes a distinction between companies that voluntarily use a Code of corporate governance elaborated by corporate representative organisations and those that do not.

Our Company, not complying with all the recommendations of the AFEP MEDEF Code for the legitimate reasons expounded below, has decided, in accordance with the provisions of the same Law, to declare that it has not used such a code as a reference.

Nevertheless, for several years the Company has used and reinforced internal control measures with the result that real progress has already been made, progress that has rendered compliance with a reference code not only unnecessary but also inappropriate for the Company.

# BOARD OF DIRECTORS' MANAGEMENT REPORT

The Company's listing on Euronext Paris has allowed it to opt for the SIIC legal status with its special tax regime. However, the Company, with a headcount of only 18, has neither the weight nor the organisation of the majority of companies listed on the stock market. The limited size of our teams facilitates communication, teamwork and, at the same time, the efficacy of our internal control measures.

The small size of the management bodies facilitates the implementation of the Company's policies and strategies.

The flexibility of the structure allows, for example, each Director to obtain easy access to necessary information for the accomplishment of his mission – notably regarding internal control – and to exchange information on these matters with other Directors and/or Company managers.

## 1. Board of Directors

### Mission

The Board of Directors defines the Company's strategy, appoints its corporate officers to manage the Company in the framework of this strategy and selects the organisational mode (separation or amalgamation of the Chairman and Chief Executive functions), controls the management and ensures the quality of the information provided to shareholders and markets via the Company's financial statements and its communication of significant operations.

### Composition

In accordance with the provisions of Article L.225-37 paragraph 6 of the French Commercial Code as amended by Article 26 of Law L.2008-649 of 3 July 2008, this report informs you of the composition of the Board of Directors.

- Alain Duménil, Chairman of the Board of Directors and Chief Executive,
- Philippe Mamez, Director and Deputy Managing Director,
- Patrick Engler, Director,
- Pierre Berneau, independent Director,
- Bernard Tixier, independent Director.

A list of other offices and functions exercised by the Directors appears in Annex 3 to the Board of Director's report.

We hereby inform you that two members of the Board of Directors, Messrs Berneau and Tixier, satisfy the standard independence criteria generally accepted within the industry:

• Neither is an employee or a corporate officer of the Company, an employee or director of the parent company or of one of the companies it consolidates, or has been at any time during the previous five years.

• Neither is a corporate officer of any company in which the Company holds directly or indirectly any administrative mandate or in which a designated employee, corporate officer or manager of the Company (current or in the past five years) holds a position as a Board member.

• Neither is a client, supplier or significant financier of the Company or of its Group, or a client, supplier or financier for whom the Company or its Group represents a substantial part of his/her/its turnover.

• Neither has any close family ties with a corporate officer.

• Neither has been an auditor of the Company during the past five years.

• Neither has been a Director of the Company for more than 12 years.

Currently, no salaried employee is acting as an elected member of the Board of Directors.

### Organisation

The Auditors are convened to the Board of Directors meeting which approves the interim and annual financial statements and, if necessary, any Board meetings where their presence is deemed useful.

Convening notices are sent in writing within a reasonable timeframe. For example, the Directors and Auditors were duly convened by post in letters sent on 24 August 2009 to the Board meeting to approve the 2009 financial statements that took place on 29 August 2009.

The calendar of Board meetings is fixed sufficiently early to allow the Company Directors enough time to gather all necessary information and the Directors are authorised to request any information or documents that they deem necessary for the accomplishment of their missions.

In this respect, the Chairman endeavours to communicate all the necessary information or documents to the Directors prior to such meetings so that the Board members are fully prepared for Board meetings. Similarly, should a Director ask to receive additional information and documents, the Chairman shall provide these whenever possible.

The meetings take place at the Company's registered office. In 2009, the Board of Directors met nineteen times.

The physical presence of Board Members was required subject to availability and the type of meetings.

In addition to its legally imposed duties and decisions, the Board of Directors discussed (in addition to the discussions within the Management Committee) the major initiatives carried out in 2009, both externally (acquisitions, disposals, marketing, markets) and in respect of the Group's strategy and financial policy (Group restructuring, financing, issuance of securities, capital increases).

No meetings were called by any of the Directors during 2006.

## 2. Management Committee

The Management Committee's role is to assist the members of the Board of Directors.
The Committee cannot under any circumstances substitute or replace the Board of Directors.

### Composition

The Management Committee consists of at least two Company Directors from the five members of the Board of Directors.

### Missions

Its main role is to examine the following:

- the Group's company and consolidated financial statements,
- the Group's investments (study and analysis) and projects/programmes, and its planning permissions (demolition and building permits),
- financing (amount, rate and duration of loans),
- the switching and sale of assets,
- the Group's administrative management and monitoring of the property assets in its portfolio (divestments, building works and rent management),
- the Group's financial communication,
- the Group's financial and cash management,
- the Group's human resource policy (recruitment),
- the Group's management of legal proceedings (disputes).

### Organisation

In periods of current operations, the Management Committee meets at least once a week following a calendar determined by its Chairman and Chief Executive and depending on member availabilities. The agendas for these meetings are drawn up by the Deputy Managing Director.

The Management Committee meetings are generally attended by:
- Alain Duménil, Chairman of the Board of Directors and Chief Executive,
- Philippe Mamez, Deputy Managing Director
- Patrick Engler, Director
- Florence Soucémarianadin, Financial and Administrative Director,
- Nicolas Boucheron, Legal Director,

Where applicable, some staff members, executives or external advisers are invited to attend and/or contribute to the meetings.

The Company's various departments prepare summary documents for these Committee meetings and may add any points deemed useful to the meeting's agenda.

All projects involving the acquisition or sale of assets are systematically presented to the Management Committee which assesses the analysis and the timeliness of the operations proposed and, where necessary, appoints a project manager.

### 3. Accounts Committee

At its meeting of 4 August 2009, the Board of Directors created an Accounts Committee tasked, within the scope of the powers delegated to the Board of Directors, to:

• monitor the process of drawing up quarterly financial information and the interim and annual financial statements, before these are passed to the Board of Directors for examination and approval,

• and, generally,
- to ensure the appropriateness, consistency and reliability of the accounting systems used by the Company and its main subsidiaries, notably by analysing the regular financial reports, examining the appropriateness of the choices made and the correct application of accounting methods used and by examining the accounting treatment of any significant transactions,
- to hear the views of and question the Auditor,
- to examine every year the fees paid to the Auditors and to assess their independence,
- to examine the candidates for Auditor of Group companies whose appointments are due to expire,
- to ensure the effectiveness of internal control and risk management procedures.

To this end, the Committee has access to all documents necessary for it to fulfil its role. Also, notwithstanding the powers reserved to the Board of Directors, it can call on experts from outside the Company and hear from any person who may be able to offer relevant clarification of any issue.

It reports regularly to the Board of Directors and can submit any advice and recommendations that it wishes to the Board, within the scope of its powers.

The Accounts Committee has the following directors as members:
- Patrick Engler, Chairman of the Committee,
- Bernard Tixier,
- Pierre Berneau.

The members of the Accounts Committee have specific skills in finance and accounting. Two of its members, Messrs Tixier and Berneau, are independent Directors.

Their appointment to the committee lasts as long as their terms of office as Directors. They can be dismissed from their functions as members of the Accounts Committee by the Board of Directors at any time.

At the meeting held 13 April 2010, the Committee, among other items, examined the company and consolidated financial statements for 2009. It also examined the appraisals of the Company's property portfolio.

The work of the Accounts Committee has been appropriate to the aims that it was given.

### 4. Other Committees

Given the small size of the Acanthe Développement Group, to date, no other specific committees addressing questions of collective interest for the Company employees and managers (Remuneration Committee, Selection & Appointment Committee) have been established.

The Group Acanthe Développement is continuing its efforts in respect of corporate governance issues.

## II – Internal control measures and description of procedures

At its weekly Committee meetings, Acanthe Développement organises its internal control systems and carries out checks to ensure its decisions are being correctly implemented.

Operations relating to the Group's business activities and their recognition in the accounts, are checked to ensure prevailing laws, regulations and standards are complied with and everything possible is done to avoid any claims likely to jeopardise the sustainability of the Group.

The implementation of these control and monitoring measures aims to obviate the main risks identified to date and to identify areas where the Company's internal control could be improved.

### 1. Internal control procedures linked to the protection of assets

The following principal insurance policies have been contracted:

The Group always takes out a "non-resident owner" (PNO) policy for all the properties it owns. For properties acquired under co-ownership, the subsidiary of the Group that owns the units must ensure that the property syndicate takes out a "non-resident owner" policy for the building. In the event of a claim, all the policies cover a brand new construction of the building without any ceiling, as well as the loss of rents for a period of up to two years.

In respect of property development operations, during periods of heavy building works or building restructuring that is covered by the statutory ten-year guarantee, the relevant companies take out damage insurance covering the duration of the works.

Apart from the insurance policies mentioned above, there is no insurance policy specifically covering rent risk since the high level of lessee diversity limits the Group's economic dependence.

In addition to taking out insurance coverage for its property assets, the Company regularly inspects and ensures compliance of its technical installations that may impact the environment or jeopardise the safety of persons (fire-fighting equipment, ventilation, air conditioning production, electrical installations, lifts, etc.).

### 2. Internal control procedures linked to the commercial and rent management of the assets

The day-to-day rent management is delegated to professional Property Managers. Decisions are taken, depending on their importance, either at their weekly meetings between the Property Managers and the Deputy Managing Director, or by the Management Committee on more important questions.

The marketing of the Company's assets for rent is done by dedicated teams assisted by reputable third-party service providers. The objectives (prices, deadlines and targets) are defined in consultation with the General Management and the Management Committee and are, if necessary, approved by the Board of Directors.

Rent proposals are then examined and assessed by the Property Managers. For important rent offers in terms of value (office premises), the specific terms and conditions and special clauses are subject to the prior approval of the Chief Executive and/or the Management Committee.

Lastly, a quarterly control of the income statement is conducted in order to identify any operating irregularities.

### 3. Internal control procedures relating to financial risks

The main instruments of the Group's interest rate risk management are swap and cap hedges. Any issues relating to this area are systematically examined by the Management Committee which reviews the Company's cash management and funding requirements on a weekly basis.

### 4. Internal control procedures relating to legal risk and litigation

An inherent aspect of the Group's activity is the signature of contracts in respect of the purchase or sale of co-ownership buildings or units and rent lease contracts.

# BOARD OF DIRECTORS' MANAGEMENT REPORT

All of these contracts, as well as most of the leases, are certified by notaries. This ensures a high degree of security and limits the liabilities to which Acanthe Développement may be exposed.

The Company contacts approved specialists to carry out inspections and tests on buildings and properties with respect to environmental standards (asbestos, lead poisoning and parasite infestation). The results of these tests are verified by the notaries at the time of each transaction (acquisitions, sales, leases and mortgage loans).

Legal risks are monitored by the Company's legal department, which ensures that the activities of the Company and its subsidiaries are in full compliance with the prevailing regulations and the Group's best interests.

**III – Internal control procedures relating to the elaboration and treatment of financial and accounting information**

Accounting data relating to the Group's real estate activities is furnished by firms that are specialised in property and portfolio management. These firms also manage all information connected to our payroll management including company employment and related tax declarations as recognised in the Company's accounts.

All accounts statements are then submitted to the Management Control Department, which analyses the difference between the budgeted figures and current year-end forecasts.

All off-balance-sheet commitments are centralised by the Group's Legal Department and are constantly updated.

The related financial and accounting information is then checked by the Auditors, and subsequently presented and explained to the Accounts Committee, whose role has been described above, and the Management Committee before being approved by the Board of Directors. Thus the financial and accounting information produced by the Group gives a true and accurate picture of the business situation of the Company Acanthe Développement.

Since 2005, Acanthe Développement has been drawing up and presenting its consolidated financial statements in accordance with international accounting standards (IAS/IFRS).

**IV – Shareholder participation in General Meetings**
In accordance with the provisions of Article L.225-37 paragraph 8 of the French Commercial Code as amended by Article 26 of Law L.2008-649 of 3 July 2008, this report informs you that a description of the conditions and formalities of shareholder participation in General Meeting of Shareholders is contained in Articles 30 to 43 of the Company's bylaws.

**V – Key information in the event of a takeover bid**
(Article L.225-100-3, as referred to in Article L.225-37 paragraph 9 of the French Commercial Code),
This key information is provided in point 31 of the annual Management Report drawn up by the Company's Board of Directors.

**VI - Separation/amalgamation of the roles Chairman of the Board of Directors and Chief Executive**
We remind you that Board meeting of 25 July 2007 decided to opt for the amalgamation of the roles of Chairman of the Board of Directors and Chief Executive. All shareholders and third parties have been informed of this decision. Alain Duménil assumed the functions of Chairman of the Board of Directors and Chief Executive as of that date.

**VII - Limits to the powers of the Chief Executive**
The Chief Executive has a broad range of powers to act under any circumstances in the name of the Company within the limits of its corporate purpose and the powers expressly reserved by law to the General Meeting of Shareholders and the Board of Directors.

During 2009 no limitation was imposed by the Board of Directors on the Chief Executive.

**VIII – Principles and rules governing the determination of remuneration and benefits of all descriptions awarded to the Group's corporate officers.**

The budget for Director's fees set by the Company's AGM is shared between the Directors on the basis of various different criteria.

A primary consideration is of course attendance at Board meetings.

In addition, specific research conducted by Directors regarding the property market (acquisitions/sales, etc.) or in the financial domain (seeking funds) is also taken into account.

The Chairman and Chief Executive has decided to waive his remuneration via the attribution of free shares and stock options decided by the Board of Directors on 25 July 2007.

A list of remuneration and benefits awarded to the Company's corporate officers is given in point 12 of the annual Management Report.

**Chairman of the Board of Directors**

## ANNEX 8 - Summary of financial and other key information over the last five years

**Summary of financial and other key information over the last years**

(French Commercial Code - Article R.225-102)

| | 31/12/2005 | 31/12/2006 | 31/12/2007 | 31/12/2008 | 31/12/2009 |
|---|---|---|---|---|---|
| **Capital at year-end** | | | | | |
| Share capital | 30,109,000 | 30,783,144 | 32,905,414 | 35,312,643 | 38,247,014 |
| Number of ordinary shares | 79,687,435 | 81,470,942 | 87,087,378 | 93,458,355 | 101,199,299 |
| Number of preferential shares outstanding | | | | | |
| Maximum number of new shares to create | | | | | |
| - from convertible bonds | | | | | |
| - from subscription rights | | | | | |
| **Activity and profit or loss** | | | | | |
| Revenue (excl. tax) | 6,491,464.36 | 1,904,443.78 | 1,866,614.95 | 1,892,482.32 | 2,171,311 |
| Profit before tax, employee profit sharing, deprec. & amortisation charges and transfers to provisions | 8,811,445.54 | 11,448,070.30 | 18,534,364.07 | 6,708 216.12 | 14,928,267 |
| Company income tax | 769,351.00 | 42,375.00 | 18,750.00 | - 44,000.00 | 0 |
| Employee profit sharing | | | | | |
| Profit after tax, employee profit sharing, deprec. & amortisation charges and transfers to provisions | 9,690,443.57 | 11,194,268.12 | 18,335,677.12 | 6,671,525.02 | 14,607,648 |
| Profits paid out in dividends | 10,359,366.55 | 10,591,222.46 | 17,417,475.60 | 3,738,334.20 | 15,179,895 |
| **Earnings per share** | | | | | (1) |
| Profit after tax, employee profit sharing, before deprec. & amortisation charges and provisions | 0.10 | 0.13 | 0.21 | 0.07 | 0.15 |
| Profit after tax, employee profit sharing, deprec. & amortisation charges and provisions | 0.12 | 0.13 | 0.21 | 0.07 | 0.14 |
| Dividend per share | 0.13 | 0.13 | 0.20 | 0.04 | 0.15 |
| **Personnel** | | | | | |
| Average headcount | 4 | 4 | 3 | 2 | 2 |
| Total payroll costs | 293,393.52 | 770,891.68 | 153,530.54 | 131,503.51 | 142,449 |
| Social security payments and company benefits schemes | 113,030.00 | 167,379.28 | 66,112.11 | 57,118.34 | 61,841 |

(1) This amount corresponds to the dividend proposed by the Board of Directors of the Company Acanthe Développement (rounded up to the next whole cent per share, i.e. EUR 0.15/share). It is expected be approved at the General Meeting called to approve the Company's financial statements.





# ACCOUNTS 2009

## CONTENTS

## BALANCE SHEET ASSETS

| | 31/12/2009 Gross | 31/12/2009 Write-down Depreciation | 31/12/2009 Net | 31/12/2008 Net |
|---|---|---|---|---|
| **FIXED ASSETS** | | | | |
| Intangible assets | | | | |
| Formation expenses | | | | |
| Research and development expenses | | | | |
| Concessions, patents, licences, software, rights and similar assets | 9,990 | 6,660 | 3,330 | 6,660 |
| Goodwill (1) | | | | |
| Other intangible fixed assets | | | | |
| Current intangible fixed assets | | | | |
| Prepayments | | | | |
| Tangible assets | | | | |
| Lands | 319,773 | | 319,773 | 319,773 |
| Construction | 3,608,545 | 663,138 | 2,945,407 | 3,067,490 |
| Buildings, Plant and Equipment | | | | |
| Other tangible fixed assets | 73,196 | 70,399 | 2,797 | 12,163 |
| Current tangible fixed assets | 148,808 | | 148,808 | 148,808 |
| Prepayments | | | | |
| Investments (2) | | | | |
| Equity investments | 7,557,569 | | 7,557,569 | 7 558,765 |
| Receivables from holdings | 45,079,658 | | 45,079,658 | 37,442,574 |
| Securities of portfolio business | | | | |
| Other securities | | | | |
| Loans | | | | |
| Other investments | 163,808 | | 163,808 | 163,156 |
| | 56,961,347 | 740,197 | 56,221,150 | 48,719,390 |
| **CURRENT ASSETS** | | | | |
| Stocks and work in progress | | | | |
| Raw materials and other consumables | | | | |
| Work in progress (goods and services) | | | | |
| Intermediate and finished products | | | | |
| Goods | | | | |
| Prepayments for orders | 2,870 | | 2,870 | 197 |
| Receivables (3) | | | | |
| Trade receivables and other accounts receivable | 1,784,504 | 47,334 | 1,737,170 | 1,838,747 |
| Other receivables | 1,651,324 | | 1,651,324 | 1,705,403 |
| Called up registered capital – not paid up | | | | |
| Investments in securities | | | | |
| Own shares | 339,931 | 165,956 | 173,975 | 336,882 |
| Other securities | 9,572,046 | | 9,572,046 | 766,273 |
| Cash instruments | | | | |
| Available funds | 45,460 | | 45,460 | 103,421 |
| Expenses recorded in advance (3) | 48,399 | | 48,399 | 39,597 |
| | 13,444,535 | 213,290 | 13,231,245 | 4,790,521 |
| Deferred expenses | | | | |
| Loan repayment premiums | | | | |
| Conversion gains | | | | |
| **GRAND TOTAL** | 70,405,882 | 953,487 | 69,452,395 | 53,509,911 |

(1) Including lease right - (2) shorter than one year (gross) - (3) longer than one year (gross)

## BALANCE SHEET LIABILITIES

| | 31/12/2009 Net | 31/12/2008 Net |
|---|---|---|
| **CAPITAL AND RESERVES** | | |
| Capital (paid up: 38,247,014) | 38,247,014 | 35,312,643 |
| Share, merger, contribution premium | 2,764,892 | 114,170 |
| Revaluation gains or losses | | |
| Equivalent spread | | |
| Reserves: | | |
| - Legal reserve | 3,880,029 | 3,880,029 |
| - Statutory and contractual reserves | | |
| - Special regulatory reserves | | |
| - Other reserves | 66,041 | 66,041 |
| Retained earnings | 2,971,821 | 34,078 |
| Profit or loss for the financial year | 14,607,648 | 6,671,525 |
| Investment subsidies | | |
| Restricted provisions | | |
| | 62,537,445 | 46,078,486 |
| **OTHER CAPITAL AND RESERVES** | | |
| Income from equity investment issues | | |
| Conditional prepayments | | |
| Other capital and reserves | | |
| **PROVISIONS** | | |
| Provisions for liabilities | 19,883 | |
| Provisions for charges | | |
| | 19,883 | |
| **PAYABLES (1)** | | |
| Convertible bond loans | | |
| Other bond loans | | |
| Loans and liabilities with credit institutions (2) | 1,771,031 | 2,262,460 |
| Tax credits and liabilities (3) | 4,233,329 | 4,040,203 |
| Advance payments received for orders in progress | 420 | 14,062 |
| Suppliers and associated accounts | 554,248 | 773,196 |
| Tax and social security liabilities | 334,037 | 341,504 |
| Fixed asset liabilities and associated accounts | | |
| Other liabilities | 2,003 | |
| Cash instruments | | |
| Deferred income (1) | | |
| | 6,895,067 | 7,431,425 |
| Foreign exchange liabilities | | |
| **GRAND TOTAL** | 69,452,395 | 53,509,911 |
| (1) Longer than one year (a) | 1,723,316 | 1,831,605 |
| (1) Shorter than one year (a) | 5,171,331 | 5,585,758 |
| (2) Including current bank overdrafts and credit balances | 76,639 | 2,807 |
| (3) Including equity loans | | |

(a) Except for prepayments and deposits received for orders in progress

## PROFIT AND LOSS ACCOUNT

| | France | 31/12/2009 Exportation | Total | 31/12/2008 Total |
|---|---|---|---|---|
| **Operating income (1)** | | | | |
| Good sales | | | | |
| Production sold (goods) | | | | |
| Production sold (services) | 2,177,311 | | 2,177,311 | 1,892,482 |
| **Net turnover** | 2,177,311 | | 2,177,311 | 1,892,482 |
| Production in stock | | | | |
| Capitalized production | | | | |
| Partial net income from long-term transactions | | | | |
| Operating subsidies | | | | |
| Write-off of provisions and expenses transfer | | | | |
| Other income | | | 13,644 | 1 |
| | | | 2,190,955 | 1,892,484 |
| **Operating expenses (2)** | | | | |
| Goods purchases | | | | |
| Stock variations | | | | |
| Purchases of raw materials and other purchases | | | | |
| Stocks variations | | | | |
| Other purchases and external expenses (a) | | | 2,213,763 | 1,943,324 |
| Taxes, duties and similar payments | | | 54,239 | 55,530 |
| Wages and salaries | | | 142,449 | 131,504 |
| Social security charges | | | 61,841 | 57,118 |
| Additions for depreciation, write-down and provisions: | | | | |
| - Fixed assets: depreciation | | | 134,780 | 141,611 |
| - Fixed assets: write-down | | | | |
| - Current assets: depreciation | | | | 37,492 |
| - Liabilities and charges: provisions | | | | |
| Other expenses | | | 100,103 | 50 002 |
| | | | 2,707,176 | 2,416,581 |
| **OPERATING PROFIT OR LOSS** | | | - 516,220 | - 524,097 |
| **Proportional share of income in joint ventures** | | | | |
| Profits obtained or losses transferred | | | 1,603 | 403 |
| Losses undergone or profits transferred | | | | |
| **Financial income** | | | | |
| Investments (3) | | | 13,731,030 | 4,521,570 |
| Other securities and fixed asset receivables(3) | | | | |
| Other interest and similar income (3) | | | 1,888,321 | 2,482,911 |
| Write-off of depreciation, provisions and expenses transfer | | | | 98,412 |
| Exchange rate gains | | | | |
| Net income from sales of tradable securities | | | 12,860 | 419,854 |
| | | | 15,632,211 | 7,522,747 |
| **Financial expenses** | | | | |
| Depreciation, write-down and provision expenses | | | 185,839 | |
| Interest and similar expenses (4) | | | 318,709 | 387,551 |
| Exchange rate losses | | | | |
| Net expenses in sales of tradable securities | | | | |
| | | | 504,548 | 387,551 |
| **FINANCIAL PROFITS** | | | 15,127,663 | 7,135,196 |
| **PROFIT BEFORE TAXES** | | | 14,613,045 | 6,611,502 |

## PROFIT AND LOSS ACCOUNT (CONT.)

| | France | 31/12/2009 Exportation | Total | 31/12/2008 Total |
|---|---|---|---|---|
| **Extraordinary income** | | | | |
| Management transactions | | | | |
| Capital transactions | | | 39,048 | 62,504 |
| Write-off of depreciation, provisions and expenses transfer | | | | |
| | | | 39,048 | 62,504 |
| **Extraordinary expenses** | | | | |
| Management transactions | | | 43 | 1,173 |
| Capital transactions | | | 44,402 | 45,308 |
| Depreciation, write-down and provision expenses | | | | |
| | | | 44,445 | 46,481 |
| **EXTRAORDINARY PROFIT OR LOSS** | | | - 5,397 | 16,023 |
| Employee profit sharing | | | | |
| Corporation tax | | | | - 44,000 |
| **Total income** | | | 17,863,817 | 9,478,138 |
| **Total expenses** | | | 3,256,169 | 2,806,613 |
| **PROFIT OR LOSS** | | | 14,607,648 | 6,671,525 |
| (a) Including: | | | | |
| - Charges for furniture leases | | | 6,965 | 6,965 |
| - Charges for real estate leases | | | | |
| (1) Including income from previous years | | | | |
| (2) Including expenses from previous years | | | | |
| (3) Including income from associated companies | | | 15,618,842 | 7,001,601 |
| (4) Including interest from associated companies | | | 219,822 | 269,833 |

# ANNEXES TO THE ANNUAL ACCOUNTS

AT 31 DECEMBER 2009

## CONTENTS



## NOTE 1. MAIN EVENTS IN THE FINANCIAL YEAR

### 1.1. Dividends Paid Out

The Ordinary and Extraordinary General Shareholders' Meeting held on 17 June 2009 adopted a resolution on the allotment of the profits from 2008, amounting to €6,671,525. It was decided that each of the 93,458,355 shares, making up the company's capital on 31 December 2008, would be paid a dividend of €0.04 per share eligible to a price reduction of 40% referred to in article 158-3-2 of the French General Tax Code or an aggregate amount of €3,738,334 from the profits that can be allotted. The General Shareholders' Meeting offered the shareholders the option of converting the issued coupons in new shares.

### 1.2. Assignment of stock options

The Board of Directors' Meeting held on 28 August 2009:
- took record of the express waiver, by virtue of a letter dated 3 August 2009 by Mr. DUMÉNIL, to the whole assignment of options that had been allotted to him by the Board of Directors' Meeting held on 25 July 2007,
- based on the authorisation granted by the Mixed General Shareholders' Meeting held on 21 March 2007, adopted a resolution to assign 9,936,436 subscription or stock options, of which the vesting price was determined at €1.24,
- pursuant to article L.225-1 85 of the French Commercial Code, adopted a resolution that Mr. DUMÉNIL would keep 1% of the shares issued by releasing the options until the President and General Manager would step down from office, providing that this obligation would not result in the profits obtained for the company, according to the SIIC tax system, being challenged.

## NOTE 2. ACCOUNTING PRINCIPLES, STANDARDS AND METHODS

### 2.1. General aspects

The annual accounts were drawn up according to the same accounting principles, standards and methods as those applied in previous years, in other words according to regulation 99.02 that includes the French General Chart of Accounts.
The general accounting standards were applied by observing the principle of prudence, pursuant to the following basic hypothesis:
- An on-going concern
- Using the same accounting methods from one year to the next,
- Independence of the financial years,
and pursuant to generally accepted accounting principles for drawing up and submitting the annual accounts.

### 2.2. New accounting standards

The accounting methods applied in 2009 were the same as those used in the previous financial year.

### 2.3. Basis for assessment, judgement and use of estimates

The main estimates are made by the assessment of the recoverable value of real estate investments.
Concerning the assessment of properties, the assessment criteria were those defined in the French Real Estate Appraisal Charter.
The market value represents the price that is expected to be obtained from the sale of the property within a term of about 6 months, after being put on the market and advertised, to a buyer with no particular relationship with the seller.
The lease situation of premises was taken into account, the general rules being as follows:
- capitalising the lease value of the vacant properties at a higher rate than that obtained for the leased premises by taking into account the vacant risk,
- varying the profitability rate of the premises according to their geographic location, the kind and quality of the properties, the level of rents compared with the lease value and the lease renewal dates.

The clauses and conditions for the leases were taken into account for the estimate and, in particular, the expenses for the lessees due to possible abusive common law clauses (land tax, property insurance, major repairs referred to in article 606 of the French Civil Code and management fees).

Finally, the properties were considered to be in a good condition of upkeep, the estimates for work to be carried out having been deducted.

All the assessment processes could imply certain uncertainties that could have an impact on the future profits or losses from transactions.

Pursuant to regulation CRC 02-10, a depreciation test was conducted at the end of the financial year in order to record provisions for possible losses compared with the net book value in the balance sheet.

### 2.4. End of Year Date

The annual accounts encompass the period from 1/1/2009 to 31/12/2009.

### 2.5. The S.I.I.C. Tax System

As a reminder, the company ACANTHE DÉVELOPPEMENT SA has chosen the date of 28 April 2005, valid as of 1 January 2005, to apply the system for Sociétés d'Investissement Immobilières Cotées (The French tax system for Traded Real Estate Investment Companies). This system allows exemption from corporation tax for profits obtained from property leases (or property sub-leases through a lease agreement entered into or acquired as of 1 January 2005), certain capital gains (property sales, rights from a property lease agreements, holdings in partnerships or subsidiaries that have chosen to apply this special system, providing that 50 % of these capital gains are paid out to the shareholders before the end of the second financial year after being obtained) and dividends received from subsidiaries that are subject to the special system (providing they are all paid out in the financial year after the one they were received).

## NOTE 3. ACCOUNTING PRINCIPLES AND ASSESSMENT METHODS

### 3.1. Tangible fixed assets

The tangible fixed assets are assessed at their acquisition cost or contribution value.
Depreciation is calculated according to the straight-line method over the following estimated useful lifetimes:

| | |
|---|---|
| Major works | 100 years |
| Watertight façades | 15 years |
| General and technical fittings | 20 years |
| Interior Decoration Layout | 10 years |
| Software | 3 years |
| Office Furniture | 3 years |
| Office and IT Materials | 3 years |

### 3.2. Investments

Securities are recorded in the balance sheet at their acquisition cost and they are, if need be, depreciated when their stock value, determined based on the net book assets, latent capital gains or losses, forecast profitability or market price, is shown to be lower than their acquisition cost. When this book value shows a loss, a provision for depreciation of the current accounts is recorded and, if this is not enough, a liability provision is recorded.

### 3.3. Receivables

The receivables are recorded at their nominal value. A provision for depreciation is recorded when their recovery is doubtful.

### 3.4. Investments in securities

The book value of investments in securities is assessed according to the average market price method in the last months of the financial year. Any possible depreciation is recorded when the book value is lower than the acquisition cost.

### 3.5. Turnover

The "Services" turnover stems from the rent received from lessees of real estate assets rented by the company and re-invoicing of the expenses incurred by the headquarters to the subsidiaries.

### 3.6. Provision for liabilities and charges

ACANTHE DÉVELOPPEMENT SA does not record any amount for pension commitments, due to the fact that the elements involved are insignificant.

### 3.7. Profit per share

Pursuant to decision number 27 of the O.E.C. (The French Chartered Accountants Association), the basic profit per share is obtained by dividing the net profit obtained by the company by the weighted average number of shares in circulation in the financial year.

The weighted average number of shares amounted to 98,433,715. The profit per share was thus €0.14. The diluted profit per share was €0.1305.

### 3.8. Share subscription bonds (B.S.A.)

On 27 March 2003, two series of stock option bonds were issued, one of which (BSA code ISIN FR0000346967) reached maturity on 31 October 2005.

There thus remains the BSA code ISIN FR0000346975

The terms were as follows:
- Issue amount: €0
- Number of bonds issued: 41,385,455
- Free assignment
- Vesting price: €4
- Deadline for exercising the option: 31 October 2009

In the financial year 2006, the General Shareholders' Meeting modified the terms of the issue agreement in order to divide the BSA by 15. Such division by 15 therefore resulted in a swap of 15 new BSA for 1 former BSA and the swap rate for the remaining bonds in shares was multiplied by 15.

In the financial year 2008, the General Meeting of the BSA holders adopted a resolution to extend the subscription period from 31 October 2009 until 31 October 2011.

In addition, since the Board of Directors' Meeting was held on 8 July 2008, the new swap rate for the remaining stock option bonds (BSA) in circulation have been as follows: 75 BSA allow subscription to 2.33 ACANTHE DÉVELOPPEMENT shares at a price of €4.00 each.

In the financial year 2009, the changes in the bonds were as follows:
- Number of bonds exercised: 95,438,175
- Amount received: €5,090 K
- Number of bonds bought back or redeemed: 0
- Number of bonds in circulation: 351,052,650 at 31 December 2009
- Potential capital increase in number of shares: 10,906,035
- Potential capital increase in value: €4,122 K with a share premium of €14,601 K
- Changes in the market price of the bonds: the market price fluctuated between 0.01 and 0.02 in the year

Exercising 75 BSA plus €4 currently grants a right to 2.33 new shares.

The impact of the potential dilution on the profit per share is explained in paragraph 3.7

Moreover, the 9,936,436 options assigned (see section 1.2) had not been exercised on 31 December 2009.

# ANNEXES TO THE ANNUAL ACCOUNTS

## Note 4. Explications of the entries in the balance sheet and the profit and loss account and their variations (amounts in thousands of €).

**4.1. Fixed assets** (in thousands of €)

| | Fixed assets | | | | Depreciation / provisions | | | | Net |
|---|---|---|---|---|---|---|---|---|---|
| | Gross value 01/01/2009 | Account to account increase | Account to account decrease | Gross value 31/12/2009 | Depreciation on 01/01/2009 | Increase | Decrease | Depreciation on 31/12/2009 | 31/12/2009 |
| **Intangible fixed assets** | | | | | | | | | |
| Software | 10 | | | 10 | 3 | 3 | | 7 | 3 |
| **Tangible fixed assets** | | | | | | | | | |
| Lands | 320 | | | 320 | - | | - | - | 320 |
| Construction | 2,798 | | | 2,798 | 282 | 41 | - | 323 | 2,475 |
| Building Layout, Development and Fittings | 811 | | | 811 | 259 | 81 | - | 340 | 471 |
| Transport materials | - | | | - | - | | - | - | - |
| IT office materials | 73 | | | 73 | 61 | 9 | | 70 | 3 |
| Fixed assets in progress | 148 | | | 148 | - | | - | - | 148 |
| **Investments** | | | | | | | | | |
| Securities | 7,558 | | 1 | 7,557 | - | | - | - | 7,557 |
| Receivables from equity investments | 37,442 | 7,638 | | 45,080 | - | | - | - | 45,080 |
| Other investments, Loans | 163 | 1 | | 164 | - | | - | - | 164 |
| **TOTAL** | **49,323** | **7,639** | **1** | **56,961** | **605** | **135** | **-** | **740** | **56,222** |

The main variations are explained below:
- The increase in prepayments granted to subsidiaries.
- The sale of a part of SCI ROUSSEAU for €9 K. The profit from the sale was €8 K.
- The sale of a part of SNC BOISSIERE for €1 K. The profit from the sale was €1 K.

Comments:
• Tangible fixed assets
The tangible fixed assets entries mainly consist of two real estate assets. They are:
- A property for mixed use as offices and shops located in the 9th Arrondissement, with a ground area of 1,000 m²,
- Land located in VERDUN,
- Drilling sites to be used to build the future working foundations (€148 K fixed assets in progress).
• Investments
At 31 December 2009, provisions were recorded for investments, if need be, bearing in mind the net re-valued latent capital gains situation of the properties.

## Table of the subsidiaries and equity investments (in thousands of €).

| Company | Capital | Resources other than capital | Stake in capital held in % | Gross book value of securities | Net book value of securities | Loans and prepayments granted by the company and not yet paid | Amounts of deposits and guarantees granted by the company | Turnover excluding tax in the last financial year | Profit or loss in the last financial year | Dividends paid out by the company in the financial year |
|---|---|---|---|---|---|---|---|---|---|---|
| **A: subsidiaries with an equity investment of at least 50%** | | | | | | | | | | |
| SA VELO | 1,010 | 714 | 100% | 2,068 | 2,068 | 3,697 | - | 30 | - 913 | - |
| SA BALDAVINE | 71 | - 3,365 | 100% | 2,686 | 2,686 | 19,446 | - | 646 | - 663 | - |
| SA TAMPICO | 235 | 235,088 | 100% | 2,803 | 2,803 | 21,355 | 16,750 | 5,140 | 138,253 | 13,731 |
| SAS BRUXYS | 38 | - 2,953 | 100% | - | - | 582 | - | - | - 674 | - |
| **B: subsidiaries with an equity investment of at least 10%** | | | | | | | | | | |
| **C: subsidiaries with an equity investment of less than 10%** | | | | | | | | | | |
| SA FONCIERE ROMAINE | 38 | - | 2,613 | - | - | - | - | 2,550 | - 477 | - |
| **TOTAUX** | | | | **7,557** | **7,557** | **45,080** | **16,750** | **8,366** | **135,526** | **13,731** |

**4.2. Receivables statement**

Changes in the receivables (in thousands of €)

| Gross receivables | At 31/12/09 | At 31/12/08 | Variation |
|---|---|---|---|
| **Fixed asset receivables** | | | |
| Receivables from equity investments | 45,080 | 37,443 | 7,637 |
| Loans | - | - | - |
| Other investments | 164 | 163 | 1 |
| **Current assets** | | | |
| Customers | 1,785 | 1,886 | - 101 |
| State and associations | 1,625 | 1,688 | - 63 |
| Group & Associated Parties | - | - | - |
| Miscellaneous debtors | 27 | 17 | 10 |
| Expenses recorded in advance | 48 | 40 | 8 |
| **TOTAL** | **48,728** | **41,237** | **7,491** |

The variation in the entry “receivables from equity investments” can be explained by the increase in prepayments to the subsidiaries.
The variation in the entry “other investments” can be explained by the payment of a supplementary deposit as a guarantee for the lease of the registered office.
The entry “State and associations” consists of income receivable for advance tax payment (€1,330 K), VAT receivables (€250 K) and a deposit for a carry-back requirement (€44 K).
The entry “Miscellaneous debtors” is mainly composed of the quarterly management balance for the property received in 2010.

Due date of receivables
(in thousands of €)

| Receivables | Gross amount | Net amount | Due date shorter than one year | Due date longer than one year |
|---|---|---|---|---|
| **Fixed asset receivables** | | | | |
| Receivables from equity investments | 45,080 | 45,080 | 21,937 | 23,143 |
| Loans | - | - | - | - |
| Others | 164 | 164 | - | 164 |
| **Current assets** | | | | |
| Customers | 1,785 | 1,737 | 1,737 | - |
| State and associations | 1,625 | 1,625 | 1,625 | - |
| Group & Associated Parties | - | - | - | - |
| Miscellaneous debtors | 27 | 27 | 27 | - |
| Expenses recorded in advance | 48 | 48 | 48 | - |
| **TOTAL** | **48,728** | **48,680** | **25,373** | **23,307** |

### 4.3. Investments in securities

The book value of the investments in securities was assessed according to the average market price in the last months of the financial year.

Within the scope of the informative note number 04958 dated 7/12/2004 of the share buy-back scheme approved by the A.M.F. (The French Financial Market Authority), ACANTHE DÉVELOPPEMENT SA bought back its own shares in the year and also continued with the liquidity agreement for its traded securities.

(in thousands of €)

| Securities | Number | Gross book value | Net book value |
|---|---|---|---|
| Own shares | 124,268 | 339,931 | 173,975 |
| SICAVS CAAM | 627 | 2,578,537 | 2,578,537 |
| SICAVS FORTIS MONEY PRIME EURO | 6,018 | 6,993,510 | 6,993,510 |
| **TOTAL** | **130,913** | **9,911,978** | **9,746,022** |

### 4.4. Capital and reserves

(in thousands of €)

| | Capital | Premium | Legal reserves | Other reserves | Retained earnings | Net profit loss | Total |
|---|---|---|---|---|---|---|---|
| At 31/12/08 | 35,312 | 114 | 3,880 | 66 | 34 | 6,672 | 46,079 |
| Allotment of profits or losses | | | | | 6,672 | - 6,672 | - |
| Dividends | | | | | - 3,738 | | - 3,738 |
| Own share allotment | | | | | 5 | | 5 |
| Capital increase after assigning free shares | 1,645 | - 1,645 | | | | | - |
| Capital increase after exercising BSA | 1,120 | 3,970 | | | | | 5,090 |
| Capital increase by reinvestment of dividends | 169 | 327 | | | | | 495 |
| Profit in 2009 | | | | | | 14,608 | 14,608 |
| | **38,247** | **2,765** | **3,880** | **66** | **2,972** | **14,608** | **62,538** |

As mentioned in the characteristic facts in the financial year, we explain below the main changes taking place in the entries of capital and reserves in the financial year:
- Allotment from the profits that can be paid out for an amount of €3,738 K.
- Conversion of BSA in shares, resulting in a capital increase of €5,090 K
- Reinvestment of the dividend in capital resulting in a capital increase of €495 K.
- A capital increase related to issuing free shares taken from the share premium account for an amount of €1,645 K.

The result in the period was €14,608 K.

**Composition of the stock capital**

On 31 December 2009, the stock capital was exclusively composed of 101,199,299 ordinary shares with simple voting rights, all fully paid up. In the financial year, 7,740,944 new shares were created.

(in thousands of €)

| | BSA | Reinvested Coupons | Number of shares |
|---|---|---|---|
| Start of year | | | 93,458,355 |
| Conversion of 34,697 BSA | 95,438,175 | | 2,964,946 |
| Conversion of 12,666,935 coupons | | 12,666,935 | 445,998 |
| Stock option plan | | | 4,330,000 |
| **TOTAL** | **95,438,175** | **12,666,935** | **101,199,299** |

Furthermore 4,330,000 free stock options are still to be assigned, which will not be issued until 2011.

**Securities granting access to the capital**

At 31 December 2009, there were the following securities that could allow access to the capital.

| | Name | Coefficient | Number of shares that could be created | Potential increase in the capital and reserves |
|---|---|---|---|---|
| BSA FR0000346975 (due date 2011) not exercised | 351,052,650 | 75 BSA +4 € granting a right to 2.33 new shares | 10,906,036 | 18,722,808 |
| **Total** | **351,052,650** | | **10,906,036** | **18,722,808** |

### 4.5. Payables statement

Changes in the payables
(in thousands of €)

| Payables | At 31/12/09 | At 31/12/08 | Variation |
|---|---|---|---|
| Loans and financial payables to credit institutions | 1,771 | 2,262 | - 491 |
| Miscellaneous loans and financial payables | 157 | 151 | 6 |
| Payables to suppliers | 554 | 773 | - 219 |
| Tax and social security payables | 334 | 341 | - 7 |
| Current accounts | 4,076 | 3,889 | 187 |
| Other payables | 2 | - | 2 |
| **TOTAL** | **6,895** | **7,417** | **- 523** |

The change in the entry "loans and financial payables to credit institutions" can be explained by the full repayment of a loan for €460 K and contractual reimbursement of the current loan.

The change in the entry "miscellaneous loans and financial payables" can be explained by the increase in deposits to guarantee leases.

The entries "current accounts" are related to advance cash payments by subsidiaries with surplus cash flow.

Due dates of the payables
(in thousands of €)

| Payables | Amount | Due date shorter than 1 year | Longer than 1 year but shorter than 5 years | Longer than 5 years |
|---|---|---|---|---|
| Loans and financial payables to credit institutions (1) | 1,771 | 205 | 492 | 1,075 |
| Miscellaneous loans and financial payables | 157 | - | 157 | - |
| Payables to suppliers | 554 | 554 | - | - |
| Tax and social security payables | 335 | 335 | - | - |
| Current accounts | 4,076 | 4,076 | - | - |
| Other payables | 2 | 2 | | |
| **TOTAL** | **6,895** | **5,172** | **649** | **1,075** |

(1) Including a bank overdraft of €77 K

The entry of loans and financial payables to credit institutions includes the following loan:
- A loan granted by H.V.B. (now DEUTSCHE PFANDBRIEFBANK) for a term of 20 years (€1,681 K as principal and €14 K as accrued interest at a fixed rate until 31/7/2011, then a variable rate until full repayment of the loan on 31/7/2021.

The company ACANTHE DÉVELOPPEMENT entered into a SWAP type agreement (exchange rates):
- For an amount of €20,000 K with a limit in the rate of between 0% and 6.94%, with maturity in June 2012.

### 4.6. Payables and receivables

(in thousands of €)

| Realisable and available receivables | 31/12/09 | 31/12/08 | Var. | Payables due | 31/12/09 | 31/12/08 | Var. |
|---|---|---|---|---|---|---|---|
| **Financial** | | | | **Financial** | | | |
| Accrued interest /current account receivables | 1,469 | 1,873 | - 404 | Accrued interest /current account receivables | 187 | 231 | - 44 |
| Accrued interest /term deposits | - | - | - | Accrued interest /payables | 14 | 16 | - 2 |
| **Operating** | | | | **Operating** | | | |
| Customers invoices to be issued | 1,680 | 1,641 | 39 | Suppliers invoices not received | 329 | 430 | - 101 |
| | | | | Tax and social security payables | 19 | 16 | 3 |
| Other receivables | 1,331 | 1,332 | - 1 | Other payables | 1 | - | 1 |
| **TOTAL** | **4,480** | **4,845** | **- 365** | **TOTAL** | **550** | **693** | **- 143** |

### 4.7. Provisions

(in thousands of €)

| | Amount at 31/12/08 | Increase | Decrease used | Decrease Not used | Amount at 31/12/09 |
|---|---|---|---|---|---|
| For trade receivables | 47 | - | - | - | 47 |
| For own shares | - | 166 | - | - | 166 |
| For provisions for liabilities and charges | - | 20 | - | - | 20 |
| **TOTAL** | **47** | **186** | **-** | **-** | **233** |

The increase in provisions of €186 K was recorded for the current own shares in the period.

### 4.8. Expenses recorded in advance

These are mainly for subscription and insurance expenses (€48 K compared with €40 K in 2008).

# ANNEXES TO THE ANNUAL ACCOUNTS

### 4.9. Associated companies

(in thousands of €)

| Balance sheet | 31/12/09 | 31/12/08 | Var. | Profit and loss account | 31/12/09 | 31/12/08 | Var. |
|---|---|---|---|---|---|---|---|
| Equity investments | 7,557 | 7,558 | - 1 | Expenses for interest on current | | | |
| Receivables from equity | 43,611 | 35,570 | 8,041 | account | - 220 | - 270 | 50 |
| investments | 1,469 | 1,873 | - 404 | Book value of assigned securities | - 1 | - 8 | 7 |
| Interest for receivables from | | | | Real estate leases | - 651 | - 424 | - 227 |
| equity investments | | | | Re-invoiced expenses | - 198 | - 105 | - 94 |
| Current account receivable | - 3,889 | - 3,658 | - 231 | Proportional book loss | | | |
| | | | | of subsidiaries | - | - | - |
| Interest on current account | - 187 | - 231 | 44 | Proportional book profit | | | |
| Invoices to be issued | 1,659 | 1,637 | 22 | of subsidiaries | 2 | - | 2 |
| | | | | Revenue from current accounts | 1,888 | 2,480 | - 592 |
| | | | | Income from equity investment | 13,731 | 4,522 | 9,209 |
| Deposits paid | 164 | 163 | 1 | | | | - |
| | | | | Re-invoiced headquarters' | | | |
| Invoices not received | - 27 | - 26 | - 1 | expenses | 1,387 | 1,369 | 18 |
| | | | | Taxable rents | - | 57 | - 57 |
| Credit receivable | 0 | - | 0 | Re-invoiced expenses | - | 15 | - 15 |
| | | | | Income from sale of securities | 9 | 24 | - 15 |
| **TOTAL** | **50,357** | **42,885** | **7,472** | **TOTAL** | **15,947** | **7,659** | **8,287** |

### 4.10. Notes on the profit and loss account

• Changes in the turnover

(in thousands of €)

| Income | At 31/12/09 | At 31/12/08 | Variation |
|---|---|---|---|
| Income from leases | 666 | 465 | 201 |
| Income from re-invoiced expenses | 114 | 57 | 57 |
| Re-invoicing headquarters' expenses | 1,397 | 1,369 | 28 |
| Other income | 14 | 1 | 13 |
| **Turnover** | **2,191** | **1,892** | **299** |

The company ACANTHE DÉVELOPPEMENT performs a mixed and real estate business. Its turnover consists of revenue from leasing properties and income from re-invoiced expenses but also headquarters' expenses re-invoiced to the subsidiaries. The change in income from leases and re-invoiced expenses is explained by the re-indexation of current leases.

• Operating expenses

The operating expenses in the financial year amounted to €2,707 K compared with €2,417 K in the previous year. (+ €290 K)
This slight increase is mainly due to the following:
- the increase in certain entries "Other purchases and external expenses" (+€271 K) mainly due to the increase in real estate lease expenses (+€227 K) and rental expenses (+€94 K) and the decrease in financial announcement costs (-€43 K) and recruitment expenses (-€21 K)
- the decrease in the entry "Taxes and Duties" (-€1 K)
- the increase in the entry "Salaries and social security expenses" (+€16 K)
- the decrease in the entry depreciation and provisions expenses (-€44 K)
- payment of attendance fees to the directors (+€50 K).

• Financial profit or loss

This year the financial profit amounted to €15,128 K and can be broken down as follows:
- Dividends received for €13,731 K;
- Income from advance interest in current accounts for €1,888 K;
- Income from sale of VMP (tradable securities ) for €13 K;
- Loan interest expenses for - €91 K;
- Advance interest expenses in current accounts for - €220 K;
- Deprecation of own shares provision expenses for - €186 K;
- Miscellaneous financial income and expenses for the balance.

At 31 December 2008, the financial profit amounted to €7,135 K and can be broken down as follows:
- Dividends received for €4,522 K;
- Income from advance interest in current accounts for €2,480 K;
- Write-off of investment depreciation provisions for €98 K;
- Income for sale of VMP (tradable securities ) for €420 K;
- Loan interest expenses for - €91 K;
- Advance interest expenses in current accounts for - €270 K;
- Miscellaneous financial income and expenses for the balance.

• Extraordinary profit or loss

This year the extraordinary losses amounted to -€5 K compared with €16 K in 2008, consisting of the loss implied by the acquisition and sale of treasury stock within the scope of the liquidity agreement (-€13 K) and the capital gains from the sale of SNC PONT BOISSIERE and SCI ROUSSEAU securities (+€8 K).

## Note 5. Financial commitments

The financial commitments are as follows:

a) The company ACANTHE DÉVELOPPEMENT agreed on sureties for an amount of €66,648 K with banks that had financed properties of its subsidiaries.

b) A top rank mortgage was granted in favour of Bayerische Handelsbank AG for an amount of €2,017 K for the property located at rue d'Athènes.

c) A pledge on commercial rents was granted in favour of Bayerische Handelsbank AG for an amount of €1,681 K for the property located at rue d'Athènes.

## Note 6. Legal actions

After the two tax inspections on the year from 1/1/2001 to 31/12/2004 had been conducted, the authorities made proposals for rectification for a total tax amount as principal of €8,280 K (excluding interest and the increase for delayed payment).

These rectification proposals in particular challenged the principle of non-taxation of dividends within the scope of the parent-subsidiary system, which means double taxation of the same profits obtained by a company. This situation that, within the European Union Area, obviously draws criticism and, if the tax authorities maintain their position, will hence be submitted to a judgement of the Court of Justice of the European Communities, also can apparently be challenged bearing in mind the decision adopted by the French Council of State on 27 September 2006 "Janfin", which restrictively determined the conditions in which the tax authorities can object to certain financial transactions involving payments of dividends, based on infringement of the law, and the GOLDFARB and AXA cases (decisions dated 7 September 2009 which ruled against the claims made by the tax authorities when challenging the grounds of infringing the law regarding financial transactions involving payments of dividends in conditions very similar to those challenged by the authorities in the cases in process). These proposals were challenged by the Group that, with the law firm CMS Bureau Francis Lefebvre acting on its behalf, brought legal proceedings and has not recorded any provision whatsoever in this respect.

Furthermore, the authorities also object to the assessment of the AD CAPITAL shares allotted as dividends in kind in December 2004. ACANTHE DÉVELOPPEMENT had assessed these securities based on the Net Re-Valued Assets (ANR). The authorities proposed other methods that were challenged by the company and its advisors, the law firm CMS Bureau Francis Lefebvre, in its reply to the proposal for rectification. On 7 July 2008, the department spokesperson for the tax authorities agreed to hold a meeting with the company's legal counsel. After this, in a letter sent on 20 August 2008 to the company, the tax authorities reviewed their position about the assessment elements that had been included in their rectification proposal, agreeing to the arguments raised by the company's legal counsel. However, the authorities maintained its original position regarding the assessment methods that they had claimed. This new element reduced the settlement amount that nevertheless basically amounts to €11.8 M, in other words a tax settlement of €2.5 M as the principal (excluding interest and the increase for delayed payment). The company however intends to pursue its action and hence has not recorded a provision for such purpose.

## Note 7. Other Information

The company had two employees on 31 December 2009.

No advance payments or loans were granted to the individual managers in the financial year.

The General Shareholders' Meeting held on 17 June 2009 determined the amount of the attendance fees to be paid to the directors in the current financial year at the amount of €100 K (gross).

The pension commitments are insignificant and a provision was not recorded for such purpose.

The tax losses and their variations can be broken down as follows:

| Items | At 31/12/08 | Losses in the year | Charged to the year Carry-back | At 31/12/09 |
|---|---|---|---|---|
| Ordinary losses | 1,970 | 85 | | 2,054 |
| Long-term capital losses | - | - | - | - |
| **Total** | **1,970** | **85** | **-** | **2,054** |



# CONSOLIDATED ACCOUNTS 2009

## CONTENTS

# CONSOLIDATED ACCOUNTS 2009

Compared consolidated balance sheets

(in thousands of €)

| | 31/12/2009 IFRS | 31/12/2008 IFRS |
|---|---|---|
| **ASSETS** | | |
| Real estate investments | 371,207 | 378,018 |
| Current fixed assets | | |
| Tangible assets | 6,376 | 6,396 |
| Intangible assets | 8 | 13 |
| Investments | 6,737 | 1,986 |
| **Total non-current assets** | **384,328** | **386,414** |
| Stocks of properties | 5,303 | 8,055 |
| Trade receivables and other accounts receivable | 7,277 | 6,692 |
| Other receivables | 10,472 | 10,543 |
| Other current assets | 141 | 136 |
| Cash and cash equivalents | 12,269 | 1,209 |
| Properties for the purpose of sale | | |
| **Total current assets** | **35,462** | **26,635** |
| **TOTAL ASSETS** | **419,790** | **413,049** |

(in thousands of €)

| | 31/12/2009 IFRS | 31/12/2008 IFRS |
|---|---|---|
| **LIABILITIES** | | |
| Capital | 38,247 | 35,313 |
| Reserves | 282,748 | 371,171 |
| Net consolidated profit or loss | (19,610) | (97,331) |
| **Total shareholders' equity, part of the group** | **301,385** | **309,153** |
| Reserves for minority interests | 7,716 | 4,443 |
| Minority interests profit or Loss | 129 | (15) |
| **Total shareholders' equity** | **309,230** | **313,581** |
| Non-current financial liabilities | 93,516 | 83,536 |
| Provisions for liabilities and charges | 1,115 | 1,107 |
| Deferred tax liabilities | - | - |
| **Total non-current payables** | **94,630** | **84,642** |
| Current financial liabilities | 4,794 | 5,049 |
| Deposits and sureties | 3,580 | 3,738 |
| Suppliers | 4,471 | 2,936 |
| Tax and social security payables | 2,032 | 2,146 |
| Other payables | 965 | 891 |
| Other current liabilities | 87 | 67 |
| **Total current payables** | **15,930** | **14,826** |
| **Total payables** | **110,560** | **99,468** |
| **TOTAL LIABILITIES** | **419,790** | **413,049** |

Compared profit and loss accounts

(in thousands of €)

| | 31/12/2009 | 31/12/2008 |
|---|---|---|
| Rents | 14,106 | 15,050 |
| Re-invoiced lease expenses | 2,170 | 1,981 |
| Aggregate lease expenses | (4 ,573) | (3,583) |
| **Net revenue from our properties** | **11,703** | **13,448** |
| Revenue from property development | 2,119 | 11,742 |
| Property development expenses | (779) | (2,864) |
| Variation in stock of properties | (2,422) | (10,662) |
| **Net revenue from property development** | **(1,082)** | **(1,784)** |
| Revenue from other business | | |
| Staff expenses | (8,421) | (9,976) |
| Other overheads | (1,943) | (2,052) |
| Other income and expenses | 38 | (91) |
| Variation in value of real estate investments | (19,441) | (91,388) |
| Depreciation of real estate investment expenses | | |
| Impairment in real estate investment (depreciation) | | |
| Other depreciation expenses and provisions | (2,085) | (363) |
| Write-off of other depreciation and provisions | 47 | 196 |
| **Operating profit and loss prior to sale** | **(21,184)** | **(92,011)** |
| Profit or loss from sale of real estate investments | 3 154 | (161) |
| **Operating profit or loss** | **(18,030)** | **(92,172)** |
| - Income from cash and cash equivalents | 60 | 434 |
| - Gross financial debt cost | (4,412) | (5,631) |
| **Net financial debt cost** | **(4,351)** | **(5,197)** |
| Other financial income and expenses | 102 | (3) |
| **Profit or loss before taxes** | **(22,280)** | **(97,372)** |
| Acquisition losses | 2,788 | |
| Income tax | 11 | 27 |
| **Net profit or loss** | **(19,481)** | **(97,346)** |
| Minority interests | 129 | (15) |
| **Net profit or loss, part of the group** | **(19,610)** | **(97,331)** |
| **Loss per share** | | |
| Basic loss per share (in €) | -0.200 | -1.080 |
| Diluted loss per share (in €) | -0.191 | -0.096 |
| **Profit (loss) per share from business activities** | | |
| Basic loss per share (in €) | -0.198 | -1.080 |
| Diluted loss per share (in €) | -0.189 | -0.096 |
| **Other elements in the aggregate profits and losses** | | |
| **Net profit or loss** | (19,481) | (97,346) |
| Re-assessment of investments available for sale | (2) | 21 |
| Re-assessments of fixed assets | 103 | 17 |
| Taxes | | |
| **Total profits and losses recorded in the shareholders' equity** | 101 | 38 |
| **Aggregate profit or loss** | (19,380) | (97,308) |
| (Net profit or loss and gains and losses recorded in the shareholders' equity) | | |
| Aggregate profit or loss - part of the group | (19,509) | (97,331) |
| Aggregate profit or loss - part of minority undertakings | 129 | (15) |

# CONSOLIDATED ACCOUNTS 2009

## Shareholders' equity changes table

| | Part of the group | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Capital | Reserves related to the capital | Treasury stock | Consolidated reserves and profits and losses | Profits and losses directly recorded in the capital | Shareholders' equity-part of the group | Shareholders' equity-part of minority undertakings | Total shareholders' equity |
| **Shareholders' equity at 31/12/07** | **32,906** | **14,368** | **-21,580** | **399,231** | **1,594** | **426,519** | **4,428** | **430,947** |
| Capital transactions | 2,407 | 10,708 | | | | 13,115 | | 13,115 |
| Share-based transactions | | 9,240 | | | | 9,240 | | 9,240 |
| Transactions with own shares | | | -7,845 | 24 | | -7,821 | | -7,821 |
| Dividends (payments and re-investments) | | -17,752 | | -15,298 | | -33,050 | 15 | -33,035 |
| **Net profit or loss in the financial year** | | | | **-97,331** | | **-97,331** | **-15** | **-97,346** |
| Profits and losses directly recorded in the shareholders' equity | | | | | -1,521 | -1,521 | | -1,521 |
| **Net profit and loss and gains and losses directly recorded in the shareholders' equity** | | | | **-97,331** | **-1,521** | **-98,852** | **-15** | **-98,867** |
| Variation in consolidation scope | | | | | | | | |
| **Shareholders' equity at 31/12/08** | **35,313** | **16,564** | **-29,425** | **286,628** | **73** | **309,153** | **4,428** | **313,581** |
| **Adjusted shareholders' equity at 31/12/08** | **35,313** | **16,564** | **-29,425** | **286,628** | **73** | **309,153** | **4,428** | **313,581** |
| Capital transactions | 2,766 | 2,324 | | | | 5,090 | | 5,090 |
| Share-based transactions | | 7,607 | | | | 7,607 | | 7,607 |
| Transactions with own shares | | | 9,946 | -8,111 | | 1,835 | | 1,835 |
| Dividends (payments and re-investments) | 169 | 327 | | -3,287 | | -2,791 | 15 | -2,776 |
| **Net profit or loss in the financial year** | | | | **-19,610** | | **-19,610** | **129** | **-19,481** |
| Profits and losses directly recorded in shareholders' equity | | | | | 101 | 101 | | 101 |
| **Net profit and loss and gains and losses directly recorded in the shareholders' equity** | | | | **-19 610** | **101** | **-19,509** | | **-19,509** |
| Variation in consolidation scope (1) | | | | | | 0 | 3,273 | 3,273 |
| **Shareholders' equity at 31/12/09** | **38,247** | **26,822** | **-19,479** | **255,620** | **174** | **301,385** | **7,845** | **309,230** |

(1) The variation in minority interests of €3,273 K is due to the following:
- The dilution of minority interests in the company for -€2,788 K
- The creation of minority interests in the company Venus for €6,061 K.
(See respectively sections §1.2 and 1.3 in the annex to the consolidated annual accounts)

## Cash flow changes table (K€)

| | | 31/12/2009 | 31/12/2008 |
|---|---|---|---|
| **Cash flows related to the business** | | | |
| Net consolidated profit or loss | | (19,481) | (97,346) |
| **Elimination of expenses and income with no impact on the cash flow** | | | |
| Depreciation and provisions | | 726 | 801 |
| Variation in fair value of properties | | 19,441 | 91,388 |
| Bonus shares and stock options | | 7,608 | 9,240 |
| Other IFRS re-statements | | 1,308 | 395 |
| Other expenses and income not paid | | | (274) |
| Capital gains/losses from sales | | (1,135) | (36) |
| Impact of variations in the consolidation scope | | | |
| Bad-will | | (2,788) | |
| Proportion in the profits or losses of companies accounted by the equity method | | | |
| Self-financing capacity after net financial debt and tax costs | | 5,679 | 4,168 |
| Net debt cost | | (4,646) | (5,631) |
| Tax expenses (including deferred tax) | | 11 | 27 |
| **Self-financing capacity after net financial debt and tax costs** | A | **10,314** | **9,826** |
| Taxes paid | B | 11 | |
| Variation in needs for Operating Funds related to the business | D | (4,832) | 9,810 |
| **Net cash flow generated by the business** | E=A+B+C+D | **5,493** | **19,636** |
| Cash flows related to investment transactions | | | |
| Acquisitions of fixed assets | | (593) | (2,647) |
| Sales of fixed assets | | 19,153 | 1,592 |
| Acquisitions of investments | | (2,610) | |
| Repayment of investments | | 317 | 881 |
| Impact of variations in the consolidation scope (2) | | | |
| Variation in loans and prepayments granted | | | |
| Other cash flows related to investment transactions | | | |
| **Net cash flows related to investment transactions** | F | **16,267** | **(176)** |
| Cash flows related to financing transactions | | | |
| Capital increase | | 5,090 | 50 |
| Paid by the shareholders of the parent company | | | |
| Paid by the minority undertakings of the included companies | | | |
| Dividends paid | | (2,792) | (20,987) |
| Acquisition of treasury stock | | (7,322) | (6,807) |
| Payments received related to new loans | | 8,000 | 16,909 |
| Loan repayments | | (8,973) | (17,832) |
| Net interest paid | | (4,646) | (5,631) |
| Impact of variations in the consolidation scope | | (39) | |
| Other cash flows related to financing transactions | | | |
| **Net cash flows related to financing transactions** | G | **(10,682)** | **(34,298)** |
| **Net cash flow variation** | E+F+G | **11,078** | **(14,838)** |
| Net cash flow variation | | 11,078 | (14,838) |
| Opening cash flow | | | |
| Assets available | | 514 | 441 |
| Bank overdrafts | | (377) | (232) |
| VMP (Tradable Securities) | | 695 | 15,461 |
| | | **832** | **15,670** |
| **Final cash flow** | | | |
| Assets available | | 2,647 | 514 |
| Bank overdrafts | | (359) | (377) |
| VMP (Tradable Securities) | | 9,622 | 695 |
| | | **11,910** | **832** |

ANNEX

# TO THE CONSOLIDATED ACCOUNTS

AT 31 DECEMBER 2009

## CONTENTS



## CONTENTS (CONT.)

# ANNEXE TO THE CONSOLIDATED ACCOUNTS

AT 31 DECEMBER 2009

## CONTENTS (CONT.)



## Note 1. CHARACTERISTIC EVENTS IN THE FINANCIAL YEAR

**1.1. Payment of dividends**

The Ordinary and Extraordinary General Shareholders' Meeting held on 17 June 2009 adopted a resolution to assign the profits in 2008, amounting to €6,671,525, to payment of dividends for an amount of €3,738,334 (in other words, €0.04 per each of the 93,458,355 shares making up the stock capital on 31/12/08) and the balance to be carried forward. The General Shareholders' Meeting offered the shareholders the option of converting the released coupons in new shares.

**1.2. Increase in the percentage of shares held in the company SOGEB**

During the first half-year, the company SOGEB increased its capital for an amount of €1,543 K thus raising it to €2,315 K compared with €772 K prior to such increase. This capital increase was carried out by retaining the pre-emptive subscription right. The aim of this capital increase was to finance the refurbishment work of the property located at 3 rue Clément Marot Paris 8ème. Only the parent company of SOGEB, SAS BRUXYS, subscribed to this capital increase. Therefore, the percentage held of SOGEB shares increased from 66.67% on 31 December 2008 to 88.89% on 31 December 2009, the minority interests being reduced accordingly from 33.33 % to 11.11 %.

An acquisition loss was recorded for an amount of €2,788 K, implying income in the financial year recorded in a specific line in the profit and loss account.

The acquisition loss is the result of the difference between, on the one hand, the payments related to the proportion of supplementary interest (equivalent to the amount of the capital increase subscribed, in other words €1.5 M and from the profits or losses in the period that was insignificant) and, on the other hand, the assessment of the relevant net asset percentage (€4.3 M).

The fair value of the real estate property applied for this calculation was the one in the expert opinion issued on 31 December 2008.

**1.3. Contributions to the company VENUS**

ALLIANCE DÉVELOPPEMENT CAPITAL SIIC and VENUS (both companies in the ACANTHE DÉVELOPPEMENT group), according to the terms of which the 3 former companies made contributions in kind of properties and securities to VENUS, a company that up to such time had been a subsidiary of ADT SIIC.

These reorganisations consisted mainly of rationalising the structures of the aforementioned groups by grouping the properties and securities of companies holding properties depending on their purpose (residential, offices, leverage investments) in a single company and thus reducing management costs.

These transactions were assessed as follows:

- The properties: at their fair value, as determined by the external expert's opinion issued on 30 June 2009, with a deduction, if need be, of the amount of the dedicated loans and contribution expenses;

- The securities: at the net re-assessed situation of the fair value on 30 June 2009 of the properties recorded in the assets of the contributed company.

*1.3.1. List of the contributions*

**The company TAMPICO contributed:**

- The following 8 properties for a gross value of €78,600 K:
- 7 rue d'Argenteuil in Paris (with its dedicated loan),
- 15 rue de Marignan in Paris (with its dedicated loan),
- 8 rue de Marignan in Paris,
- 10 rue d'Uzès and 21-23 bd Poissonnière in Paris (with their dedicated loans),
- 5/7 passage Dubail in Paris,
- Hôtel Le Totem – Les Prés de Flaine – Arrache la Frasse,
- Hôtel Aujon – Les Prés de Flaine – Arrache la Frasse (with its dedicated loan),

All the dedicated loans for the properties amounted to €16,820 K, in other words a contribution value of the properties net of loans and expenses of €60,751 K.

- The stakes held in the following 7 companies for an aggregate value of €22,063 K: SCI BRIAULX, SCI LE ROUSSEAU, PONT BOISSIERE, SCI BRIHAM, SAUMAN FINANCE SA, FINANCE CONSULTING SA and SURBAK.

In other words, an aggregate contribution of €82,814 K.

**The company FRANCE IMMOBILIER GROUP contributed:**
- The property located at 15 rue de la Banque in Paris for a value net of expenses of €13,519 K,
- The holdings in the following 10 companies for a value of €125,237 K: SCI LES MEUNIERS, SC CHARRON, BASNO, FONCIERE DU 17 RUE FRANCOIS 1ER, SCI FRANCOIS VII, SFIF, LORGA, SIF DÉVELOPPEMENT, SAMRIF and VOLPAR.

In other words, an aggregate contribution of €138,756 K.

**The company ALLIANCE DÉVELOPPEMENT CAPITAL SIIC contributed**

The property located at 7 rue de Surène in Paris for a gross value of €10,000 K, which includes a dedicated loan of €7,153 K. in other words a contribution value of the property, net of loans and expenses, of €2,429 K.

The company VENUS was, in turn, prior to the contributions, joint owner of properties (offices and an apartment) in Résidence La Forêt in Flaine (74) and indirectly or directly held 4 companies:
- SCI LE VOLTAIRE: owner of a property in Lognes (77),
- SCI LE BREVENT: owner of a property in Fernay-Voltaire (01),
- SNCAXONNE: parent company of SCIADEL, joint- owning a property located at 8 rue de Chazelles in Paris. (For the details of the ground area, revenue and loans related to the various properties, please see note 4.1.1)

The company VENUS was assessed, within the scope of this transaction, at €3,632 K (in other words a share value of €1,453).

*1.3.2. Remuneration of the contributions*

On the basis of these assessments, on 24 November 2009, the company VENUS carried out a capital increase of €3,587,500 to raise the capital from €221,223,905 to €224,811,405 by creating and issuing 154,163 shares with a value of €1,435 each assigned to the contributing companies as remuneration for their contributions, as follows:
- 56,955 new shares were assigned to TAMPICO, or 36.38 % of the stock capital of SNC VENUS after the contribution transaction,
- 95,496 new shares were assigned to FIG, or 60.96 % of the stock capital of SNC VENUS after the contribution transaction,
- 1,672 new shares were assigned to ADC SIIC, or 1.07 % of the stock capital of SNC VENUS after the contribution transaction,

Due to this transaction, the ACANTHE DÉVELOPPEMENT Group holds 97.34 % of the stock capital of the company VENUS and thus became the controlling company.

The sub-group VENUS joining the group implied an acquisition difference for an amount of €1,633 K, mainly consisting of expenses related to reorganisation and contribution transactions, which were undertaken by the Group.

Since this difference is related to expenses, it is not intended to obtain long-term future economic advantages, it was hence fully depreciated on 31 December 2009.

### 1.4. Other variations in the consolidation scope

*1.4.1. Acquisition of the company CEDRIANE*
The company SURBAK took control of SA CEDRIANE, owner of an exceptional real estate property of 549 m2 located in Paris VIème.
This 100% takeover of control was carried out by capitalising a credit owed by the company CEDRIANE for an amount of €14,000 K and a buy-back of the existing minority interests for an amount of €2,740 K.
No acquisition difference was recorded at the time of this transaction.

*1.4.2. Sale of the companies LABUANA and XANTARES*
The companies LABUANA and XANTARES were sold, which no longer had any business or assets, at such time resulting in consolidated capital losses from the sale of €10 K.

### 1.5. Assignment of stock options

The Board of Directors' Meeting held on 28 August 2009:
- took record of the express waiver, by virtue of a letter dated 3 August 2009 by Mr. DUMÉNIL, to the whole assignment of options that had been allotted to him by the Board of Directors' Meeting held on 25 July 2007,
- based on the authorisation granted by the Mixed General Shareholders' Meeting held on 21 March 2007, adopted a resolution to assign 9,936,436 stock options, of which the vesting price was determined at €1.24,
- pursuant to article L.225-1 85 of the French Commercial Code, adopted a resolution that Mr. DUMÉNIL would keep 1% of the shares issued by releasing the options until the President and General Manager would step down from office, providing that this obligation would not result in the profits obtained for the company being challenged, according to the SIIC tax system.

The Board of Directors' Meeting held on 31 December 2009 (2 p.m.) specified that if, on the date of the option or option, the company does not hold the required number of shares for such purpose, the options will, as a priority, be call options depending on the number of shares held by the company and the stock options for the balance of the options will not be able to be released due to the company not holding a sufficient number of shares to fulfil them.

## Note 2. ACCOUNTING PRINCIPLES AND METHODS

By applying the European regulation 1606/2002 of 19 July 2002, the consolidated financial statements of the ACANTHE DÉVELOPPEMENT group were drawn up in compliance with the applicable principles for presentation, accounting and assessment included in the IFRS standards, as adopted by the European Union on 31 December 2009, and applicable in a compulsory manner as of such date.

The international accounting standards consist of the IFRS standards (International Financial Reporting Standards), the IAS standards (International Accounting Standards) and their interpretations (IFRIC and SIC).

The joint stock company ACANTHE DÉVELOPPEMENT, with registered office at 2, rue Bassano in Paris is the consolidating company of the ACANTHE DÉVELOPPEMENT group. It is traded in Paris (EURONEXT) and its functional currency is the Euro.

### 2.1. Principles for drawing up the Financial Statements

*2.1.1. Introduction*
The consolidated accounts of the Group are expressed in thousands of €, unless otherwise stated.

The end-of-year date for the consolidated accounts is 31 December of each year. The separate accounts included in the consolidated accounts are drawn up on the same end of year date as the consolidated accounts, in other words 31 December of each year, and refer to the same period.

The consolidated accounts were approved by the Board of Directors on 29 April 2010.

The Group has been carrying out real estate development schemes since the financial year 2007 and has decided to include a sub-total net of its real estate developments in its profit and loss account in order to highlight the revenue obtained from this business.

*2.1.2. General principles and statement of compliance*
By applying the European regulation 1606/2002 of 19 July 2002, the consolidated financial statements of the ACANTHE DÉVELOPPEMENT group at 31 December 2009 were drawn up in compliance with international accounting principles as approved by the European Union at the end-of-year date of these financial statements and applicable in a compulsory manner as of such date (which may be viewed on the Group's web site: www.acanthedeveloppement.com).

The international accounting standards consist of the IFRS standards (International Financial Reporting Standards), the IAS standards (International Accounting Standards) and the interpretations by the IFRIC (International Financial Reporting Interpretations Committee).

All the texts adopted by the European Union are available on the web site of the European Commission at the following address: http://ec.europa.eu/internal_market/accounting/ias_fr.htm.

*2.1.3. Changes in accounting methods and presentation*
The annual accounts were drawn up according to the same accounting principles and methods applied by the Group to the financial statements in the year 2008, except for the following standards and amendments to standards that have been applicable since 1 January 2009.

Changes in presentation:

- Revised IAS 1 "Presentation of the financial statements". The Group applies the revised IAS 1 (2007) "Presentation of the financial statements" in force from 1 January 2009. Therefore, the Group only records any changes in the shareholders' equity related to the company's shareholders in the shareholders' equity changes statement whereas the changes in shareholders' equity that do not concern the shareholders are also recorded in the "consolidated profit and loss account and the profits and losses directly recorded in shareholders' equity". This presentation was used for the consolidated financial statements at 31 December 2009. The comparative information was adjusted so that it was in compliance with the revised standard.

Changes in accounting methods:

- Revised IAS 23 "Loan costs". Prior to 1 January 2009, the Group immediately recorded all its loan costs as expenses. As of 1 January 2009, by applying the revised IAS 23 standard, the Group includes the loan costs that are directly incurred for the acquisition, construction or production of a qualified asset in the costs of such asset, when the start date for inclusion of the loan costs in such asset costs is on or after 1 January 2009. This change in the accounting method had no impact on the consolidated accounts.
- IFRS 8 "Operating segments", which replaces IAS 14 "Segment Reporting". The new IFRS 8 standard on segment information defines an operating segment as one composing a company that:
- is involved in a business from which it could obtain profits and incur expenses in its ordinary activities,
- its operational profits or losses are regularly examined by the company's main operational decision-maker in order to take decisions on the resources to use in the segment and to assess their performance, and
- for which separate financial information is available.
Regarding these criteria, the Group used the previous segmentation according to IAS 14.

*2.1.4. Standards, amendments and interpretations that came into force on 1 January 2009*
Apart from application of the revised IAS 1, IAS 23 and IFRS 8 standards for which the methods used by the Group are those shown in note 2.1.3., the other amendments to the standards and interpretations that came into force on 1 January 2009 are not applicable to the Group or have an insignificant impact on the consolidated accounts drawn up on 31 December 2009. These involve the following:
- Revised IAS 1 and IAS 32 – Financial Instruments, reimbursable as decided by the holder or in the case of liquidation,
- Revised IFRS 2 – Vesting Conditions and Cancellations,
- Revised IFRS 7 – Improving disclosures about financial instruments,
- IFRIC 11 – Group and Treasury Share Transactions,
- IFRIC 13– Customer Loyalty Programmes,
- IFRIC 14– The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their interaction,
- The other amendments to the annual improvement procedure of the IFRS standards, published in May 2008 and April 2009.

*2.1.5. Standards, amendments and interpretations adopted by the European Union and not applied in advance by the Group*
The Group has chosen not to apply the standards and interpretations that were not compulsory on 1 January 2009, in particular the following:
- IFRS 3 "Business combinations" revised and applicable to the financial years from 1 July 2009,
- IAS 27 "Consolidated and separate financial statements" amended and applicable to the financial years from 1 July 2009,
- Revised IAS 32 related to classification of subscription rights applicable from 1 February 2010,
- IAS 39 "Financial Instruments – Eligible Hedged Items" amended and applicable from 1 July 2009,
- IFRIC 12 "Concessions" applicable to the financial years from 29 March 2009,
- IFRIC 15 "Agreements for the Construction of Real Estate", applicable from 1 January 2010,
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation", applicable from 1 July 2009,
- IFRIC 17 "Distributions of Non-cash Assets to shareholders" applicable from 1 July 2009,
- IFRIC 18 "Transfers of Assets from Customers" applicable from 1 July 2009.

The process whereby the Group determines the potential impact on the consolidated financial statements is currently being assessed.

*2.1.6. Reminder of the options when first adopting the IFRS standards applied by the Group*
Within the scope of the first time the IFRS standards were applied in 2005, as they are adopted by the European Union and applicable from 31 December 2005, they were applied retroactively to 1 January 2004, pursuant to the provisions stated in the IFRS 1 standard, except for certain exemptions included in this standard:

*Business combinations:* the Group applied the exemption offered by the IFRS 1 standard for business combinations by not retroactively making adjustments prior to 1 January 2004;

*Tangible fixed assets:* the Group chose not to re-assess the tangible fixed assets at their fair value in the balance sheet drawn up on 1 January 2004; this choice was made on 1 January 2006;

*Conversion of foreign currencies transactions:* since the Group does not have any subsidiaries located outside the Euro zone, the option offered by the IFRS 1 standard to replace the accumulated conversion reserves prior to 1 January 2004 in reserves was hence not applicable to the company;

*Employee benefits:* the Group recorded pension benefits for the first time in the balance sheet on 1 January 2004. The possibility offered by the IFRS 1 standard to record all the accumulated actuarial differences on the transition date as a counterpart in the opening shareholders' equity was hence not applicable to the Group;

*Share-based payments:* pursuant to the choice offered by the IFRS 2 standard for share-based payment plans, the Group chose to only apply such standard to plans undertaken after 7 November 2002 and of which the rights were not acquired on 1 January 2005;

*Financial instruments and own shares:* even though the regulations offer a possibility to issuers to only applying the IAS 32 and IAS 39 standards from 1 January 2005, the Group has applied them since 1 January 2004.

### 2.2. Applying estimates
In order to draw up its accounts, the Group must make estimates and hypothesis related to the book value of its assets and liabilities, income and expenses and the information provided in the attached notes.

The main significant estimates made by the Group are related to the following:
- The assessment of the fair value of real estate investments for which the expert's opinion or updating of the expert's opinion is provided by independent experts, according to a multi-criteria approach, then they are checked by the group's manager; in general terms, these assessments reflect the changes in the different parameters used: real or potential rents, yield rates, vacancy rates, comparison value, when available, work to be performed, etc. Special attention is paid to the special features of certain exceptional assets.
- Derivative instruments, which are assessed by the issuing banking institutions;
- Pension commitments with employees, which are assessed pursuant to the Forecast Credit Unit method as required in the IAS 19 standard according to the model developed by the Group;
- Share-based payments, which are assessed by external experts;
- The estimate of provisions, based on the kind of legal action, judgements and the group's past experience.

The Group makes ongoing considerations according to its past experience and various other factors it deems reasonable that are used as the basis for these considerations. The amounts recorded in its future financial statements could differ from these estimates depending on the changes in these hypothesis or the different conditions.

Due to the economic and financial crisis that has disrupted the world economy since the second half of 2008, the Group pays special attention to the estimated fair value of the properties, since it has a significant impact on the accounts (see note 10.1 on the ANR (Re-valued Net Assets).

### 2.3. Consolidation methods

The subsidiaries that are under the sole control of the group are consolidated according to the global integration method. The companies on which the Group exercises a significant influence are consolidated according to the equity method.
On 31 December 2009, all the companies included within the scope of consolidation of the Group were exclusively controlled by the latter.
Since all the companies in the Group are established in the Euro zone, their inclusion does not imply any conversion differences.
When the accounting methods applied by the subsidiaries are not in accordance with those used by the Group, the required modifications are made to the accounts in order to ensure they are in accordance with the accounting principles used by the Group, as described in note 2.
The consolidated accounts cover the period from 1 January to 31 December 2009. All the consolidated companies' accounts are ended on 31 December of each year.

### 2.4. Business combinations

The accounts of business combinations are kept according to the acquisition method. The acquisition cost is the fair value of the assets transferred, capital instruments issued and liabilities arising or undertaken on the date of the exchange, plus the costs directly incurred for the transaction.
Therefore, at the time of the first consolidation of a company exclusively controlled, the assets, liabilities and possible liabilities of the company acquired are assessed at their fair value according to the specifications in the IFRS standards.
The assessment differences arising at such time are recorded in the assets and liabilities in question, including the share of minority undertakings, and not only for the proportion of the securities acquired. The residual difference representing the difference between the acquisition cost and the percentage of the acquirer of the net assets assessed at their fair value is recorded as an acquisition difference.
When the acquisition cost is lower than the fair value of the percentage obtained by the Group in the net assets of the acquired subsidiary, the difference is directly recorded in the profit and loss account.

### 2.5. Real estate investments

According to the IAS 40 standard and its amendments, an investment property is defined as real estate property held by the owner or by the holder (in the case of a lease agreement) to obtain rent or to increase the capital or both, other than:
- for use of property for production purposes, supply of goods or services or for management purposes,
- for sale within the scope of ordinary operational business (goods traders).

All the Group's equity on 31 December 2009 is within the "real estate investment" category, except:
- A platform located at 2 rue Bassano in Paris occupied by the Group, of 389 m2 (15.35% of the property) classified in "Tangible Assets", and
- Two plot sales programmes (rue de Rome and rue Claude Terrasse in Paris) classified in "Real Estate Stocks".

After their initial assessment and according to the IAS 40 standard, the real estate investments are assessed as follows:
- Either at their fair value (accounting the changes in value in the profits or losses),
- Or at their cost price, according to the methods specified by the IAS 16 standard.

At the time of the changeover to the IFRS standards in 2005, the Group decided to apply the cost model pursuant to the IAS 40 and IAS 16 standards. According to this model, the properties were recorded at cost, including the rights and expenses, and subject to depreciation according to the component method, being noted that the part of the land was maintained at 10% of the value of the whole asset. A depreciation test was conducted at the end of the financial year to record a provision for the possible impairment in value, pursuant to IAS 36.

Since the Group's policy implies a demanding selection of investments, which means only properties are acquired or kept that provide a high yield and with a potential increase in value, it decided, according to the IAS 40 standard, to assess its real estate investments at fair value from 1 January 2006. The aim of this option is to reflect the changes in the "real estate investment" market in the consolidated accounts and provide the equity with its market value. The impact of this irrevocable option is that the changes in the fair value are recorded in the profits or losses.

The fair value is the amount for which an asset can be exchanged between well-informed consenting parties acting in normal market conditions. The fair value of an investment property is normally its market value. It is assessed as the most likely price that could reasonably be obtained in the market at the end of the financial year.

In order to determine the fair value at 31 December 2009, the Group commissioned a prestigious external expert (expert appointed by the Court of Appeal in Paris) to update the expert opinions issued for its real estate equity.

The real estate expert appointed is the firm EXPERTS & Associés – 58 rue de Ponthieu in Paris – represented by Mr. Antoine VASSELIN. The latter was commissioned since the accounts ended on 31 December 2006 for a term of 5 years.

The updating was carried out, in the same way as for the expert opinions, according to a multi-criteria approach; the value applied being the average of the two following methods:
- The capitalisation method for the net revenue recorded in the lease statements, the yield rates used depending on several factors:
- The long-term cost of resources, the most common index used by investors being TEC10 OAT,
- The geographic location of the property,
- Its kind and upkeep condition,
- Its liquidity on the market, which depends on its adaptation to leasing needs and its modular layout
- The lessee quality,
- The terms and conditions of the lease, the rental level compared with the lease value and its forecast evolution,
- The vacancy risks of the premises,

The market value of the premises free from lessees was considered by capitalising their lease value, the yield rate then being increased by taking into account the vacancy risk (lack of rent and non-reimbursable expenses).

- The comparison method: an analysis was conducted of recent transactions involving the most similar possible properties. This method is the most appropriate for assessing residential properties, the lease investment market having almost disappeared, except for social accommodation, which is not included from the group's equity.

The estimate is made based on the price of vacant apartments, by applying to this the reductions according to existing leases.
These assessment criteria are those defined in the "Real Estate Appraisal Charter" and are aimed at determining the market value, excluding transfer rights and expenses. The market price represents the price that is expected to be obtained from the sale of a property within a term of about 6 months, after being put on the market and advertised, to a buyer with no particular relationship with the seller and a seller that has the required time.

It is determined by taking into account the lease situation of the premises and the reasonable hypothesis of lease revenue bearing in mind the market situation. It takes into account the geographic location, the kind and quality of the properties, the lease renewal dates and, in particular, the expenses incurred for the lessees due to possible abusive common law clauses
- Land tax,
- Property insurance,
- Major repairs, referred to in article 606 of the French Civil Code, and management fees.

The Group makes ongoing considerations according to its past experience and various other factors it deems reasonable that are used as the basis for these considerations. The amounts recorded in its future financial statements could differ from these estimates depending on the changes in these hypothesis or the different conditions.

Pursuant to the IFRS 5 standard, properties for the purpose of sale are assessed and recorded according to the IAS 40 standard. They are therefore not separated in the balance sheet in an entry "Properties for the Purpose of Sale", but remain in the category "Real Estate Investments", if the sale is carried out without developing the asset, or in "Stock" if works are performed prior to the sale of the property.

### 2.6. Intangible and tangible assets

*2.6.1. Properties not included in the "real estate investments" category*

The ground area occupied by the Group for its management purposes on the premises located at 2 rue de Bassano in Paris is included in this entry, pursuant to IAS 40.

In order not to distort the real estate investments, it was decided to assess the premises occupied by the Group according to the re-assessment method, pursuant to the option offered in the IAS 16 standard.

This reassessment occurs as often as for the real estate investments. The relevant change in fair value is recorded in "re-assessment reserves" in the shareholders' equity, in the case of reassessment, or as losses, after using up the reassessment reserve in the event that the value of the asset has been impaired.

*2.6.2. Intangible, and other tangible assets*

The intangible and tangible assets with defined lifetimes are recorded at their acquisition cost, minus the accumulated depreciation and possible impairment in value.
Depreciation is calculated according to the straight-line method over the following estimated useful lifetimes:
- Office material, IT equipment: 3 years
- Transport materials: 5 years
- Software: 3 years.

### 2.7. Leasing agreements

*2.7.1. Leasing agreements*

The assets acquired by lease are fixed assets when the purpose of the leasing agreements is to transfer almost all the risks and advantages related to the ownership of these assets to the Group. The assessment criteria for these agreements are mainly based on the following:
- The comparison between the lease term of the assets and their useful lifetime,
- The total future payments at fair value for the financed assets,
- Whether the ownership will be transferred at the end of the lease agreement,
- Whether there is a favourable purchase option,
- The specific kind of asset leased.

The assets held by virtue of leasing agreements are depreciated over their term of use or, when shorter, over the term of the relevant leasing agreement.

*2.7.2. Simple rental agreements*

Rental agreements that do not include the characteristics of a leasing agreement are recorded as operational rental agreements and only the rents are recorded in the profits and losses (see note 2.18).

### 2.8. Stock of properties

As mentioned in section 2.5., the assets subject to major restoration work prior to being sold or properties for the purpose of sale are recorded in the entry "stock of properties".
At the end of each year, a depreciation test is conducted in order to ensure that the net realisation value is higher than the value of the stock. This net realisation value is the same as the estimated sales price minus the marketing fees and works that must still be performed.

### 2.9. Loan costs

The loan costs directly incurred to acquire, build or produce a qualified asset are accounted in the cost of such asset, when the start date for their inclusion is on or after 1 January 2009.
Prior to 1 January 2009, the loan costs were accounted in the financial expenses in the financial year when they were incurred.

### 2.10. Depreciation of assets

The other fixed assets are subject to an impairment test every time events or changes in circumstances mean that these book values may not be recouped.
The depreciation test consists of comparing the net book value of the asset at its recoverable value, which is the highest value between its fair value minus sales costs and its value in use.
The value in use is obtained by adding the updated values of the expected cash flows from using the asset (or group of assets) and its final write off.
The fair value minus sales costs is the amount that can be obtained from the sale of the asset (or group of assets), under normal market conditions, minus the direct sales costs incurred.
When the tests conducted show signs of impairment in value, this is recorded in order for the net book value, subject to the impairment in value test, does not exceed the recoverable value.
The tangible fixed assets are subject to an impairment test whenever there are signs of impairment in value.
When the recoverable value is lower than the net book value of the asset (or group of assets), impairment in value is recorded in the profits and losses for the difference.

### 2.11. Investments

The investments, other than cash and derivative instrument assets, are classified in one of the following four categories:
- Assets held for trading;
- Assets held until maturity;
- Loans and credits;
- Assets available for sale.

The Group determines the classification of investments at the time they are initially recorded, depending on the intention for which they had been acquired.

*2.11.1. Investments held for trading*

An investment is classified as held for trading in the following cases:
- When it is mainly acquired for the purpose of short-term sale or buy-back (OPCVM, SICAV);
- When it is a part of an identified financial instrument portfolio that is jointly managed and that has recent signs of a profile that will obtain short-term profits;
- A derivative (except for a derivative that is designated as an efficient hedging instrument).

The derivatives traded by the Group are not documented within the scope of a hedging relationship and are thus included in this category.

These investments are assessed at fair value and the variations in fair value are recorded in the profits and losses. The assets in this category are classified as current assets.

*2.11.2. Investments held until maturity*

The investments held until maturity are non-derivative investments with defined or undefined payments and a fixed maturity, which the company has the clear intention and capacity to keep until their maturity, except the following:
- Those that the company designated, when initially recorded, as being at fair value in the profit and loss account;
- Those the company designates as available for sale;
- Those that coincide with the definition of loans and credits.

After being initially recorded, the investments held until maturity are assessed at their depreciated cost by applying the effective interest rate method.
The depreciated cost is calculated taking into account all the discounts or premiums over the period from their acquisition until the due date of repayment. For investments recorded at depreciated cost, the gain or losses are recorded in the accounts when the investments are paid off, when their value is impaired or through the depreciation process.
They are subject to depreciation tests whenever there are signs of impairment in value. Impairment in value is recorded if the book value is higher than the estimated recoverable value.

These assets are included in the current assets, except those for which the due date is longer than 12 months after the end of the year.

*2.11.3. Loans and credits*

Loans and credits are non-derivative investments with defined or undefined payment that are not traded on an active market, except for the following:

- Those that the company designated, when initially recorded, as being at fair value in the profit and loss account;
- Those the company designated, when initially recorded, as available for sale;
- Those for which the holder cannot recoup almost all its initial investment, for reasons other than impairment of the credit, which must be classified as available for sale.

The agreed loans and credits are assessed according to the historic cost method (depreciated cost) or the effective interest rate.

Their value in the balance sheet consists of the remaining capital owed, plus the accrued interest. They are subject to tests of the recoverable value, conducted whenever there are signs that this could be lower than the value recorded in the balance sheet for these assets and at least at the end of every financial year. When the recoverable value is lower than the book value, impairment in value is recorded in the profit and loss account.

These assets are included in the current assets, except those for which the due date is longer than 12 months after the end of the year.

*2.11.4. Investments available for sale*

Investments available for sale are non-derivative investments that do not belong to the previous categories. These assets are included in non-current assets unless the Group plans to sell them within 12 months after the end of the year.

These assets are assessed according to their market or trading value depending on the kind of instrument.

The changes in fair value are recorded in the shareholders' equity until their sale, except for the impairment in value recorded in the profits and losses at the time of their calculation.

The gains and losses of assets in foreign currency are recorded in the profits and losses for monetary assets and in the shareholders' equity for non-monetary assets.

This category mainly consists of non-consolidated equity investments and securities that do not correspond to other definitions of investments. They are classified as other current or non-current assets and cash.

*2.11.5. Own shares*

Pursuant to the IAS 32 standard, all treasury stock held by the Group is recorded by decreasing the shareholders' equity by its acquisition cost. Subsequent sales are directly recorded in the shareholders' equity and no profit or loss is recorded.

The own shares of ACANTHE DÉVELOPPEMENT and ACANTHE DÉVELOPPEMENT BSA are hence deleted as a counterpart in the shareholders' equity.

*2.11.6. Cash and cash equivalents*

The cash and cash equivalents include the cash in bank accounts and investments held for trading. The latter category of investments include short-term deposits (initial due date shorter than three months), monetary SICAVs and other securities with no significant risk of impairment in value if the interest rates fluctuate. These instruments are assessed at fair value by profit or loss according to their market or trading value depending on the kind of instrument.

*2.11.7. Derivative financial instruments*

The Group trades with derivative financial instruments in order to manage and reduce its exposure to interest rate fluctuation risks. These instruments are traded with top rank institutions. Recording the hedging requires, according to the IAS 39 standard, proving and documenting the efficiency of the hedging relationship at the time it is undertaken and throughout its whole lifetime.

Since the Group did not document and prove the efficiency of the hedging relationship for the instruments "in life" at 31 December 2008 and 2009, the changes in fair value of such instruments are recorded in the financial profits and losses.

The fair value is determined by the financial institution with which the financial instrument was contracted.

**2.12. Financial liabilities**

Non-derivative financial liabilities or not designated as being at fair value in the profit and loss account or not held for trading are assessed at their depreciated cost according to the Annual Percentage Rate (APR) method. The expenses incurred for taking out loans are deducted from the amounts borrowed at the time of being recorded in the financial liabilities; they then include an interest charge at the time of the repayments.

**2.13. Provisions**

According to the IAS 37 standard, provisions are recorded when the Group has a current (legal or implicit) commitment due to a past event, and when it is likely that funds will be required without at least an equivalent counterpart (in favour of a third party) representing economic advantages to fulfil the commitment and that the amount of the commitment can be reliably estimated. These provisions are estimated by taking into consideration the most likely hypothesis at the end of the financial year.

If the time value effect is significant, the provisions are updated. The updating rates used to calculate the updated value reflect the current increases in the market of the time value of the amount and risks related to the commitment. The increase in the provision resulting from the updating is recorded in financial expenses.

**2.14. Income tax**

In 2005, the company ACANTHE DÉVELOPPEMENT and some of its subsidiaries chose to apply the SIIC (French) tax system. Due to this, the profits and losses related to the real estate segment is therefore exempt from corporation tax, the other elements in the profits and losses bring subject thereto. The "exit tax" payable for options, according to the SIIC tax system, is updated depending on its due date.

This debt is payable over 4 years counted from the applicable date of the SIIC tax system by the companies in question. This updating is carried out at the end of each financial year and the impact is recorded in the profits and losses (other financial income and expenses).

The corporation tax is equivalent to the amount of current and deferred taxes. The current tax is the tax payable for the financial year.

The deferred taxes are related to all the temporary differences between the book and tax profits and losses arising when the book value of an asset or a liability is different from its tax value. These differences create tax assets and liabilities categorised as deferred, these are calculated according to the variable carry-forward method.

**2.15. Staff bonuses**

The IAS 19 standard determines the methods for recording the bonuses granted to staff. It is applied to all the salaries paid as consideration for their services provided, except for remuneration in shares, which is subject to the IFRS 2 standard.

By applying the IAS 19 standard, all the short-term and long-term staff bonuses, whether in cash or in kind, are classified in the following two categories:

- short-term payments, such as salaries and annual holidays, are recorded as an expense by the company when it used the services provided by the members of the staff as consideration for the payments thereto,
- Long-term bonuses, such as retirement benefits that are not fully payable in the twelve months after the end of the financial year during which the relevant members of the staff rendered their services.

These payments and bonuses must be subject to provisions.

For the basic schemes and other schemes with defined contributions, the Group records the relevant contributions in expenses payable when they are due and the Group does not hold any commitments other than the contributions paid.

For defined pension schemes, the pension expenses are determined by an actuarial calculation, according to the forecast credit unit method. Pursuant to this method, each service period results in an additional unit of rights to benefits and each of these units is assessed separately to calculate the final commitment.

This final commitment is then updated. These calculations mainly include the following hypotheses:

- An updating rate,
- An inflation rate,
- A mortality table,

- A salary raise rate, and
- A staff rotation rate.

These assessments are carried out once a year, for all the schemes.
The actuarial gains and losses are due to changes in hypotheses or past experience differences (the difference between the forecast and real value) in the commitments. These differences are directly recorded in the profits and losses.

### 2.16. Remuneration in shares

The stock option plans and bonus shares are granted to the managers in the Group. Pursuant to the IFRS 2 standard “Share-based payments”, these option plans are assessed at their fair value on the date they are granted. This value is recorded in staff expenses by means of the straight-line method over the period the rights are acquired (the period between the date granted and the maturity date of the plan) with a direct counterpart in the shareholders’ equity.
At the end of each year, the Group re-examines the number of options that could be exercised. If need be, the impact of the review of the estimates is recorded in the profit and loss account as a relevant adjustment counterpart in the shareholders’ equity.

Only the plans approved after 7 November 2002 and for which the rights were not acquired on 1 January 2005 are assessed and recorded according to the principles in the IFRS 2 standard.

### 2.17. Profit (loss) per share

Pursuant to the IAS 33 standard, the basic profit (loss) per share is obtained by dividing the “profits and losses – part of the Group” by the weighted average number of shares in circulation in the financial year.

The weighted average number of shares in circulation is calculated based on the different evolution of the stock capital, adjusted, if need be, by the own shares held by the Group.

The diluted profit (loss) per share is calculated by dividing the “profits and losses – part of the Group” by the weighted average number of shares in circulation increased by all the ordinary shares that can be potentially diluted.

### 2.18. Revenue from properties

The rents are recorded according to the straight-line method over the term of the lease.
The re-invoiced lease expenses and the overall lease expenses are recorded when they are payable.

The lease agreements signed between the Group and its lessees are simple rental agreements, as defined in IAS 17. In general terms, the leases include a renewal clause for the lease term and rent re-indexation clauses and other clauses normally included in these kinds of agreements.

The additional information to the IFRS 7 standard is recorded in note 9.10.

### 2.19. Profit or loss from sale of real estate investments

The profit or loss from sale of real estate investments is obtained from the difference between, on the one hand, the sale price and the funds taken from provisions and, on the other hand, the consolidated net book value plus the sale expenses and the penalties for early repayment of loans granted for the properties sold.

### 2.20. Segment reporting

Pursuant to IFRS 8 standard “Operating Segments”, the segment information is recorded based on internal management data used to analyse business performance and allocation of resources by the “Main Operational Decision-Maker”, the company’s Management Committee.

An operating segment is a distinguishing component of the Group that is used in the supply of different products or services and that is exposed to risks and different risk profitability and profitability of other operating segments.

The operating segments existing on 31 December 2009 were as follows:
- Offices,
- Shops,
- Hotels,
- Residential.

In addition, since the market is not the same in each geographic location, a presentation by geographic zone is also recorded, differentiating the following 4 zones:
- Paris,
- The Region of Paris (excluding Paris),
- Province,
- Abroad.

Segment profits and losses are recorded for each segment. The real estate investments, stock of properties and current and non-current financial liabilities are also recorded by segment.

# ANNEXE TO THE CONSOLIDATED ACCOUNTS AT 31 DECEMBER 2009

## Note 3. Scope of consolidation

The scope of consolidation changes in this financial year are due to the company VENUS and its 4 subsidiaries joining the group, after the contribution transaction described in paragraph 1.3, the acquisition of SA CEDRIANE (see note 1.4.1.) and the companies LABUANA and XANTARES being sold (see note 1.4.2.).
It should also be noted that the holding in the company SOGEB was increased (see note 1.2). The holding is now 88.89%. This increase in the equity investment of this company had no impact on the consolidation method (global integration).
After these changes, the scope of consolidation includes, at present, 39 globally integrated companies of which there are 11 Real Estate Companies (SCI).

| | Names of consolidated companies | Percentage equity stake | | Percentage control | | Consolidation method | |
|---|---|---|---|---|---|---|---|
| | | N | N-1 | N | N-1 | N | N-1 |
| SA | ACANTHE DÉVELOPPEMENT the parent company | | | | | | |
| SA | BALDAVINE | 100.00 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SC | BASNO | 97.34 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SCI | BRIAULX | 97.34 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SCI | BRIHAM | 97.34 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SAS | BRUXYS | 100.00 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SCI | CANDIDE | 100.00 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SC | CHARRON | 97.34 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SC | CORDYLIERE | 97.34 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SC | DFLI | 97.34 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SA | FINANCE CONSULTING | 97.34 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SA | FINPLAT | 97.34 % | 99.92 % | 100.00 % | 100.00 % | GI | GI |
| SC | FONCIERE DU 17 RUE FRANCOIS 1er | 97.34 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SCI | FONCIERE DU ROCHER | 97.34 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SAS | FONCIERE ROMAINE (ex CARLSON) | 100.00 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SA | FRANCE IMMOBILIER GROUP | 100.00 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SC | FRANCOIS VII | 97.34 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SCI | LA PLANCHE BRULEE | 100.00 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SC | LE ROUSSEAU | 97.34 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SCI | LES DAUPHINS | 100.00 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SCI | LES MEUNIERS | 97.34 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| EURL | LORGA | 97.34 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SNC | PONT BOISSIERE | 97.34 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SNC | SAMRIF | 97.34 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SA | SAUMAN FINANCE | 97.34 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SAS | SFIF | 97.34 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SA | SIF DÉVELOPPEMENT | 97.34 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SAS | SIN | 100.00 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SCI | SOGEB | 88.89 % | 66.67 % | 88.89 % | 66.67 % | GI | GI |
| SARL | SURBAK | 97.34 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SA | TAMPICO | 100.00 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SA | TRENUBEL | 97.34 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| SA | VELO | 100.00 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| EURL | VOLPAR | 97.34 % | 100.00 % | 100.00 % | 100.00 % | GI | GI |
| **Companies joining the scope of consolidation** | | | | | | | |
| SNC | VENUS | 97.34 % | - | 97.34 % | - | GI | - |
| SCI | LE VOLTAIRE | 97.34 % | - | 100.00 % | - | GI | - |
| SCI | LE BREVENT | 97.34 % | - | 100.00 % | - | GI | - |
| SNC | AXONNE | 97.34 % | - | 100.00 % | - | GI | - |
| SCI | ADEL | 97.34 % | - | 100.00 % | - | GI | - |
| SA | CEDRIANE | 97.34 % | - | 100.00 % | - | GI | - |
| **Companies leaving the scope of consolidation** | | | | | | | |
| SCI | LABUANA | Sold | 100.00 % | Sold | 100.00 % | - | GI |
| SCI | XANTARES | Sold | 100.00 % | Sold | 100.00 % | - | GI |

GI = Consolidation by Global Integration

## Note 4. Notes attached to the balance sheet

### 4.1. Non-current non-investment assets

*4.1.1. Variation in value of real estate investments*

**At 31 December 2009:**

The value in the expert's opinion excluding rights on 31/12/2009 for real estate investments amounted to €371,207 K.

| In thousands of € | Net Book Value 31/12/2008 | Additions (New acquisitions) | Additions (real estate expenses) (1) | Additions (Business combinations) (2) | Transfers | Sales (3) | Variation in fair value (4) | Other variations | Value at 31/12/2009 |
|---|---|---|---|---|---|---|---|---|---|
| Real estate investments (IAS 40) | 378,018 | - | 587 | 27,638 | - | -15,550 | -19,441 | -46 | 371,207 |

(1) The fixed asset expenses correspond to the work performed on the real estate investments, mainly at 7 rue d'Argenteuil for €226 K, at 23, bd Poissonnière in Paris for €138 K and at 17 rue François 1er in Paris for €184 K.
(2) These additions are related to the assets held by companies subject to a business combination in the financial year:

Assets held by the company CEDRIANE:

- An exceptional property of 549 m² located in Paris VIème (dedicated loan : €1,883 K) €11,270 K

Assets held by the sub-group VENUS:

| Company | Location | Contribution value in thousands of € | Ground area in m² | Revenue in the whole year in thousands of € | Dedicated loan |
|---|---|---|---|---|---|
| The company ADEL | Rue de Chazelle in Paris | 1,750 | 391 | 50 | |
| The company VOLTAIRE | Bat Le Voltaire in Lognes | 2,500 | 2,697 | 251 | 1,255 |
| The company Le BREVENT | Bat Le Brévent in Ferney Voltaire | 1,100 | 1,110 | 37 | 199 |
| The company VENUS | Résidence la Forêt in Flaine (74) | 1,015 | 750 | 64 | 504 |
| The company VENUS (ADC SIIC contribution) | Rue de Suréne in Paris VIIIéme | 10,000 | 1,377 | 645 | 7,153 |

(3) The sales are related to the property at rue Clément Marot and the plot at rue de la Grande Armée in Paris, in other words a total of 1,419 m2 of offices.
(4) The variation in fair value of the « real estate investment » assets had an impact on the profit and losses of €-19,441 K.

**At 31 December 2008:**

The value in the expert's opinion, excluding rights, on 31/12/2008 for real estate investments amounted to €378,018 K.

| In thousands of € | Net Book Comptable 31/12/2007 | Additions (New acquisitions) (1) | Additions (real estate expenses) (2) | Additions (Business combinations) | Transfers | Sales (3) | Variation in fair value (4) | Other variation | Value at 31/12/2008 |
|---|---|---|---|---|---|---|---|---|---|
| Real estate investments (IAS 40) | 468,452 | 1,890 | 617 | - | - | -1,555 | -91,388 | - | 378,018 |

(1) The new acquisitions are mainly related to the purchase of a plot for professional use located at 8 rue Marignan in Paris for €1,600 K and settlements of lease announcements for the assets acquired by merger or universal equity transfer (€218 K).
(2) The fixed asset expenses correspond to the work performed on the real estate investments, mainly at 7 rue d'Argenteuil in Paris for €243 K; at 2-4 rue de Lisbonne in Paris for €225 K and at 17 rue François 1e r in Paris for €92 K.
(3) The sales are related to the apartments at 15, rue de Marignan in Paris (94 m²), the parking space in rue de la Ferme in Neuilly sur Seine, the latest apartment plots (186 m²) and lands remaining to be sold in Guadeloupe.
(4) The variation in value of the « real estate investment » assets had an impact on the profits and losses of €-91,388 K.

# ANNEXE TO THE CONSOLIDATED ACCOUNTS AT 31 DECEMBER 2009

*4.1.2. Variation in the gross value of tangible assets, apart from real estate investments*

At 31 December 2009:

| In thousands of € | Gross value 31/12/2008 | Acquisitions | Sales | Variations in scope | Re-assessment difference | Transfer entry to entry | Gross value 31/12/2009 |
|---|---|---|---|---|---|---|---|
| Lands | 660 | - | - | - | 10 | - | 670 |
| Constructions & Conversions | 5,944 | - | - | - | 86 | - | 6,030 |
| Tangible assets | 281 | 5 | -16 | 8 | - | - | 279 |
| **TOTAL** | **6,885** | **5** | **-16** | **8** | **96** | **-** | **6,979** |

Pursuant to the IAS 40§57a standard, which requires that the management premises used by the company are dealt with according to the IAS 16 method, the platform on the 3rd floor at 2 rue de Bassano in PARIS 16ème is included in the tangible assets.
However, since the IAS 16§36-37 standard allows the possibility, the « Lands » and « Constructions » entries are assessed according to the re-assessment method, an expert's opinion being obtained at the time of approval of the account. The re-assessment of the premises used for management purposes amounted to a gross value of €104 K in 2009 and its counterpart is recorded in the shareholders' equity, pursuant to IAS 1 6§39.

At 31 December 2008:

| In thousands of € | Gross value 31/12/2008 | Acquisitions | Sales | Variations in scope | Re-assessment difference | Transfer entry to entry | Gross value 31/12/2009 |
|---|---|---|---|---|---|---|---|
| Lands | 818 | - | - | - | -158 | - | 660 |
| Constructions & Conversions | 7,363 | - | - | - | -1,419 | - | 5,944 |
| Tangible assets | 255 | 47 | -19 | -2 | - | - | 281 |
| **TOTAL** | **8,436** | **47** | **-19** | **2** | **-1,577** | **-** | **6,885** |

Pursuant to the IAS 40§57a standard, which requires that the management premises used by the company are dealt with according to the IAS 16 method, the platform on the 3rd floor at 2 rue de Bassano in PARIS 16ème is included in the tangible assets.
However, since the IAS 16§36-37 standard allows the possibility, the « Lands » and « Constructions » entries are assessed according to the re-assessment method, an expert's opinion being obtained at the time of approval of the account. The re-assessment of the premises used for management purposes amounted to a gross value of €-1,577 K in 2008 and its counterpart is recorded in the shareholders' equity, pursuant to IAS 1 6§39.

*4.1.3. Variation in depreciation and provisions for tangible assets, apart from real estate investments*

At 31 December 2009:

| In thousands of € | 31/12/2008 | Expenses | Change in scope | Write-off after sale and obsolescence | Re-assessment difference | 31/12/2009 |
|---|---|---|---|---|---|---|
| Constructions & Conversions | 271 | 103 | - | - | -7 | 366 |
| Tangible assets | 218 | 29 | 4 | -15 | - | 236 |
| **TOTAL** | **489** | **132** | **4** | **-15** | **-7** | **602** |

At 31 December 2008:

| In thousands of € | 31/12/2007 | Expenses | Change in scope | Write-off after sale and obsolescence | Re-assessment difference | 31/12/2008 |
|---|---|---|---|---|---|---|
| Constructions & Conversions | 224 | 103 | - | - | -56 | 371 |
| Tangible assets | 199 | 38 | -1 | -18 | - | 218 |
| **TOTAL** | **423** | **141** | **-1** | **-18** | **-56** | **489** |

*4.1.4. Variation in the net value of intangible fixed assets*

| In thousands of € | Net value 31/12/08 | Acquisition | Change in scope | Write-off and depreciation | Sale | Net value 31/12/09 |
|---|---|---|---|---|---|---|
| Tangible fixed assets | 13 | - | | -5 | - | 8 |
| Acquisition differences | - | - | 1,633 | -1,633 | - | - |
| **TOTAL** | **13** | **-** | **1,633** | **-1,638** | **-** | **8** |

**The acquisition differences recorded in the assets in this financial year were all carried forward when the sub-group VENUS became part of the scope of consolidation (see note 1.3.2).**
Due to their nature, these differences are not likely to create any probable economic advantages in the future and are thus considered as f expenses, and the impairment test conducted at the end of the financial year resulted in the full depreciation of the acquisition difference in 2009, or an expense of €1,633 K.

## 4.2. Stock of properties

At 31 December 2009:

Pursuant to the IAS 40 standard, the properties subject to conversion for the purpose of their sale were classified in « Stock of properties » at the start of the works. These are the properties located at 27, rue de Rome in Paris and located at rue Claude Terrasse in Paris.

| In thousands of € | 31/12/2008 | Transfers | Variation in stocks | Variation in scope | Depreciation | 31/12/2009 |
|---|---|---|---|---|---|---|
| Stock of properties | 8,055 | - | -2,422 | - | -329 | 5,304 |
| **TOTAL** | **8,055** | **-** | **-2,422** | **-** | **-329** | **5,304** |

The variation in stocks not only corresponds to the sale of the plots at 27 rue de Rome in Paris (€-3,201 K), but also the work performed in the financial year 2009 on the property located at rue Claude Terrasse (€+779 K).
The depreciation of the stock of properties recorded, on the one hand, is related to the write-off of depreciation for the sale of the plots at 27 rue de Rome for €624 K and, on the other hand, the expense for depreciation of the stock at rue Claude Terrasse for an amount of €953 K, used to cover the difference between the estimated sales price for the plots still to be marketed and their retail sales price, in particular taking into account the additional costs incurred due to the construction site being suspended and restarted and the repairs required caused by poor workmanship.

**At 31 December 2008:**

Pursuant to the IAS 40 standard, the properties subject to conversion for the purpose of their sale were classified in « Stock of properties » at the start of the works. These are the properties located at 27, rue de Rome in Paris and the land used for reconstruction located at rue Claude Terrasse in Paris.

| In thousands of K€ | 31/12/2007 | Transfers | Variation in stocks | Variation in scope | Depreciation | 31/12/2008 |
|---|---|---|---|---|---|---|
| Stock of properties | 19,378 | - | -10,662 | - | -661 | 8,055 |
| **TOTAL** | **19,378** | **-** | **-10,662** | **-** | **661** | **8,055** |

The variation in stocks not only corresponds to the sale of the plots at 27 rue de Rome in Paris (€-12,526 K), but also the work performed in the financial year 2008 (€+1,864 K).

The depreciation of the stock of properties is related to the plots still to be sold at 27 rue de Rome in Paris.

**4.3. Investments**

The investments are divided as follows among the various categories specified in IFRS 7:

| Investments in thousands of € | 31/12/2009 | | | | |
|---|---|---|---|---|---|
| | Assets held for trading | Assets held until maturity | Loans and credits | Assets available for sale | Total balance sheet |
| Non-current investments | 103 | - | 4,984 | 1,650 | 6,737 |
| Receivables and other accounts receivable | - | - | 7,277 | - | 7,277 |
| Other receivables | - | - | 10,472 | - | 10,472 |
| Other current assets | - | - | 141 | - | 141 |
| Cash and cash equivalents | 12,269 | - | - | - | 12,269 |

| Investments in thousands of € | 31/12/2008 | | | | |
|---|---|---|---|---|---|
| | Assets held for trading | Assets held until maturity | Loans and credits | Assets available for sale | Total balance sheet |
| Non-current investments | - | - | 106 | 1,880 | 1,986 |
| Receivables and other accounts receivable | - | - | 6,692 | - | 6,692 |
| Other receivables | - | - | 10,543 | - | 10,543 |
| Other current assets | - | - | 136 | - | 136 |
| Cash and cash equivalents | 1,209 | - | - | - | 1,209 |

*4.3.1. Non-current investments*

**At 31 December 2009:**

| Investments in thousands of € | 31/12/2008 | Increases | Decreases | 31/12/2009 | Due date at least 1 year | Due date longer than 1 year but shorter than 5 years | Due date longer than 5 years |
|---|---|---|---|---|---|---|---|
| Term deposits pledged (1) | 74 | 503 | - | 577 | - | 503 | 74 |
| Investments available for sale (2) | 1,880 | 83 | 313 | 1,650 | 1,650 | | - |
| Deposits (operating funds) (3) | 26 | | 5 | 21 | 21 | - | - |
| Loan (4) | | 4,376 | | 4,376 | | 4,376 | |
| Financial transaction assets (5) | | 132 | 29 | 103 | | 103 | |
| Others | 7 | 2 | | 9 | 7 | 2 | - |
| **TOTAL** | **1,987** | **5,096** | **347** | **6,736** | **1,678** | **4,984** | **74** |

(1) The term deposits are pledged to banking institutions that granted us loans of which LANDESBANK SAAR granted a loan for €503 K in the financial year (see note 4.5.1).
(2) The investments available for sale consist of monetary sicavs, either pledged as bank sureties (€1,577 K), or free within the scope of a financial investment of €73 K.
(3) The deposits (operating funds) consist of the amounts paid to the syndicates of the real estate operated
(4) This is a loan granted to the company ADT for €4,376 K and guaranteed by the pledge of the Venus shares held by ADT SIIC;
(5) The rate guarantee agreement signed to hedge the rate risk of the loan granted by LANDESBANK SAARL amounted to €103 K at 31/12/2009 (see note 4.5.1).

| In thousands of € | 31/12/2009 | |
|---|---|---|
| | Profit or loss recorded in the shareholders' equity | Profit or loss transferred from the shareholders' equity to the profits and losses |
| Investments available for sale | -2 | - |

**At 31 December 2008:**

| Investments in thousands of € | 31/12/2007 | Increases | Decreases | 31/12/2008 | Due date at least 1 year | Due date longer than 1 year but shorter than 5 years | Due date longer than 5 years |
|---|---|---|---|---|---|---|---|
| Term deposits pledged (1) | - | 74 | - | 74 | - | - | 74 |
| Investments available for sale (2) | 2,708 | 172 | 1,000 | 1,880 | 1,777 | 103 | - |
| Deposits (operating funds) (3) | 24 | 2 | - | 26 | 26 | - | - |
| Others | 3 | 4 | - | 7 | 3 | 4 | - |
| **TOTAL** | **2,735** | **252** | **1,000** | **1,987** | **1,806** | **107** | **74** |

(1) The term deposit is pledged to a banking institution that granted us a loan (rent guarantee)
(2) The investments available for sale consist of monetary sicavs, either pledged as bank sureties (€1,567 K), or with a preservation commitment to guarantee a legal action with a former lessee (€313 K)
(3) The deposits (operating funds) consist of the amounts paid to the syndicates of the real estate operated.

# ANNEXE TO THE CONSOLIDATED ACCOUNTS AT 31 DECEMBER 2009

The profits and losses recorded in the shareholders' equity and in the profits and loss in the assets available for sale are as follows:

| In thousands of € | 31/12/2008 | |
|---|---|---|
| | Profit or loss recorded in the shareholders' equity | Profit or loss transferred from the shareholders' equity to the profits and losses |
| Investments available for sale | 59 | - |

*4.3.2. Trade receivables and related accounts and other accounts receivable*

At 31 December 2009:

| In thousands of € | 31/12/2009 | | | | | |
|---|---|---|---|---|---|---|
| | Gross value | Depreciation | Net value | Due date at least 1 year | Due date longer than 1 year but shorter than 5 years | Due date longer than 5 years |
| Trade receivables and related accounts | 7,885 | 608 | 7,277 | 7,277 | - | - |
| Other accounts receivable | 10,472 | - | 10,472 | 9,627 | 578 | 267 |
| **TOTAL** | **18,357** | **608** | **17,749** | **16,904** | **578** | **267** |

The other accounts receivable at 31/12/2009 mainly consisted of the following:
- VAT credits for €1,684 K,
- Non-invoiced procedure expenses for €258 K with the counterpart in invoices by suppliers not received,
- Property managers for €409 K,
- Income receivable: pre-reimbursable Corporation Tax advance payment for €4,657 K,
- Prepayments to suppliers for €71 K,
- Rent instalments, according to IAS 17, for €1,071 K: this adjustment account allows the lack of rent arising in the rent exemption period to be staggered according to the straight-line method, pursuant to the IFRS, for the whole term of the leases, or gradual payment of the annual lease amount,
- A mortgage loan to be cleared within the scope of judicial receivership proceedings by the company CEDRIANE for €902 K,
- Re-invoicing expenses incurred for the former business in the luxury segment of the company FIG for €515 K,
- Miscellaneous receivables for €191 K.

The net income and expenses recorded in the profits and losses for the current credits at depreciated cost are shown below:

| In thousands of € | 31/12/2009<br>Net expenses recorded in the profits and losses |
|---|---|
| Receivables | -360 |

The net income and expenses for current credits are from the losses due to unrecoverable credits, returns from depreciated credits, depreciation expenses and write-downs for receivables.

At 31 December 2008

| en K€ | 31/12/2008 | | | | | |
|---|---|---|---|---|---|---|
| | Gross value | Depreciation | Net value | Due date at least 1 year | Due date longer than 1 year but shorter than 5 years | Due date longer than 5 years |
| Trade receivables and related accounts | 7,040 | 348 | 6,692 | 6,692 | - | - |
| Other accounts receivable | 10,543 | - | 10,543 | 9,698 | 578 | 267 |
| **TOTAL** | **17,583** | **348** | **17,235** | **16,390** | **578** | **267** |

The other accounts receivable at 31/12/2008 mainly consisted of the following:
- VAT credits for €1,461 K,
- Non-invoiced procedure expenses for €225 K, with the counterpart in invoices issued by suppliers not received,
- Property managers for €311 K,
- Income receivable: pre-reimbursable Corporation Tax advance payment for €6,349 K
- Prepayments to suppliers for €49 K,
- Rent instalments according to IAS 17 for €898 K.

The net income and expenses recorded in the profits and losses for loans and credits at depreciated cost are shown below:

| In thousands of € | 31/12/2008<br>Net expenses recorded in the profits and losses |
|---|---|
| Receivables | -143 |

*4.3.3 Cash and cash equivalents*

| In thousands of € | Net value at 31/12/2009 | Net value at 31/12/2008 |
|---|---|---|
| Monetary SICAV | 9,622 | 695 |
| Available funds | 2,647 | 514 |
| **Total transaction investments** | **12,269** | **1,209** |

*4.3.4. Fair value of investments*

The value in the balance sheet for trade receivables and related accounts and other current assets are recorded by a good estimate of their fair value. In fact, whenever signs of depreciation are detected (unpaid receivables, other unrecoverable receivables), a provision is recorded, in order to adjust the amount of the credit to the funds that could potentially be received.

**4.4. Shareholders' equity**

At 31 December 2009, the company's capital was composed of 101,199,299 shares for an aggregate value of €38,247,014. The capital was fully paid up. The shares were nominative or bearer. On such date, the own shares held by the company (through liquidity agreement and its subsidiaries) represented 8,149,849 shares.

*4.4.1. Capital increases in the financial year*

In the financial year 2009, the capital was increased from €35,312,643, represented by 93,458,355 shares on 31 December 2008, to €38,247,014, represented by 101,199,299 shares, on 31 December 2009.

This increase was due to the following:

- Exercising 95,438,175 BSA code ISIN FR 0000346975, resulting in 2,964,946 new shares being created;
- The option of dividend reinvestment in shares, resulting in 445,998 new shares being created.
- 4,330,000 shares were created from the share premium: these were the assignment of bonus shares to Mr. Alain DUMÉNIL, approved by the Ordinary and Extraordinary General Shareholders' Meeting held on 21 March 2007 and a resolution adopted by the Board of Directors' Meeting held on 25 July 2007 (shares at 2 years)

The result of these various transactions was an increase in the nominal capital of €2,934 K and a share premium of €2,651 K.

*4.4.2. Allotments*

On 17 June 2009, the General Shareholders' Meeting adopted a resolution to allot €0.04 per share with an option of payment in shares. This allotment led to a decrease of €3,239 K (allotment €–3,734 K and reinvestment of coupons in shares €495 K) in the shareholders' equity.

*4.4.3. Share-based payments*

*4.4.3.1. Resolutions adopted by the Board of Directors' Meetings*

The Board of Directors' Meeting held on 25 July 2007 adopted a resolution to assign bonus shares, share subscription options and stock options according to following systems:

- A resolution to assign bonus shares to be issued (by virtue of the approval, with votes in favour of more than 99% of the shareholders attending, in the 2nd resolution adopted by the Ordinary and Extraordinary General Shareholders' Meeting held on 21 March 2007):

Assignment of 8,660,000 bonus shares (representing 9.99132 % of the stock capital issued by the company on such date) to Mr. Alain DUMÉNIL in his position as President and General Manager of the company, to be divided as follows:

4.99566 % or 4,330,000 shares, subject to a 2-year acquisition term and a 2-year preservation period and,

4.99566% or 4,330,000 shares subject to a 4-year acquisition term, with no preservation period.

- A resolution to assign options to subscribe to shares (by virtue of the approval, with votes in favour of more than 99% of the shareholders attending, in the 1st resolution adopted by the Ordinary and Extraordinary General Shareholders' Meeting held on 21 March 2007): assignment of 8,667,520 options to Mr. Alain DUMÉNIL, in his position as President and General Manager of the company. Option vesting price: €3.21 to subscribe to one share and €3.22 for purchasing one share. The options may be exercised after a one-year acquisition period (or from 26 July 2008), and they will remain valid until 25July 2017.

The Board of Directors' Meeting held on 18 July 2008, pursuant to the introduction to the option plan regulations adopted and at the Board of Directors' Meeting held on 25 July 2007, a resolution was adopted that all the options assigned would be stock options. Secondly, the Board of Directors adjusted the number and price of the share subscription options after the allotment of premiums. In fact, the company had to make such adjustment so that the aggregate subscription price would remain the same and thus protect the interests of the beneficiaries of the options. This adjustment resulted in the right to exercise 9,528,520 share subscription options at a vesting price of €2.92 (instead of 8,667,520 options at a vesting price of €3.21 prior to this adjustment).

The Board of Directors' Meeting held on 28 August 2009:

- took record of the express waiver, by virtue of a letter dated 3 August 2009, by Mr. DUMÉNIL, to the whole assignment of options that had been allotted to him by the Board of Directors' Meeting held on 25 July 2007,
- based on the authorisation granted by the Mixed General Shareholders' Meeting held on 21 March 2007, a resolution was adopted to assign 9,936,436 share subscription options, of which the vesting price was determined at €1.24,
- pursuant to article L.225-1 85 of the French Commercial Code, a resolution was adopted that Mr. DUMÉNIL would keep 1% of the shares issued by releasing the options until the President and General Manager would step down from office, providing that this obligation would not result in the profits obtained for the company being challenged, according to the SIIC tax system.

The Board of Directors' Meeting held on 31 December 2009 (2 p.m.) specified that if, on the date of the option or options, the company does not hold the required number of shares for such purpose, the options would be, as a priority, stock purchase options depending on the number of shares held by the company and the subscription options for the balance of the options would not be able to be released due to the company not holding a sufficient number of shares to provide them.

*4.4.3.2. Assessment of the share based payment costs*

The expenses in the financial year 2009 for the assignment of bonus shares in 2007 and the new stock option plan were recorded in staff expenses for an aggregate amount of €7.6 M. This amount, consisting of €3.2 M for bonus shares for which the acquisition term is two years, €2.3 M for bonus shares for which the acquisition term is four years and €2.1 M for the stock options, has a counterpart of a share premium and hence has no impact on the group's shareholders' equity (see note 10.7).

The expenses recorded by exercising the acquisition rights by the employees are based on the fair value of the options and shares on the date the plan was assigned. This is frozen whatever the changes may be in the subsequent market price, whether higher or lower. It should be noted that the market price used for assessment of the bonus shares was €3.29 (= market price at the end of day before they were allotted). This was used as the assessment of the options assigned in 2009 after the waiver of the previous ones by the beneficiary i.e. €1.31.

*4.4.4. Minority interests*

These consist of the equity investment in the company ADT SIIC (or 1.60% for €3,633 K) and the company ADC SIIC (or 1.07% for €2,429 K) in the capital of the company Venus after the contribution on 23/11/2009.

In addition, minority interests in the shareholding of the company SOGEB was reduced from 33.33% to 11.11% in the financial year, after the capital increase of SOGEB for €1.5 M, in which the minority shareholders did not take part (see note 1.2).

### 4.5. Financial liabilities

*4.5.1. Details of current and non-current financial liabilities*

On 31 December 2009, the aggregate amount of the current and non-current financial liabilities owed to banking institutions amounted to €98,310 K compared with €88,584 K on 31 December 2008.

The net debt, calculated as the difference between the gross financial liabilities owed to banking institutions and the cash and cash equivalents, was €86,041 K on 31 December 2009 compared with €87,376 K on 31 December 2008.

| Payables<br>In thousands of € | 31/12/2009 | 31/12/2008 |
|---|---|---|
| **Non-current financial liabilities** | | |
| Loans and payables to credit institutions > 1 year | 91,930 | 81,716 |
| Derivative liabilities | 1,586 | 1,820 |
| **TOTAL NON-CURRENT FINANCIAL LIABILITIES** | **93,516** | **83,536** |
| Current financial liabilities | | |
| Loans and payables to credit institutions < 1 year | 3,841 | 3,909 |
| Bank overdrafts | 359 | 377 |
| Accrued interest | 594 | 762 |
| **TOTAL CURRENT FINANCIAL LIABILITIES** | **4,794** | **5,048** |
| **TOTAL FINANCIAL LIABILITIES** | **98,310** | **88,584** |

# ANNEXE TO THE CONSOLIDATED ACCOUNTS AT 31 DECEMBER 2009

The ACANTHE DÉVELOPPEMENT Group reimbursed in advance two loans it had been granted:
- to HYPO REAL ESTATE BANK INTERNATIONALAG, concerning the property located at rue de la Banque for the remaining capital of €3,160 K,
- to CREDIT FONCIER de FRANCE concerning the property located at Passage Dubail, the remaining capital of which was €1,514 K.

A loan for €8,000 K was granted by LANDESBANK SAAR to SNC PONT BOISSIERE for the re-financing purposes.

At the same time, as a guarantee, on the one hand, a rate guarantee agreement was signed for €132 K (see 4.3.1 Non-current investments) guaranteeing a maximum annual rate of 3.50 % + margin, based on a notional amount of €8,000 K; on the other hand, a deposit account for an amount of €500 K was pledged until July 2011, the date of renewal of the lease by an important lessee.

Finally, there were five loans, at variable rates (Euribor 3 months + margin) in the balance sheet of new companies included in the scope of consolidation during the financial year, for an aggregate amount of €10,994 K.

Excluding the accrued interest, the loans and payables owed to banking institutions amounted to €97,716 K on 31 December 2009 (consisting of derivative liabilities and bank overdrafts).

The remaining capital owed for loans and payables to credit institutions amounted to **€**95,771 K on 31 December 2009. This amount consisted of the following:
- fixed rate loans for €18,025 K,
- fixed rate loans with a due date for re-determining the interest rate in 5 and 10 years for €29,713 K,
- variable rate loans for €48,032 K, covered up to €20,000 K).

The table below shows the due dates, rate re-determination periods and date of termination of the loan debt for all the agreements signed on 31 December 2009.



| Loan | Kind of rate | Date of rate change | Date of termination | Rate | Parts <3 months | >3 months <1 years | >1 years and < 5 years | +5 years | Outstanding capital owed on 31/12/09 |
|---|---|---|---|---|---|---|---|---|---|
| AAREAL | FIXED RATE | NA | May 2012 | 6.834% | 4 | 12 | 1,806 | | 1,822 |
| ING Lease | FIXED RATE | NA | november 2023 | 6.550% | 49 | 161 | 1,261 | 14,732 | 16,203 |
| **Sub-total fixed rate** | | | | | **53** | **173** | **3,067** | **14,732** | **18,025** |
| Crédit Foncier | EURIBOR 3 MONTHS + 1.30 % | Quarterly | November 2016 | 2.256 % | 38 | 117 | 705 | 412 | 1,271 |
| Crédit Foncier | EURIBOR 3 MONTHS + 1.30 % | Quarterly | November 2013 | 2.345 % | 44 | 137 | 604 | | 785 |
| SADE | EURIBOR 3 MONTHS + 1.20 % | Quarterly | December 2014 | 1.970 % | 21 | 66 | 396 | | 483 |
| Hypo Real Estate | EURIBOR 3 MONTHS + 0.85 % | Quarterly | July 2015 | 2.176 % | 177 | 533 | 3,896 | 7,566 | 12,173 |
| Crédit Foncier | EURIBOR 3 MONTHS + 1.00 % | Quarterly | November 2017 | 2.363 % | 40 | 118 | 631 | 8,509 | 9,297 |
| Crédit Foncier | EURIBOR 3 MONTHS + 1.00 % | Quarterly | November 2017 | 2.363 % | 17 | 50 | 270 | 3,651 | 3,988 |
| SADE | EURIBOR 3 MONTHS + 1.20 % | Quarterly | December 2014 | 2.719 % | 5 | 15 | 93 | | 114 |
| SAARLB | EURIBOR 3 MONTHS + 2.20 % | Quarterly | May 2019 | 3.315 % | 22 | 75 | 584 | 7,137 | 7,818 |
| Crédit Foncier | EURIBOR 3 MONTHS + 1.30 % | Quarterly | September 2013 | 3.642 % | 67 | 208 | 871 | | 1,147 |
| Crédit Foncier | EURIBOR 3 MONTHS + 1 % | Quarterly | June 2022 | 1.776 % | 30 | 97 | 691 | 6,305 | 7,123 |
| Crédit Foncier | EURIBOR 3 MONTHS + 1.30 % | Quarterly | January 2020 | 2.071 % | 8 | 18 | 153 | 325 | 504 |
| Crédit Foncier | EURIBOR 3 MONTHS + 1.30 % | Quarterly | July 2021 | 2.030 % | 20 | 63 | 372 | 800 | 1,255 |
| SADE | EURIBOR 3 MONTHS + 1.20 % | Quarterly | December 2014 | 1.954 % | 9 | 26 | 156 | | 191 |
| | EURIBOR 3 MONTHS + 0.9 | Quarterly | October 2019 | 1.620 % | | 188 | 753 | 941 | 1,883 |
| **Sub-total EURIBOR** | | | | | **498** | **1,712** | **10,175** | **35,647** | **48,032** |
| Hypo Real Estate | PEX 5 YEARS + 0.85 % | 01/01/2011 | July 2021 | 4.910 % | ( ) | 114 | 489 | 1,077 | 1,679 |
| Hypo Real Estate | PEX 5 YEARS + 1.05 % | 30/10/2008 | October 2018 | 5.333 % | 152 | 455 | 3,689 | 13,365 | 17,661 |
| Hypo Real Estate | PEX 5 YEARS + 0.85 % | 31/07/2012 | July 2021 | 5.822 % | (2) | 193 | 826 | 1,849 | 2,866 |
| Hypo Real Estate | PEX 5 YEARS + 0.85 % | 31/07/2011 | July 2021 | 4.925 % | ( ) | 95 | 407 | 893 | 1,395 |
| **Sub-total PEX 5 years** | | | | | **149** | **856** | **5,411** | **17,185** | **23,601** |
| Hypo Real Estate | PEX 10 YEARS + 0.85 % | 30/10/2011 | April 2016 | 6.370 % | 37 | 118 | 791 | 818 | 1 765 |
| Hypo Real Estate | PEX 10 YEARS + 0.85 % | 30/10/2011 | April 2016 | 6.290 % | 57 | 186 | 1,249 | 2,855 | 4,347 |
| **Sub-total PEX 10 years** | | | | | **94** | **305** | **2,040** | **3,673** | **6,112** |

The non-current financial liabilities included in the table above were assessed at depreciated cost, according to the Effective Interest Rate (EIR). In the case of assessment at « full fair value », the balance sheet amount of the non-current financial liabilities would have been different for the fixed rates and the PEX 5 and 10 years.

On 31 December 2009, the underlying asset in the SWAP type CAP agreement on a scale (controlled evolving rate) for an amount of €20,000 K represented liabilities of €1,586 K.

Derivative instruments on 31/12/2009

| Instruments | Maturity | Notional Amount at 31/12/2009 in thousands of € | Assessment on 31/12/2009 in thousands of € Liabilities | Assessment on 31/12/2008 in thousands of € Liabilities | Variation of assessment 31/12/2009 31/12/2008 in thousands of € |
|---|---|---|---|---|---|
| Swap CAP on scale of 0% - 6.94% | june 2012 | 20,000 | 1,586 | 1,820 | -234 |

These derivatives are individually recorded and assessed at fair value as profits or losses without using hedging accounts. The calculations of fair value are carried out at the end of each financial year by the financial institution with which the agreement had been signed.

*4.5.2. Fair value of financial liabilities*

These were overdrafts, payables to suppliers, deposits and sureties and tax and social security payables, which were mainly current payables, and the balance sheet values were expressed at cost, which was practically the same as their fair value. The derivative liabilities had already been recorded at their fair value in the balance sheet.

#### 4.6. Due dates of payables

At 31 December 2009:

| In thousands of € | TOTAL | Due date at least 1 year | Due date longer than 1 year but shorter than 5 years | Due date longer than 5 years |
|---|---|---|---|---|
| Loans and financial payables to credit institutions (1) | 98,310 | 6,380 | 20,693 | 71,237 |
| Deposits and sureties | 3,580 | 3,580 | - | - |
| Payables to suppliers | 4,471 | 4,471 | - | - |
| Tax and social security payables | 2,032 | 2,032 | - | - |
| Other payables | 965 | 965 | - | - |
| Other current liabilities | 87 | 87 | - | - |
| **TOTAL** | **109,445** | **17,515** | **20,693** | **71,237** |

(1) Including a bank overdraft (€359 K) and accrued interest (€594 K) on 31 December 2009.

The entry « Tax and social security payables » was mainly composed of the following:
- Staff expenses for €217 K,
- VAT payables on collection: €1,261 K,
- Payables for adjustments of registration rights for €498 K,
- Miscellaneous taxes for €41 K.

The entry « Other payables » was mainly composed of the following:
- Trade payables for €616 K (this entry mainly records the advance payments made by customers and deposits as guarantees and lease expenses payable to customers at the end of their leases)
- Credit notes to provide for €170 K, by rendering lessee accounts
- Expenses payable for a commercial legal action of €149 K: expenses re-invoiced, the counterpart of which is in other credits.

At 31 December 2008:

| In thousands of € | TOTAL | Due date at least 1 year | Due date longer than 1 year but shorter than 5 years | Due date longer than 5 years |
|---|---|---|---|---|
| Loans and financial payables to credit institution (1) | 88,584 | 5,048 | 20,137 | 63,398 |
| Depositis and sureties | 3,738 | 3,738 | - | - |
| Payables to suppliers | 2,936 | 2,936 | - | - |
| Tax and social security payables | 2,146 | 2,146 | - | - |
| Other payables | 891 | 891 | - | - |
| Other current liabilities | 67 | 67 | - | - |
| **TOTAL** | **98,362** | **14,826** | **20,137** | **63,398** |

(1) Including a bank overdraft (€377 K) and accrued interest (€762 K) on 31 December 2008.

The entry « Tax and social security payables » was mainly composed of the following:
- Staff expenses for €200 K,
- VAT payables on collection: €1,008 K,
- Payables for adjustments of registration rights for €571 K,
- Miscellaneous taxes for €38 K.

The entry « Other payables » was mainly composed of the following:
- Trade payables for €684 K (this entry mainly recorded the advance payments made by customers and deposits as guarantees and lease expenses payable to customers at the end of their leases)
- Credit notes to provide for €82 K
- Others for €125 K.

## Note 5. Notes attached to the profit and loss account

#### 5.1. Net revenue from properties

| In thousands of € | 31/12/2009 | 31/12/2008 |
|---|---|---|
| Rents | 14,106 | 15,050 |
| Re-invoiced lease expenses | 2,170 | 1,981 |
| Aggregate lease expenses | -4,573 | -3,583 |
| **Net revenue from properties** | **11,703** | **13,448** |

### 5.2. Net revenue from real estate development

| In thousands of€ | 31/12/2009 | 31/12/2008 |
|---|---|---|
| Revenue from real estate development | 2,119 | 11,742 |
| Expenses for real estate development | -779 | -2,864 |
| Change in stock of properties | -2,422 | -10,662 |
| **Net revenue from real estate development** | **-1,082** | **-1,784** |

The net revenue from real estate development was composed of the following:

- for the property located at rue de Rome in Paris, from the sale of apartments for €2,448 K, increased by writing off previous depreciation of the plots sold for €624 K, in other words, income of €3,072 K, which resulted in a decrease in the stock of properties of these same plots sold for €3,200 K, with a loss of €129 K;

- for the property located at rue Claude Terrasse, from depreciation of €953 K, covering the loss between the cost to complete the property and its sale prospects excluding tax, also based on promises valid as of 31 December 2009 and the sales prices included in the marketing mandates. (See note 4.2 concerning additional costs for this property against which we have brought legal actions for reimbursement)

### 5.3. Operating profit and loss

| in thousands of € | 31/12/2009 | 31/12/2008 |
|---|---|---|
| Staff expenses | -8,421 | -9,976 |
| Other overheads | -1,943 | -2,052 |
| Other income and expenses | 38 | -91 |
| Change in value of real estate investments | -19,441 | -91,388 |
| Expenses for other depreciation and provisions | -2,085 | -363 |
| Write-off for other depreciation and provisions | 47 | 196 |
| **Operating expenses** | **-31,805** | **-103,674** |
| **Operating profit and loss before sale** | **-21,184** | **-92,011** |
| Profit and loss from sale of real estate investments | 3,154 | -161 |
| **Operating profit and loss** | **-18,030** | **-92,172** |

At the end of December 2009, the operating profit and loss, excluding profits and losses from sale of real estate investments, amounted to €-21,184 K compared with €-92,011 K in 2008.

The main component of this evolution was related to the variation in fair value of real estate investments which showed a decrease of €19,441 K in 2009 compared with a decrease of €91,388 K in 2008.

The staff expenses recorded, in particular, pursuant to IFRS 2, the impact of assigning the stock options, share subscription options and bonus shares agreed in the financial year 2007 and this financial year. The expenses recorded in 2009, of which a counterpart was recorded in the reserves entry, thus had no impact on the shareholders' equity, (see note 9.7) and consisted of the following:
- for the bonus shares granted in 2007 for which the acquisition term is two years, expenses of €3.2 M,
- for the bonus shares granted in 2007 for which the acquisition term is four years, expenses of €2.3 M,
- for the stock purchase/subscription options granted in 2007 and 2009, expenses of €2.1 M.

The expenses for other depreciation and provisions in this financial year specifically recorded the depreciation of the acquisition difference related to the sub-group Venus joining the Group, for €1,633 K.(see note 1.3.2). The profit or loss from the sale of real estate investments amounted to €3,154 K, and the details of the profit or loss from the sales is included in note 5.5 below.

At the end of December 2008, the operating profit and loss, excluding profits and losses, from the sale of real estate investments amounted to €-92,011 K. This loss was mainly due to the decrease in fair value of real estate investments for €91,388 K.

The staff expenses recorded, in particular, pursuant to IFRS 2, the impact of assigning the stock options, share subscription options and bonus shares agreed in the financial year 2007. The expenses recorded in 2008 consisted of the following:

- for the bonus shares granted in 2007 for which the acquisition term is two years, expenses of €5.5 M,

- for the bonus shares granted in 2007 for which the acquisition term is four years, expenses of €2.3 M,

- for the stock purchase/subscription options granted in 2007, expenses of €1.4 M.

The profit or loss from the sale of real estate investments amounted to €-161 K. The details of the profit or loss from sales are included in note 5.5 below.

### 5.4. Net profit and loss

| In thousands of € | Details 31/12/2009 | 31/12/2009 | Details 31/12/2008 | 31/12/2008 |
|---|---|---|---|---|
| **Operating profit and loss** | | **-18,030** | | **-92,172** |
| Income from cash and cash equivalents | | 60 | | 434 |
| Gross financial debt costs | | -4,412 | | -5,631 |
| Expenses for loan interest (Effective Interest Rate) | -4,076 | | -5 027 | |
| Rate exchange costs | -541 | | -356 | |
| Change in value of derivatives | 205 | | -248 | |
| **Net financial debt costs** | | **-4,351** | | **-5,197** |
| Other financial income and expenses | | 102 | | -3 |
| **Profit or loss before tax** | | **-22,280** | | **-97,372** |
| Acquisition loss difference | | 2,788 | | |
| Corporation tax | | 11 | 27 | |
| **Net profit and loss** | | **-19,481** | | **-97,346** |
| part of the group | | -19,610 | | -97,331 |
| part of minority interests | | 129 | | -15 |

The net losses part of the Group amounted to €–19,610 K on 31 December 2009 compared with €-97,331 K on 31 December 2008.

### 5.5. Profit and loss from the sale of real estate investments

**Financial year 2009:**

The sale of the properties located at rue Clément Marot and avenue de la Grande Armée respectively resulted in, as profit or loss from the sale, a capital gains of €3,304 K and a capital loss of €–150 K.
These results include all the expenses and income related to the sales, in particular sales fees and compensation for early repayment of the loans granted for the properties sold.

**Financial year 2008:**

The consolidated value of the properties sold amounted to €1,666 K (fair value at 1 January 2008, plus works in 2008, plus sale expenses).
The sale price for all the assets sold was €1,505 K, resulting in a net capital loss of €-161 K.
This capital loss takes into account all the expenses and income related to the sales, in particular the sales fees, procedures expenses and compensation for early repayment of the loans granted for the properties sold.

5.6. Verification of tax expenses

| In thousands of € | 31/12/2009 | 31/12/2008 |
|---|---|---|
| **Net consolidated profit and loss** | **-19,481** | **-97,346** |
| Corporation tax | 11 | 27 |
| **Profit or loss before tax** | **-19,492** | **-97,373** |
| French taxation rates | 33.33% | 33.33% |
| **Income from theoretic tax** | **6,497** | **32,454** |
| Adjustments of foreign companies | -170 | 56 |
| Other adjustments and variations | 15,277 | 935 |
| Non-taxable profit or loss (SIIC tax system) | -23,312 | -33,112 |
| Taxation: creation of deferrable losses | 1,719 | -306 |
| **Tax income in the profits or losses** | **11** | **27** |

Corporation tax is almost zero by exercising the option of applying the SIIC tax system since 2005, which allows a full exemption of the capital gains and revenue related to the real estate business for all French transparent consolidated companies or that have chosen this system. The taxable profit or losses are those not included in the scope of this business.

## Note 6. Operating Segments

The Group obtains all its turnover in the real estate segment in the Euro zone.

On 31 December 2009, the group's real estate equity represented a total ground area of 97,374 m² (97,775 m2 on 31 December 2008) divided as follows:

| Type of equity | 31/12/2009 | 31/12/2008 |
|---|---|---|
| Offices | 48,080 m² | 47,402 m² |
| Hotel Residences | 30,472 m² | 30,472 m² |
| Residential | 3,798 m² | 3,126 m² |
| Shopping premises | 15,024 m² | 16,775 m² |
| **Total (1)** | **97,374 m²** | **97,775 m²** |

| Geographic location | 31/12/2009 | 31/12/2008 |
|---|---|---|
| Paris | 40% | 39% |
| Region of Paris (Excluding Paris) | 23% | 20% |
| Province | 34% | 38% |
| Abroad | 3% | 3% |
| **Total (1)** | **100 %** | **100 %** |

(1) Including 941 m2 of properties in stock

The ground area of unbuilt lands on 31 December 2009 amounted to 1,126 areas 76 cent areas.

At 31 December 2009:

Profit and loss account by business segment

| In thousands of € | Offices | Shops | Hotels | Residential | Non-useable | TOTAL |
|---|---|---|---|---|---|---|
| Lease revenue | 9,275 | 1,984 | 2,336 | 511 | - | 14,106 |
| Re-invoiced lease expenses | 1,583 | 297 | 214 | 76 | - | 2,170 |
| Aggregate lease expenses | -3,399 | -583 | -426 | -165 | - | -4,573 |
| **Net revenue from properties** | **7,459** | **1,698** | **2,124** | **422** | **-** | **11,703** |
| Net revenue from real estate development | - | - | - | -1,082 | - | -1,082 |
| Staff expenses (1) | -406 | -127 | -257 | -24 | -7,607 | -8,421 |
| Other overheads (1) (2) | -968 | -303 | -614 | -58 | - | -1,943 |
| Other income and expenses | 131 | -94 | 9 | 197 | -205 | 38 |
| Change in value of real estate investments (3) | -13,805 | -2,940 | -2,193 | -143 | -360 | -19,441 |
| Expenses for other depreciation and provisions | -196 | -112 | - | - | -1,777 | -2,085 |
| Write-off for other depreciation and provisions | -1 | 41 | - | 7 | - | 47 |
| Profit and loss from sales of real estate investments | -151 | - | - | 3,305 | - | 3,154 |
| **Segment operating profit and loss** | **-7,937** | **-1,837** | **-931** | **2,624** | **-9,949** | **-18,030** |

(1) The staff expenses and other overheads are divided according to the m2.
(2) Other overheads mainly consist of the group's general management costs.
(3) The changes in value of non-useable real estate investments are related to lands

Balance sheet information by business segment

| In thousands of € | Offices | Shops | Hotels | Residential | Non-useable | TOTAL |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Real estate investments | 224,809 | 83,958 | 37,660 | 21,577 | 3,204 | 371,208 |
| Tangible assets : Bassano QP Management offices | 6,333 | | | | | 6,333 |
| Stock of properties | - | - | - | 5,304 | - | 5,304 |
| **Liabilities** | | | | | | |
| Non-current financial | 59,318 | 24,185 | 3,070 | 5,357 | 1,586 | 93,516 |
| liabilities | 2,217 | 632 | 637 | 354 | 953 | 4,794 |

The non-useable elements in the assets were mainly lands.
The non-useable elements of the financial liabilities were bank overdrafts and similar items and the derivative fair value.

# ANNEXE TO THE CONSOLIDATED ACCOUNTS AT 31 DECEMBER 2009

Acquisitions of segment assets on 31/12/2009

| In thousands of € | Offices | Shops | Hotels | Residential | Non-useable | TOTAL |
|---|---|---|---|---|---|---|
| Real estate investments | 12,074 | 2,706 | 0 | 11,552 | - | 26,332 |

The acquisitions are detailed in note 4.1.1.

Profit and loss account by geographic area

| In thousands of € | Paris | Region of Paris | Province | Abroad | Non-useable | TOTAL |
|---|---|---|---|---|---|---|
| Lease revenue | 11,270 | 946 | 1,628 | 262 | - | 14,106 |
| Re-invoiced lease expenses | 1,647 | 209 | 261 | 53 | - | 2,170 |
| Aggregate lease expenses | -2,885 | -741 | -455 | -492 | - | -4,573 |
| **Net revenue from properties** | **10,032** | **414** | **1,434** | **-177** | **-** | **11,703** |
| Net revenue from real estate development | -1,082 | - | - | - | - | - 1,082 |
| Staff expenses | -322 | -192 | -275 | -26 | -7,607 | -8,422 |
| Other overheads | -768 | -458 | -656 | -61 | - | -1,943 |
| Other income and expenses | 314 | -74 | 3 | - | -205 | 38 |
| Change in value of real estate investments | -12,244 | -3,095 | -4,089 | -13 | - | -19,441 |
| Expenses for other depreciation and provisions | -183 | -82 | -43 | - | -1,777 | -2,085 |
| Write-off for other depreciation and provisions | 7 | 41 | -1 | - | - | 47 |
| Profit and loss from sales of real estate investments | 3,154 | - | - | - | - | 3,154 |
| **Operating profit and loss by segment** | **-1,092** | **-3,446** | **-3,627** | **-277** | **-9,589** | **-18,032** |

Balance sheet information by geographic zone

| In thousands of € | Paris | Region of Paris Excluding Paris | Province | Abroad | Non-useable | TOTAL Balance sheet |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Real estate investments | 311,122 | 19,454 | 33,632 | 7,000 | - | 371,208 |
| Tangible assets : Bassano QP Management offices | 6,333 | | | | | 6,333 |
| Stock of properties | 5,304 | - | - | - | - | 5,304 |
| **Liabilities** | | | | | | |
| Non-current financial liabilities | 87,044 | 1,775 | 3,111 | - | 1,586 | 93,516 |
| Current financial liabilities | 2,978 | 264 | 599 | - | 953 | 4,794 |

The non-useable elements in the financial liabilities are bank overdrafts and similar items and the derivative fair value.

Acquisitions of segment assets assessed on 31/12/2009

| In thousands of € | Paris | Region of Paris | Province | Abroad | TOTAL |
|---|---|---|---|---|---|
| Real estate investments | 22,700 | 1,700 | 1,932 | - | 26,332 |

The acquisitions are detailed in note 4.1.1.

At 31 December 2008

Profit and loss account by business segment

| In thousands of € | Offices | Shops | Hotels | Residential | Non-useable | TOTAL |
|---|---|---|---|---|---|---|
| Lease revenue | 10,326 | 2,049 | 2,280 | 395 | - | 15,050 |
| Re-invoiced lease expenses | 1,516 | 198 | 221 | 46 | - | 1,981 |
| Aggregate lease expenses | -2,634 | -863 | -310 | 224 | - | -3,583 |
| **Net revenue from properties** | **9,208** | **1,384** | **2,191** | **665** | **-** | **- 13,448** |
| Net revenue from real estate development | - | - | - | -1,784 | - | -1,784 |
| Staff expenses | - | - | - | - | -9,976 | -9,976 |
| Other overheads (1) | - | - | - | - | -2,052 | -2,052 |
| Other income and expenses | -307 | -21 | 119 | 184 | -66 | -91 |
| Change in value of real estate investments | -53,308 | -18,807 | -17,300 | -1,974 | - | -91,389 |
| Expenses for other depreciation and provisions | -121 | -85 | - | - | -157 | -363 |
| Write-off for other depreciation and provisions | 60 | 136 | - | - | - | 196 |
| Profit and loss from sales of real estate investments | - | - | -123 | -38 | - | -161 |
| **Segment operating profit and loss** | **-44,468** | **-17,393** | **-15,113** | **-2,947** | **-12,251** | **-92,172** |

(1) The other overheads mainly consisted of the group's general management costs.

Balance sheet information by business segment

| In thousands of € | Offices | Shops | Hotels | Residential | Non-useable | TOTAL |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Real estate investments | 242,311 | 85,247 | 39,850 | 10,530 | 80 | 378,018 |
| Stock of properties | - | - | - | 8,055 | - | 8,055 |
| **Liabilities** | | | | | | |
| Non-current financial liabilities | 51,731 | 23,120 | 4,574 | 2,290 | 1,820 | 83,535 |
| Current financial liabilities | 2,508 | 773 | 771 | 157 | 839 | 5,049 |

The non-useable elements in the assets were mainly lands.

The non-useable elements in the financial liabilities were bank overdrafts and similar items and the derivative fair value.

Acquisitions of segment assets

| In thousands of € | Offices | Shops | Hotels | Residential | Non-useable | TOTAL |
|---|---|---|---|---|---|---|
| Real estate investments | 1,945 | 178 | 72 | 312 | - | 2,507 |

Profit and loss account by geographic zone

| In thousands of € | Paris | Region of Paris | Province | Abroad | Non-useable | TOTAL |
|---|---|---|---|---|---|---|
| Lease revenue | 11,469 | 1,384 | 1,689 | 508 | - | 15,050 |
| Re-invoiced lease expenses | 1,380 | 251 | 222 | 128 | - | 1,981 |
| Aggregate lease expenses | -2,321 | -760 | -338 | -164 | - | -3,583 |
| **Net revenue from properties** | **10,528** | **875** | **1,573** | **472** | **-** | **13,448** |
| Net revenue from real estate development | -1,784 | - | - | - | - | - 1,784 |
| Staff expenses | - | - | - | - | -9,976 | -9,976 |
| Other overheads | - | - | - | - | -2,052 | -2,052 |
| Other income and expenses | -76 | -36 | 86 | - | -65 | -91 |
| Change in value of real estate investments | -68,223 | -9,690 | -12,550 | -925 | - | -91,388 |
| Expenses for other depreciation and provisions | -84 | -107 | -15 | - | -157 | -363 |
| Write-off for other depreciation and provisions | 52 | 138 | 6 | - | - | 196 |
| Profit and loss from sales of real estate investments | -39 | - | -122 | - | - | -161 |
| **Operating profit and loss by segment** | **-59,626** | **-8,820** | **-11,022** | **-453** | **-12,250** | **-92,171** |

Balance sheet information by geographic zone

| In thousands of € | Paris | Region of Paris Excluding Paris | Province | Abroad | Non-useable | TOTAL |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Real estate investments | 315,368 | 20,040 | 35,610 | 7,000 | - | 378,018 |
| Stock of properties | 8,055 | - | - | - | - | 8,055 |
| **Liabilities** | | | | | | |
| Non-current financial liabilities | 77,893 | 789 | 3,034 | - | 1,820 | 83,536 |
| Current financial liabilities | 3,502 | 181 | 526 | - | 839 | 5,048 |

The non-useable elements in the financial liabilities were bank overdrafts and similar items and the derivative fair value.

Acquisitions of segment assets valued on 31/12/2009

| In thousands of € | Paris | Region of Paris | Province | Abroad | TOTAL |
|---|---|---|---|---|---|
| Real estate investments | 2,424 | 11 | 72 | - | 2,507 |

## Note 7. Off-balance sheet commitments

The internal or external commitments of the Group were as follows:

**Description of off-balance sheet commitments undertaken:**

The commitments are only exercisable for the outstanding amounts actually repayable on the enforcement date of the guarantee, plus the expenses, rights and accessories up to a limit of 20% of this amount. The real impact of these commitments for the group at the end of the financial year is shown below.

| In thousands of € | 31/12/2009 | 31/12/2008 |
|---|---|---|
| **Sureties granted by ACANTHE DÉVELOPPEMENT**<br>To financial institutions that finance the real estate held by the subsidiaries | 66,648 | 62,905 |
| **Amount for mortgage registrations**<br>Registered for real estate purchased<br>Remaining amount of the rent of X 1.20 | 130,670 | 103,263 |
| **Pledge of commercial rents** | 96,992 | 86,053 |

It should be noted that the aggregate amount in the financial liabilities accrued in the financial years 2009 and 2008 amounted respectively to €93,310 K and €88,584 K.

| Other commitments granted in thousands of €<br>Kind | 31/12/2009 | 31/12/2008 |
|---|---|---|
| Pledge of SICAV DE TRESORERIE or financial instrument accounts in favour of banks (1) | 1,578 | 1,567 |
| Commitment with the sellers of SOGEB to keep the equivalent in SICAV of the Guarantee Deposit until the judgement has been ruled in the legal action | - | 313 |
| Pledge of term deposits in favour of the lender banks | 577 | 74 |

(1) The pledges in favour of the banks were granted as a counterpart for bank sureties.

The increase in the « Pledge of term deposits and remunerated accounts in favour of the banks » stems from the remunerated deposit to LANDESBANK SAAR within the scope of the loan transaction carried out by SNC PONT BOISSIERE, as described in paragraph 4.5.1.

**Term of the off-balance sheet commitments at 31 December 2009:**

| Guarantees | In thousands of € | <1 year | > 1 year <5 years | >5 years |
|---|---|---|---|---|
| Sureties | 66,648 | 3,237 | 15,998 | 47,412 |
| Mortgages | 130,670 | 4,830 | 25,575 | 100,264 |
| Pledge of commercial rents | 96,992 | 4,025 | 21,282 | 71,682 |
| Pledge of SICAV DE TRESORERIE in favour of the banks (counterparts of sureties) | 1,578 | 1,474 | 104 | - |
| Pledge of term deposits in favour of the banks | 577 | - | 503 | 73 |

**Pledges, guarantees and sureties granted at 31 December 2009:**

| Company of which the stock or shares are pledged | Name of shareholder or partner | Beneficiary | Start date | Maturity | Number of shares pledged | % of capital pledged |
|---|---|---|---|---|---|---|
| BASNO | VENUS | DEUTSCHEPFANDRIEFBANK | 13/08/2003 | 13/08/2019 | 100 | 100 % |
| BASNO pour FONCIERE DU ROCHER | VENUS | DEUTSCHEPFANDRIEFBANK | 29/09/2003 | 29/09/2019 | 1,000 | 100 % |
| SCI BRIHAM | VENUS | Crédit Foncier | 16/11/2001 | 20/11/2013 | 1,000 | 100 % |
| SCI CANDIDE | BALDAVINE SA | SADE | 19/12/2002 | 19/12/2014 | 100 | 100 % |
| DFLI | SIF DÉVELOPPEMENT | AAREAL | 30/05/2002 | 30/05/2012 | 60 | 100 % |
| SCI LES DAUPHINS | BALDAVINE SA | SADE | 19/12/2002 | 19/12/2014 | 100 | 100 % |
| SCI LES MEUNIERS | VENUS | DEUTSCHEPFANDRIEFBANK | 15/02/2001 | 20/01/2016 | 1,695 | 100 % |
| LORGA | VENUS | DEUTSCHEPFANDRIEFBANK | 03/08/2001 | 31/07/2021 | 290,500 | 100 % |
| PONT BOISSIERE | ACANTHE DÉVELOPPEMENT ET VENUS | LANDESBANK SAAR | 14/05/2009 | 15/05/2019 | 10,000 | 100 % |
| SFIF | VENUS | DEUTSCHEPFANDRIEFBANK | 15/02/2001 | 20/01/2016 | 2,500 | 100 % |

Releasing all the pledges referred to above depends on the repayment of the loan for which the pledge acts as the guarantee.

**Description of the off-balance sheet commitments received**

- A guarantee for liabilities agreed: at the time of the acquisition of the majority equity investment of 2/3 of the capital in the company SOGEB, a guarantee for liabilities was granted by the sellers for the amount of the acquisition price, or €8 M, for a term of three years, which will expire on 22 June 2010.
- bank sureties were granted by the Société Générale, as a counterpart for the SICAV pledge, in favour of the Public Treasury for €1.4 M and for €0.1 M in favour of the commercial seller.
- A guarantee for the loan granted to the company ADT SIIC: a pledge of the shares of the company VENUS held by ADT SIIC.

## Note 8. Risk exposure

### 8.1. Capital management risk

The Group manages its capital to ensure that the companies in the group can continue their operations, maximising the shareholders' return on their investment by optimising the equilibrium between the « shareholders' equity » and the « net financial payables ».

The « net financial payables » included the loans referred to in note 4.5 minus cash and cash equivalents. The « shareholders' equity » consisted of the stock capital of the parent company, plus the consolidated reserves and consolidated profits and losses in the period.

| In thousands of € | 31/12/2009 | 31/12/2008 |
|---|---|---|
| Financial payables to credit institutions | 98,310 | 88,585 |
| Cash and cash equivalents | (12,269) | (1,209) |
| Net financial payables | 86,041 | 87,376 |
| Shareholders' equity, part of the Group | 301,385 | 309,153 |
| Net financial payables/Shareholders' equity ratio, part of the Group | 29 % | 28 % |

The net financial payables/shareholders' equity ratio, part of the Group, did not include treasury stock (€26.5 M assessed according to the NRA), which can be used in order to release cash, nor the surplus released on the current realisable assets, defined as the difference between the current assets (excluding cash and cash equivalents) and current payables (excluding current financial liabilities).

After a period when the main aim of the management was to pay off the debts, this ratio could however change. In fact, the group could finance possible acquisition opportunities that come up in its main market by means of a loan, in other words the office real estate market in the central business area. It may also decide to sell certain properties depending on the opportunities arising in the market.

### 8.2. Rate risk

The ACANTHE DÉVELOPPEMENT Group uses loans with variable rates; therefore a rate risk could threaten the group's debts. However, the group's policy is prudent and well-adapted to the profile of its business and has financial instruments available so that it can hedge the risk related to any increase in interest rates.

The variable rate loans are hence partially hedged (for an amount of €20 M); due to an exchange rate swap being used with a ceiling of 6.94 %.

**Rate risk hedging on 31/12/2009**

| Instruments | Due date | Notional amount on 31/12/2009 in thousands of € |
|---|---|---|
| Swap CAP on scale 0% - 6.94% | june 2012 | 20,000 |
| | | 20,000 |

In order to consider the risk threatening the debt, the table below (see note 8.3.) summarises the values and the repayment periods for the variable rate loans and those with fixed rate when the rates are re-calculated in a five or ten year period.

A sensitivity analysis was conducted on the basis of the debt situation and the derivative financial instruments of rates at the end of the year (the Group not being exposed to exchange rate risks).

This sensitivity corresponds to the impact of an interest rate fluctuation of + and – 0.6%, compared with the interest rates applicable in the financial year, on the profit and loss account or the shareholders' equity.

Since the derivative is a variable rate swap with a limited variable rate, it is estimated that an exchange rate will increase symmetrically, without reaching the rate threshold, and hence there will be no impact on the profits and losses.

The table below shows the impact of a higher or lower fluctuation in the interest rate of 0.6% on the profits and losses and the shareholders' equity on 31 December 2009 and 31 December 2008:

| In thousands of € | 31/12/2009 | | 31/12/2008 | |
|---|---|---|---|---|
| | Impact on the profits and losses | Impact on the shareholder's equity | Impact on the profits and losses | Impact on the shareholder's equity |
| Interest rate fluctuation of +/- 0.6 % | +/- 267 | - | +/- 388 | - |

### 8.3. Liquidity risk

*8.3.1. Risk related to future investments*

The strategy of ACANTHE DÉVELOPPEMENT is based on its capacity to mobilise financial resources in order to finance its investments, either by obtaining loans or through the shareholders' equity. It is possible, in the case of events affecting the real estate market or an international crisis affecting the financial markets for example, that at a certain time the company does not have the required access to financial resources that it needs to finance the acquisition of new properties and hence is faced with difficulties in mobilising the funds required and/or obtain them with advantageous terms and conditions.

*8.3.2. Short-term liquidity risk*

The group's policy is however to diversify its counterparties, to avoid risks arising caused by excessive concentration, and to select counterparties on a qualitative basis. Moreover, the group controls its credit risks related to the financial instruments in which it invests by limiting the investments depending on the rating of its counterparties. On 31 December 2009, the group's cash surplus represented a net amount of €12.3 M compared with €1.2 M on 31 December 2008. It is managed by the Group and is mainly invested in monetary OPCVM. The Group invests its surplus in short-term traded monetary financial instruments with counterparties of which the financial ratings are at least AA- (Standard & Poors) and AA2 (Moody's). The off-balance sheet derivative instruments are traded with top ranking banking counterparties.

The Group is not exposed to any short-term liquidity risk. The amount of its current payables (€15.9 M on 31 December 2009 compared with €14.8 M on 31 December 2008) is offset by the amount of its current assets (€38.8 M on 31 December 2009 compared with €26.6 M on 31 December 2008).

**Credits due but not depreciated:**

| In thousands of € | 31/12/2009 | | | | Depreciated assets | Assets not depreciated or due | Total |
|---|---|---|---|---|---|---|---|
| | Assets due at the end of the year | | | | | | |
| | 0-6 months | 6-12 months | + 12 months | Total | Total | Total | |
| Trade receivables | 708 | 549 | 1,330 | 2,587 | 208 | 4,482 | 7,277 |
| Other accounts receivable | 64 | - | 4,891 | 4,955 | - | 5,517 | 10,472 |
| **TOTAL** | **772** | **549** | **6,221** | **7,542** | **208** | **9,999** | **17,749** |

The entry « Other accounts receivable » includes a State credit of €4,626 K due at the end of 2009. It involves payment of an « Exit tax » supplement paid after a tax adjustment (challenged), which will be reimbursed to the group if the judgement is ruled in its favour in the legal action with the tax authorities.

The leases are subject to guarantee deposits determined as three months rent excluding expenses, hence limiting the risk of default of the rents payable.

| In thousands of € | 31/12/2008 | | | | Depreciated assets | Assets not depreciated or due | Total |
|---|---|---|---|---|---|---|---|
| | Assets due at the end of the year | | | | | | |
| | 0-6 months | 6-12 months | + 12 months | Total | Total | Total | |
| Trade receivables | - | - | 19 | 19 | 487 | 6,186 | 6,692 |
| Other accounts receivable | 2,115 | 6,349 | 845 | 9,309 | - | 1,234 | 10,543 |
| **TOTAUX** | **2,115** | **6,349** | **864** | **9,328** | **487** | **7,420** | **17,235** |

The entry « Other accounts receivable » includes a State credit of €6,349 K due at the end of 2008. It involves payment of an « Exit tax » supplement paid after a tax adjustment (challenged), which will be reimbursed to the group if the judgement is ruled in its favour in the legal action with the tax authorities.

The leases are subject to guarantee deposits determined at three months rent excluding expenses, hence limiting the risk of default of the rents payable.

The following table shows the loan maturities, in order to complete the information concerning the liquidity risks that the group is exposed to.

| Kind of rate | Value on 31/12/2008 In thousands of K€ | Parts | | |
|---|---|---|---|---|
| | | < 1 year in thousands of € | > 1 year et < 5 years in thousands of € | + 5 years in thousands of € |
| Fixed rates | 18,025 | 226 | 3,067 | 14,732 |
| Variable rates | | | | |
| Euribor | 48,032 | 2,210 | 10,175 | 35,647 |
| Fixed rates with five or ten year re-calculation of the rate | | | | |
| PEX 5 YEARS | 23,601 | 1,005 | 5,411 | 17,185 |
| PEX 10 YEARS | 6,112 | 399 | 2,040 | 3,673 |
| | **95,770** | **3,840** | **20,693** | **71,237** |

### 8.4. Counterparty risk

The counterparty risk concerns investments made by the Group and the group's counterparties in commercial transactions commercial and derivative products. The counterparty risk for transaction investments is limited to the support type used, mainly monetary OPCVM offered by highly prestigious institutions.

Regarding transactions with derivative products, these are only undertaken with financial institutions with high standing.

The capacity of ACANTHE DÉVELOPPEMENT to recoup the rents depends on the solvency of its lessees. The quality of the lessees is thus taken into consideration by ACANTHE DÉVELOPPEMENT before signing any of its leases. The operating profits and losses of ACANTHE DÉVELOPPEMENT could however be relatively affected by occasional defaults in payment by the lessees.

All our leases are with SMES. If they fail to pay the rent, the lessee would be in temporary receivership. The judicial receiver must thus decide to pursue the lease and, in this case, is responsible for the payment thereof. The receiver may waive pursuing the lease generally within a term of 3 months (covered by the guarantee deposit) and will thus return the keys of the premises.

The only risk for the Group thus being related to the vacancy period in order to find a new lessee with a negotiated « 46" lease that can be increased or lowered depending on the market.

At 31 December 2009, no customer implies more than 7.33% of the outstanding amounts excluding associated companies (compared with 4.84 % on 31 December 2008). This is the lessee occupying the hotel Le Totem in Flaine for an amount of €401 K, having been informed that it will leave the premises on 31 May 2010 and we will keep the guarantee deposit of €251 K.

Concerning the other debtors such as notaries or property managers, their fees are covered by insurance policies.

### 8.5. Tax risk related to the SIIC tax system

ACANTHE DÉVELOPPEMENT is subject to the SIIC tax system that means it can benefit from a corporation tax exemption, providing certain commitments are fulfilled, in particular allotment of the equity (a condition that is immediately applicable) and a direct or indirect holding of less than or equivalent to 60% of the stock capital by one or several shareholders acting alone or jointly. For companies already subject to the SIIC tax system prior to 1 January 2007, this spread of the capital must, in principle, have been observed as of 1 January 2009. However, paragraph) 1 in article 24 of the French Finance Act of 2009 postpones application of this condition until 1 January 2010.

In the case these commitments are not fulfilled, ACANTHE DÉVELOPPEMENT and its subsidiaries will forfeit the exemption for all their revenue (profits, capital gains and dividends in the financial year in question).

Failure to fulfil the conditions to apply the system in subsequent financial years after the system began to be applied will result in the SIIC system no longer being able to be applied and thus its subsidiaries can neither apply this system.

No longer applying this system will be retroactive to the first day of the financial year in which the group stops applying it. The profits and losses of the company and its subsidiaries can not hence benefit from the exemption system with the allotment condition for such financial year. Nevertheless, they will continue to benefit from it for the profit and losses in the financial years prior to the one when it stops applying the system, even if there are allotment commitments in the financial year it stops applying the system or previous years. The SIIC and its subsidiaries must obviously fulfil these obligations in order to ensure that they are finally granted the exemption.

In the event of no longer applying the SIIC tax system in the ten years after the option granted to do so, the capital gains recorded as of the start of applying the SIIC tax system of the company and its subsidiaries that have opted to apply it and for which a rate of 16.5 % was applicable, will be subject to the normal tax rate, or a reduced rate if the latent capital gains for the shares of taxable transparent persons benefit from the reduced rate from the time the system is not applied, in the financial year they stop applying the system, with a tax deduction of 16.5% as of the time they stop applying this system. This means in fact it replaces the SIIC and its subsidiaries in the situation in which they would be placed if such capital gains had not been levied the special rate of 16.5 %.

Whether no longer applying the system takes place before or after this term of 10 years, the capital gains from the sale of properties and shares of taxable transparent persons after they stop applying the system are calculated according to the real value used as the basis for levying 16.5 % as of the time the system is no longer applied.

When the dividends paid out from exempt profits are allotted to a shareholder other than a physical person, at the time of the payment directly or indirectly holding at least 10% of the rights to dividends of the SIIC allotting the dividends and it is not subject to corporation tax (or an equivalent tax) with this shareholder, the allotting SIIC must withhold a percentage of 20% from these amounts. However, this withholding is not applicable when the payment is made to a company that must allot all the dividends it receives and its partners that directly or indirectly hold at least 10% of the rights to dividends are subject to Corporation Tax (or an equivalent tax) for these dividend payments (article 138 of Act 2006-1771 of 30-12-2006 applicable to payments of dividends after 1 July 2007).

This system is applicable as long as there is no amendment by international treaties.

It should be noted that the French Finance Act for 2009 includes a suspension of the system in the case of temporary failure to comply with the holding ceiling.



In fact, article 24 of the French Finance Act for 2009 develops and completes the rules applicable to SIICs in the case the holding ceiling is not fulfilled, and now a suspension period of the system is granted for one financial year, applicable once every ten years at the company's discretion and for the ten following years.

The fact of reaching the ceiling, even if this is only on one day in a financial year, implies, with no exception, that the condition has not been met.

The SIIC would thus be imposed Corporation Tax under the common law conditions for this financial year.

However, the holding ceiling may be exceeded after certain transactions providing the situation is quickly adjusted. This is applicable for the following transactions:

- Public put and swap options (Public Take-over and Swap Offer) according to article L 433-1 of the French Monetary and Financial Code;
- the reorganisation transactions referred to in article 210-0 A of the French General Tax Code. These mean mergers, spin-offset and takeovers of equity ( » TUP ») as defined in article 1844-5 of the French Civil Code;
- conversion transactions or reimbursement of bonds in shares.

In these different cases, the holding condition is deemed to have been observed if the holding rate is below 60% at the end of the term for registering the profit and loss statement for the financial year. For financial years that coincide with the calendar year, a minimum term of four months is allowed for this purpose, in other words until 30 April N + 1, so that the shareholder with 60% or more of the capital can sell some of its shares.

On 31 December 2009, no shareholder directly or indirectly reached the holding threshold of 60%.

### 8.6. Insurance risk

ACANTHE DÉVELOPPEMENT has insurance coverage to guarantee its fixed assets that would allow the group's real estate investments to be rebuilt as new. The company depends on the insurance market and the premiums paid could be increased in the case of a major claim needing to be compensated by the insurance companies.
Our properties are insured with prestigious solvent companies, mainly with AXA and GAN.

### 8.7. Exchange risk

Since the group's business is only performed in the Euro zone there is no exchange rate risk for the Group.

### 8.8. Own shares risk

At 31 December 2009, the treasury stock and the BSA held by the Group was 8,149,849 shares and 86,730,047 BSA, the aggregate acquisition costs of which (€19,480 K) was recorded as a decrease in the shareholders' equity.

### 8.9. Market risk

*8.9.1. The risks related to real estate investment portfolio management are the following:*

**- Rent indexing rates:**

• For offices and shops: the main indexing rate used by the Group for the leases signed was the INSEE index for the building cost. The adjustment to the leases is mainly carried out every year. Only certain leases are subject to three year adjustments.
• For accommodation: the main indexing rate used by the Group for the leases signed was the INSEE index for the building cost. The adjustment to the leases is mainly carried out every year.

Therefore, the future revenue from the properties is in accordance with the evolution of these indicators. Since the benchmark rental amount and its evolution are stipulated in the leases, it is legally applicable by the parties until the end of the leases. However, rental negotiations with the lessee may be held during the lease term, only if mutually required by both parties.

**- Occupancy rates of the properties:**

The financial occupancy rate was 72% on 31 December 2009. The physical occupancy rate on the same date was 74%.

These rates respectively become 88% and 89%, if the properties are excluded that are for sale and those subject to major works and can hence not be occupied (François 1er, Tour Atlantique and the property located in Brussels, which will be converted into a hotel).

The financial occupancy rate is defined as the amount of the current rents divided by the amount of the rents that would be received if the property were fully rented.

**- The evolution of the real estate market:**
The evolution of the market is described in note 9.1 Net Re-valued Assets.

**- The impact of the evolution in the benchmark indices:**

• Evolution in the building cost index:
The table below shows the impact of an increase or decrease in the building cost index by 30 basic points. This index is considered representative. The last building cost index available on the date the accounts were approved was the one from the 3rd quarter of 2009. The index amounted to 1,502.

| In thousands of € | 31/12/2009 | | 31/12/2008 | |
|---|---|---|---|---|
| | Impact on the profits and losses | Impact on the shareholder's equity | Impact on the profits and losses | Impact on the shareholder's equity |
| Building cost +/- 30 points | +/- 272 | - | +/- 293 | - |

• Evolution of the benchmark rental index
The table below shows the impact of an increase or decrease in the building cost index by 2 basic points. This index is considered representative. The last building cost index available on the date the accounts were approved was the one from the 4th quarter of 2009. The index amounted to 117.47.

| In thousands of € | 31/12/2009 | | 31/12/2008 | |
|---|---|---|---|---|
| | Impact on the profits and losses | Impact on the shareholder's equity | Impact on the profits and losses | Impact on the shareholder's equity |
| Benchmark rental index +/- 2 points | +/- 9 | - | +/- 7 | - |

• Expiration of the leases

The lease expiration, based on the current leases on 31 December 2009 (amount of the rental for which the lease will be renewed on a certain regular basis) are shown in the table below.

| In thousands of € | Total | Expiration at a maximum of 1 year | Expiration at more than 1 year and less than 5 years | Expiration at more than 5 years |
|---|---|---|---|---|
| Expiration | 15,522 | 2,303 | 6,672 | 6,547 |

*8.9.2. The impact on the profits and losses by applying the fair value method*

The impact is focussed on the entry « Change in value of real estate investments » in the profit and loss account

## Note 9. Other information

**9.1. Net re-valued assets**

The ACANTHE DÉVELOPPEMENT Group decided to adopt the IAS 40 standard in order to assess its real estate investments at fair value from 1 January 2006. This option is aimed at reflecting the market variations of the « real estate investments » in the consolidated accounts and to assign a market value to the equity.

The portfolio of the group was subject to updates based on the experts' opinions issued by an independent expert firm (the firm Experts & Associés, experts appointed by the Court of Appeal in Paris) and assessed on 31 December 2009. These updates were carried out, in the same way as in previous years, according to the criteria defined in the Real Estate Appraisal Charter and were applied to all the traded real estate companies.

Since the end of 2008, due to the economic and financial crisis that has affected the world economy since the 2nd half of 2008, the Group has paid special attention to the estimates of the fair value of its properties, this having a significant impact on the accounts since it is the main business of the group.

Although the crisis does not only affect the real estate sector as took place in the 1990s, the economic scenario was however weak in 2009, the obvious result of this situation in fact leading to a slowdown in the real estate market.

The real estate market was rather inactive in 2009, both in the lease and commercial real estate investment segments and in the residential segment.

**- The lease market in 2009:**

Investment demand in 2009 was 1,800,000 m2 in Ile de France, 24% lower than in 2008, but an investment trend was observed in the 4th quarter of 2009, a good sign for the forecasts of 2010.

The vacancy rates show an upward trend, but still remain very acceptable compared with other European cities.

The offer of available premises shows a strong upward trend in Paris in particular in the northern and southern areas of the city. In the central business area, mainly the second hand offer progressed.

Regarding the shop lease market, retail outlets were affected by the economic crisis in 2009, with the direct result being that they obtained a lower margin. The effort rates, in other words the percentage of turnover assigned to rents, automatically increased, creating difficulties for numerous independent shops.

It is feared that within this scope, and due to second class sites, the number of demands for a decrease in rent will be higher in 2010.

However, for the most highly prized sites in the city, which are not only profit centres but also communication vehicles, the market lease values held up very well.

**- The investment market in 2009:**

The office investment market remained weak in volume in the first three quarters of 2009, but is still the most appealing market segment.

The very low historical level of the EURIBOR 3 months, which is currently about 0.75, also created a context leading to a return to service real estate investment. Therefore, only in the month of January 2010, the commitments in this sector reached the level of the whole of 2009.

The difficulties in obtaining bank financing were partially alleviated in the fourth quarter of 2009, however with a part of the called up shareholders' equity of about 40%, which is high.

## ANNEXE TO THE CONSOLIDATED ACCOUNTS AT 31 DECEMBER 2009

After having continued a rather slow progress in the first half year, the yield rates took a downward trend for high quality office properties located in the « Central Business Area ».

Paris is hence the sole geographic sector where progress was made in commitments in 2009. This confirms acquirers tend to seek secure assets.

However, the rest of Ile-de-France suffered a great deal, thus investors showed an aversion to risk.

**- The equity of the group:**

The conclusions from the experts' opinions issued by the firm EXPERT & Associés – 58 rue de Ponthieu in Paris – represented by Mr. Antoine VASSELIN were as follows:

« The equity of the ACANTHE DÉVELOPPEMENT group, mainly consisting of very high quality office properties, in good upkeep condition and located in Paris, in the Central Business Area (C.B.A.) held up very well to the turbulence in the current market. The lease yield increased slightly and there were very few demands for a decrease in the rents based on article L. 145-39 of the French Commercial Code. The vacancy rates were low except for certain properties where restructuring projects were in process.

For premises used for accommodation, these were luxury apartments in prestigious sites that imply a « niche » market only very slightly affected by market evolution. This segment had a low volume of transactions in 2009, without any significant decrease in price.

The experts' opinions about the equity of the ACANTHE DEVELOPPEMENT group hence showed, in the year 2009, a constant perimeter, a drop of 4.77 % with variants depending on the geographic location (CBA, the suburbs, mountains) and the kind of property.

The net situation of the Group due to this fact amounted to €301,385 K. In order to calculate the Net Re-Valued Assets (NRA), the treasury stock (shares and BSA) was added to this amount of which the acquisition value was deducted from the consolidation shareholder's equity along with the latent capital gains of these shares. The Net Re-Valued Assets did not include rights and prior to latent taxation of the possible capital gains obtained at the time of the sale of BSA as treasury stock, not converted into shares, was determined as follows on 31 December 2009:

| In thousands of € | |
|---|---|
| Consolidated shareholders' equity | 301,385 |
| Treasury stock: | |
| - 86,730,047 BSA | 867 |
| - 8,149,849 shares | 18,613 |
| Latent capital gains of treasury stock | 7,860 |
| **Net Re-Valued Assets** | **328,725** |

| | |
|---|---|
| Number of shares (at 31/12/2009) | 101,199,299 |
| - ANR : | 3.248 € per share |
| - Diluted NRA only after exercising the BSA: | 3.099 € per share |
| - Diluted NRA after exercising the BSA and issuing the 4-year bonus shares remaining to be issued: | 2.984 € per share |
| - Diluted NRA after exercising the BSA and issuing the 4-year bonus shares remaining to be issued and exercising the stock options: | 2.850 € per share |

The final diluted NRA is the NRA per share there would be by exercising all the 351,052,650 BSA in circulation (reminder: 75 BSA €+ 4 grants a right to 2.33 new shares), issuing all the 4,330,000 bonus shares at 4 years that had been assigned but not yet issued and exercising all the stocks options granted.

At this stage, the shareholders' equity would have been increased by €31,044 K and would thus be €359,769 K; In addition 25,048,203 new shares would have been created and the total number of shares would be 126,247,502.

As a comparison, the Net Re-Valued Assets at 31 December 2008 were as follows:

| In thousands of € | |
|---|---|
| Consolidated shareholders' equity | 309,153 |
| Treasury stock: | |
| - 3,092,122 BSA | 124 |
| - 11,376,428 shares | 29,302 |
| Latent capital gains of treasury stock | 13,546 |
| **Net Re-Valued Assets** | **352,125** |

| | |
|---|---|
| Number of shares (at 31/12/2008) | 93,458,355 |
| - NRA: | 3.768 € per share |
| - Diluted NRA only after exercising the BSA: | 3.503 € per share |
| - Diluted NRA after exercising the BSA and issuing the bonus shares at 2 years: | 3.367 € per share |
| - Diluted NRA after exercising the BSA and issuing the bonus shares at 2 and 4 years: | 3.241 € per share |

The final diluted NRA is the NRA per share there would be by exercising all the 446,490,825 BSA in circulation (reminder: 75 BSA €+ 4 grants a right to 2.33 new shares), and issuing all the 8,660,000 bonus shares that had been assigned. The calculation does not include exercising the stock options that are considered by hypothesis as unable to be exercised due to the vesting price (after adjustment) being €2.92 whereas the weighted average market price at 31 December 2008 was €1.26 (market price at the end of the year: €1.24).

### 9.2. Tax situation

The group is not integrated for tax purposes.
The tax losses of the group, for the part related to the taxable system (excluding SIIC) can be broken down as follows:

| | 31/12/2009 in thousands of € | 31/12/2008 in thousands of € |
|---|---|---|
| Deferred losses | 35,800 | 35,215 |
| Long-term capital losses | - | - |
| **Total** | **35,800** | **35,215** |

The tax losses shown above do not include the proposal for tax adjustments received by the various companies in the group, as explained in the following paragraph. Furthermore no deferred tax assets were recorded due to applying the principle of prudence.

### 9.3. Legal actions

*9.3.1. Tax legal actions*

After several tax inspections mainly related to the financial years 2002 to 2004, the tax authorities sent various companies in the Group and the company ACANTHE DÉVELOPPEMENT proposals for adjustment for an aggregate tax amount as principal of €25.3 M (excluding interest and the increase for delayed payment) and €0.6 M for VAT. These proposals for adjustment were in particular challenged for an amount €22.2 M, the principle of non-taxation of dividends within the scope of the parent and subsidiary system, and hence the rights to benefit from the dividends received according to the parent company system.

# ANNEXE TO THE CONSOLIDATED ACCOUNTS AT 31 DECEMBER 2009

This position means double taxation of the same profits obtained by a company. This situation that, within the European Union Area, has above all drawn criticism and, if the tax authorities maintain their position, will hence be submitted to a judgement of the Court of Justice of the European Communities.

However, the position of the tax authorities could also apparently be strongly challenged bearing in mind the most recent French tax case law, in particular the judgements ruled by the Council of State in the cases JANFIN (judgement of 27 September 2006 which restrictively determined the conditions in which the tax authorities could object to certain financial transactions involving payments of dividends, based on infringement of the law) and the GOLDFARB and AXA cases (judgements of 7 September 2009, which ruled against the claims made by the tax authorities when challenging the grounds by infringing the law regarding financial transactions involving payments of dividends in conditions very similar to those challenged by the authorities in the cases of the Group).

These adjustments were challenged by the Group that, with the law firm CMS Bureau Francis Lefebvre acting on its behalf, brought legal proceedings and has not recorded any provision whatsoever in this respect.

Furthermore, the company ACANTHE DÉVELOPPEMENT received on 21 December 2007 a proposal for adjustment that also objected to the assessment of the AD CAPITAL shares allotted as dividends in kind for an amount of €15.6 M, based on which a part is taxed as long-term capital gains resulting in a tax adjustment in principal of €3.4 M (excluding interest and the increase for delayed payment). ACANTHE DÉVELOPPEMENT had assessed these securities based on the Net Re-Valued Assets (NRA). The authorities propose other methods that have been challenged by the company and its advisors, the law firm CMS Bureau Francis Lefebvre, in their reply to the proposal for adjustment.

On 7 July 2008, the department spokesperson for the tax authorities agreed to hold a meeting with the company's legal counsel, the law firm CMS Bureau Francis Lefebvre. After this, in a letter sent on 20 August 2008 to the company, the tax authorities reviewed their position about the assessment elements that had been used for their adjustment proposal, agreeing to the arguments raised by the company's legal counsel. However, the authorities maintained its original position regarding the assessment methods that they had applied. This new element reduced the adjustment amount that nevertheless now basically amounts to €11.8 M, in other words a tax adjustment of €2.5 M as the principal (excluding interest and the increase for delayed payment). The company however intends to pursue its action and hence has not recorded a provision for such purpose.

*9.3.2. Other legal actions*
The other legal actions in process on 31 December 2009 were mainly related to the subsidiary FIG and arising in a period prior to France Immobilier Group – FIG becoming part of the ACANTHE DÉVELOPPEMENT group. It should be noted that this situation has developed due to events taking place after 31 December which are described in note 9.11 of these annexes.

Another legal action is related to the company SOGEB.

*9.3.2.1 Claim brought by a former manager of FLG (now called FIG) due to the compulsory enforcement of a call option for the sales of ALLIANCE DESIGNERS shares held by him.*

A judgement ruled in September 2006, upheld by a judgement ruled by the Court of Appeal in November 2008, cancelled a capital increase carried out in August 2003 by the company ALLIANCE DESIGNERS as well as the procedures related thereto. After this, a former manager of FLG (now called FIG), who had lost his position as shareholder of ALLIANCE DESIGNERS (due to him having subscribed to the aforementioned capital increase), became a shareholder again. This position of shareholder has not yet been recorded, since the general meeting of this company – the only one competent to do so - has not yet been summoned by the judicial director appointed on 10 July 2007 who has been appointed to do so.

A judgement by the Court of Appeal in Paris ruled on 19 May 2009, upheld a judgement ruled on 5 June 2007, and ordered compulsory enforcement of the call option for the shares of ALLIANCE DESIGNERS held by this former manager and jointly and severally ordered Mr. Duménil, DOFIRAD, FIG and ALLIANCE DESIGNERS to pay him the price (i.e. €2.5 M + legal interest) and to pay €50,000 to the former manager of FLG (now called FIG) for the damages caused and €50,000 according to article 700 of the New French Civil Procedures Code. However it can also be highlighted that the joint and several order of ALLIANCE DESIGNERS to pay the price of its own shares infringes the provisions in article L225-206 of the French Commercial Code that only authorises a company to purchase its own shares in certain specific cases, which this judgement does not include, and those in article L225-216 of the French Commercial Code related to a company paying the price of its shares.

These infringements result in this judgement being unenforceable on this point.

However, pursuant to that explained above, compulsory enforcement can not be carried out until the General Shareholders' Meeting of ALLIANCE DESIGNERS records the shareholders' position of all the former minority undertakings of the company.

If the deadlock legal situation of ALLIANCE DESIGNERS were settled and the company FIG were obliged, before the other parties jointly and severally ordered, to enforce the ruling, it is clear that it would also require the parties directly involved in the case to make the payment. Due to this fact, the company did not record a provision for this matter.

It should be pointed out that the call option for the shares of ALLIANCE DESIGNERS in particular states the lack of major or serious liability of this former manager. However, a criminal action with a civil part was brought against this former manager in February 2007 and he has been subject to investigation (see note 9.3.2.3.).

*9.3.2.2 Claim brought by a former manager of FLG/FIG (dismissed by the Board of Directors) to the Industrial Tribunal*
This former manager also petitioned legal termination of the so-called employment contract that he claims he held and payment of an amount of €958 K as back salary, compensation and damages. This case, brought several years ago, was subject to dismissal on 23 June 2010, the former manager not having yet submitted his documents. The company FIG considers there was no employment contract and this person was one of the company's senior executives. Therefore no provision was recorded in its accounts.

*9.3.2.3 Criminal action*
On 23 February 2007, a criminal action with a civil part was brought in particular by the company FIG against a former manager for wrongful use of the company's assets in the Court of First Instance in Paris. The case is still in the investigation stage.

*9.3.2.4 Claims by three shareholders of FLG (now called FIG) concerning the cancelation of the resolutions adopted by the general shareholders' meeting of the company held on 24 February 2004*

According to the judgements ruled on 28 September 2009, the Commercial Court of First Instance in Paris cancelled the resolutions adopted by the General Shareholders' Meeting of the company FLG (now called FIG) adopted on 24 February 2004 and « all the minutes related thereto and all the subsequent minutes ». These judgements included provisional enforcement.

The object of these judgements was to return the situation to the « status quo before » 24 February 2004 and hence re-establish, in all its aspects, the company and its shareholders in the situation existing on 24 February 2004, in other words prior to the company joining the traded Group ACANTHE DÉVELOPPEMENT.

However between the date of the cancelled General Meeting (February 2004) and the judgements ruling the cancelation (September 2009), the company FIG operated normally, carrying out several management procedures in particular a merger. Moreover, between the aforementioned two dates, the company FIG changed its luxury business to a real estate business.

We appealed these judgements ruled in September 2009.
Since these decisions were enforceable even though an appeal had been brought, the company Tampico, the sole partner of FIG, decided, pursuant to the judgement, to spin-off the business of the company FIG (in order to re-establish its equity situation to its status in February 2004).

In order do so, the company FIG contributed all its real estate business to a company, then allotted all of the shares obtained as consideration for this contribution: the spin-off having then been carried out, the possibility of re-establishing the prior status quo could be achieved. Since, the company is no longer in the group, the completion of the reestablishment to its prior status quo will be carried out by the new shareholder.

The main shareholder of the company FIG in February 2004, after having been served notice of the judgements, then informed us that it planned to re-establish the shareholding status on such date and would recapitalise all the credits that could be recouped for the company in order to achieve the shareholders' equity equilibrium.

*9.3.2.5 Capital reduction*

According to the resolutions adopted on 10 and 31 December 2009, the sole partner of the company FIG decided to reduce the stock capital to €1,439.50.

The former shareholders – based on the aforementioned three judgements ruled on 28 September 2009 – petitioned the Commercial Court of Paris for these decisions to be cancelled.

The next hearing will be held on 3 May 2010 to submit the pleas to the ruling judge.

Since the sole partner was not a party to the claim resulting in the judgements ruled on 28 September 2009, these decisions are therefore legally inadmissible and can not have any consequences against such partner.

*9.3.2.6 Minority action of SOGEB*

The minority partner of SOGEB brought a claim against BRUXYS and its managers on 10 August 2009 related to the following:

- the nullity of the summons and resolutions adopted at the different General Meetings that decided on a capital increase and amendment of the articles of association and
- the winding up of the company SOGEB.

It should be pointed out that the minority partner had, in January 2009, brought a summarised action for almost the same reasons and the ruling dismissed its claims and ordered it to pay the legal costs.

The group and its legal counsel considered that this new action, the grounds of which it strongly challenged, could not be successful and therefore did not record any provision for this purpose.

At the hearing held on 20 January 2010, the case was postponed until 24 March 2010 for a simple hearing procedure.

**9.4. Ad hoc companies**

The group does not perform any transactions through ad hoc companies.

**9.5. Associated parties**

All the transactions carried out between the companies in the ACANTHE DÉVELOPPEMENT Group (€8,958 K of which is with current discount interest, €1,268 K for headquarters expenses, €572 K for salaries and €956 K for leases and lease expenses) were cancelled within the scope of consolidation adjustments.

Regarding associated parties, it should be pointed out that their definition in the IAS 24 standard and its broad meaning exceeds the terminology of associated companies in use in the company's accounts and the tax definition of the same term.

In this respect, the ACANTHE DÉVELOPPEMENT Group performed transactions with ARDOR CAPITAL, a company controlled by Mr. Alain DUMÉNIL and directly holding the control of the capital of ACANTHE DÉVELOPPEMENT.

The ACANTHE DÉVELOPPEMENT Group performed transactions with the traded group ADC SIIC in which one of the reference shareholders is Mr. Alain DUMÉNIL and that has common managers and directors.

The ACANTHE DÉVELOPPEMENT Group performed transactions with other companies (SMALTO, SEK HOLDING, POIRAY, FERAUD, RUE DES MARQUES, ALLIANCE DESIGNERS, etc.) which also coincide with the definition of associated parties due to having the same reference shareholder (Mr. Alain DUMÉNIL).

Finally, the ACANTHE DÉVELOPPEMENT Group performed transactions with the traded group ADT SIIC, which coincides with the definition of associated party according to the IAS 24 standard for the sole reason that they have common managers and directors. This group actually has no common reference shareholder with the ACANTHE DÉVELOPPEMENT Group.

On 31 December 2009, the ACANTHE DÉVELOPPEMENT Group is owed credits by the following companies:

ARDOR CAPITAL for €66 K, ADC SIIC for €143 K, ADT SIIC for €203 K, SMALTO for €1,126 K, FSI for €1 K, ALLIANCE DESIGNERS France for €1,463 K (of which €898 K is owed to the company FIG, HAREL for €10 K, SEK Holding for €1,269 K, JACQUES FATH for €51 K, EK Boutiques for €4 K, RUE DES MARQUES for €32 K, POIRAY for €178 K and FERAUD for €475 K. Moreover, ACANTHE DÉVELOPPEMENT has been granted a loan by ADT SIIC for €4,376 K.

On 31 December 2009, the ACANTHE DÉVELOPPEMENT Group had a debt with the company ADT SIIC for €60 K.

On 31 December 2009, the ACANTHE DÉVELOPPEMENT Group had the following guarantee deposits for leases:

ADC SIIC for €25 K, ADT SIIC for €31 K, SMALTO for €133 K, SEK Holding for €6 K, JACQUES FATH for €6 K, RUE DES MARQUES for €3 K POIRAY for €48 K and FERAUD for €34 K.

It invoiced the following in the financial year 2009:

– For providing staff (Administration, Asset Management, Legal, Standard): €33 K to ARDOR CAPITAL, €120 K to ADC SIIC, €167 K to ADT SIIC, €33 K to SMALTO, €27 K to FSI, €3K to SEK Holding, €3 K to EK Boutiques, €6 K to RUE DES MARQUES, €23 K to POIRAY and €14.5 K to FERAUD. These invoices were issued at arm's length cost.

– as re-invoicing of meal vouchers: €0.7 K to PAMIER, subsidiary of ADT SIIC

– as re-invoicing of expenses incurred for the previous « luxury » business of FIG: €756 K to ALLIANCE DESIGNERS France

– as rents (contracted at arm's length terms and conditions) and with re-invoiced expenses:

– €127 K to ADC SIIC (150 m² for its registered office – 2 rue de Bassano in Paris),

– €156 K à ADT SIIC (185 m² for its registered office – 2 rue de Bassano in Paris),

– €679 K to Smalto (for 275 m² at 21, bld Poissonnière in Paris and 800 m2 at 2, rue de Bassano in Paris),

– €4 K to ALLIANCE DESIGNERS France (for 16 m² at 77, rue Boissière in Paris for 3 quarters),

– €30 K to SEK HOLDING (for 37m² at 2, rue de Bassano in Paris),

– €30 K to JACQUES FATH (for 37m² at 2, rue de Bassano in Paris)

– €15 K to RUE DES MARQUES (for 18 m² at 2 rue de Bassano in Paris),

– €248 K to POIRAY (for 336 m² at 2 rue de Bassano in Paris),

– €183 K to FERAUD (for 270 m² - 2 rue de Bassano in Paris),

– As registered offices:

– €1 K to CFC, subsidiary of ADC SIIC.

Invoices were recorded in the financial year 2009 for providing staff by ADT SIIC for €50 K and by EK Boutiques for €0.5 K, re-invoicing for fees by the Group ADT SIIC for €1.6 K and management fees invoiced by ARDOR CAPITAL for €200 K.

Furthermore, the Group paid fees for an amount of €190 K HT to the company MEP, the manager of which is Mr. MAMEZ, Chief Executive Officer of ACANTHE DÉVELOPPEMENT and on 31/12/09 owed €18 K, excluding tax, to this company.

It invoiced the following in the financial year 2008:

– For providing staff (Administration, Asset Management, Legal, Standard): €155 K to ADT SIIC, €96 K to ADC SIIC, €32 K to ARDOR CAPITAL and €53 K to FSI. These invoices were issued at retail cost.

– as rents (contracted at arm's length terms and conditions) and with re-invoiced expenses:

– €95 K to ADT SIIC (76 m² for its registered office - 2 rue de Bassano in Paris),

– €101 K to ADC SIIC (110 m² for its registered office – 2 rue de Bassano in Paris),

– €635 K to ALLIANCE DESIGNERS Belgium (for 3,043 m² - 9 avenue de l'astronomie, Brussels in Belgium),

– €305 K to FERAUD (for 290 m² - 2 rue de Bassano in Paris and for 199 m² - 21, bld Poissonnière in Paris),

– €1,849 K to ALLIANCE DESIGNERS France (for 2,451 m² for its own use and its subsidiaries – for 3 quarters - at 2 rue de Bassano in Paris and for 16 m² at 77, rue Boissière in Paris for the whole year),

– €63 K to POIRAY (for 336 m² –for one quarter- at 2 rue de Bassano in Paris),

– €3 K to RUE DES MARQUES (for 18 m² – for one quarter - at 2 rue de Bassano in Paris),

– €212 K to SEK HOLDING (for 276 m² at 21, bd Poissonnière in Paris and 300 m2 at 10, rue d'Uzès in Paris for a complete year and for 37m² au 2, rue de Bassano in Paris for one quarter),

– €8 K to ELANTIS (for 37m² at 2, rue de Bassano in Paris for one quarter),

– €248 K to DS Holding (for 275 m² at 21, bd Poissonnière in Paris for the whole year and for 800 m2 at 2, rue de Bassano in Paris for one quarter).

Invoices were recorded in the financial year 2008 for providing staff by ADT SIIC for €65 K and by ADC SIIC pour €15 K and management fees invoiced by ARDOR CAPITAL for €200 K.

The Group paid fees for an amount of €174 K, excluding tax, to the company MEP, the manager of which is Mr. MAMEZ, Chief Executive Officer of ACANTHE DÉVELOPPEMENT.

**9.6. Staff**

The group's staff, excluding real estate employees, consisted of 18 employees (excluding executives) and were categorised as follows on 31 December 2009 (19 on 31 December 2008):

- Management: 9
- Non-management: 9

Some employees were also managers of subsidiaries. They had employment contracts according to their paid work. They were included in the two previous categories.
No advance payment or loan was granted to the individual managers in the financial year.

The bonus shares assigned to Mr. Alain DUMÉNIL in the financial year 2007 (see note 9.7) imply, pursuant to the IFRS 2 standard, a staff expense in the financial year 2009 for €5.5 M, which can be broken down as follows:
- €3.2 M as bonus shares, the acquisition term of which was two years (this acquisition term ended in July 2009),
- €2.3 M as bonus shares, the acquisition term of which is two years.

The bonus shares assigned to Mr. Alain DUMÉNIL in the financial year 2009 (see note 9.7), after he had expressly waived those assigned to him in 2007, implied, pursuant to the IFRS 2 standard, a staff expense in the financial year 2009 for €2.1 M.

Moreover, the General Shareholders' Meeting determined the amount of attendance fees to be paid to the directors in the financial year at €100 K (gross).

The net remuneration paid to other managers amounted to €10 K for their management duties in the subsidiaries.

**9.7. Remuneration in shares**

The Board of Directors' Meeting held on 25 July 2007 adopted a resolution to assign bonus shares, share subscription options and stock options according to following systems:

- A resolution to assign bonus shares to be issued (by virtue of the approval, with votes in favour of more than 99% of the shareholders attending, in the 2nd resolution adopted by the Ordinary and Extraordinary General Shareholders' Meeting held on 21 March 2007):
Assignment of 8,660,000 bonus shares (representing 9.99132 % of the stock capital issued by the company on such date) to Mr. Alain DUMÉNIL in his position as President and General Manager of the company, to be divided as follows: 4.99566 % or 4,330,000 shares, subject to a 2-year acquisition term and a 2-year preservation period and, 4.99566% or 4,330,000 shares subject to a 4-year acquisition term, with no preservation period.

- A resolution to assign options to subscribe to shares (by virtue of the approval, with votes in favour of more than 99% of the shareholders attending, in the 1st resolution adopted by the Ordinary and Extraordinary General Shareholders' Meeting held on 21 March 2007): assignment of 8,667,520 options to Mr. Alain DUMÉNIL, in his position as President and General Manager of the company. Option vesting price: €3.21 to subscribe to one share and €3.22 for purchasing one share. The options may be exercised after a one-year acquisition period (or from 26 July 2008), and they will remain valid until 25July 2017.

The Board of Directors' Meeting held on 18 July 2008, pursuant to the introduction to the option plan regulations adopted and at the Board of Directors' Meeting held on 25 July 2007, a resolution was adopted that all the options assigned would be stock options. Secondly, the Board of Directors adjusted the number and price of the share subscription options after the allotment of premiums. In fact, the company had to make such adjustment so that the aggregate subscription price would remain the same and thus protect the interests of the beneficiaries of the options. This adjustment resulted in the right to exercise 9,528,520 share subscription options at a vesting price of €2.92 (instead of 8,667,520 options at a vesting price of €3.21 prior to this adjustment).

The Board of Directors' Meeting held on 28 August 2009:

- took record of the express waiver, by virtue of a letter dated 3 August 2009, by Mr. DUMÉNIL, to the whole assignment of options that had been allotted to him by the Board of Directors' Meeting held on 25 July 2007,

- based on the authorisation granted by the Mixed General Shareholders' Meeting held on 21 March 2007, a resolution was adopted to assign 9,936,436 share subscription options, of which the vesting price was determined at €1.24,

- pursuant to article L.225-1 85 of the French Commercial Code, a resolution was adopted that Mr. DUMÉNIL would keep 1% of the shares issued by releasing the options until the President and General Manager would step down from office, providing that this obligation would not result in the profits obtained for the company being challenged, according to the SIIC tax system.

The Board of Directors' Meeting held on 31 December 2009 (2 p.m.) specified that if, on the date of the option or options, the company does not hold the required number of shares for such purpose, the options would be, as a priority, stock purchase options depending on the number of shares held by the company and the subscription options for the balance of the options would not be able to be released due to the company not holding a sufficient number of shares to provide them.

*9.7.1. Methods of assessing bonus shares and stock options*

The assessments of the bonus shares and the stock options were carried out pursuant to the IFRS2 standard.
For the bonus share plans, the features are the following:
- Underlying asset: €3.29 (this was the closing market price of a ACANTHE DEVELOPPEMENT share on 24 July 2007, the day before the assignment);
- Annual dividend rate: 8 %;
- Loan-borrowing margin (difference between the rate that would be received in the case of investment of the share value and what would be applicable to pay off a loan for the same value– or REPO margin): 2 %;
- Number of shares in circulation at the time of assignment: 86,675,203 shares.
The assignments of bonus shares were both assessed according to the Black-Scholes model with the following parameters:
Features of the bonus shares with a 2-year acquisition period:
- Volatility: 24.10 %;
- Risk free rate: 4.52 %;
- Loan rate during the non-sale period (2 years): 6 %.
Features of the bonus shares with a 4-year acquisition period:
-Volatility: 25%;
- Risk free rate: 4.54 %.
The features of the new option plan are as follows:
- Vesting price: €1.24 (corresponding to 95% of the average market price in the 20 market sessions prior to the option issue date. i.e. €1.31);
- Annual dividend rate: 10% in 2010, 8% in 2011 and 2012, 4% for the other years;
- Loan-borrowing margin (difference between the rate that would be received in the case of investment of the share value and what would be applicable to pay off a loan for the same value– or REPO margin): 2 %;
- Number of shares in circulation at the time of assignment: 99,985,905 shares;
- Other dilutive instruments considered: bonus shares and BSA.
The stock options were assessed according to the Cox, Ross & Rubinstein method, based on binomial trees, according to the following parameters:
- Vesting price: €1.24;
- Volatility: 35 %;
- Risk free rate: 2.76 %.

*9.7.2. Assessment of stock options and bonus shares.*

The assessments were carried out based on the assignment according to independent experts' reports (actuarial firm Valoria Conseil and a financial company (2)).

| Item | Assignment date | Date of use | End of vesting period | Number of shares or options assigned | Cost recorded in the accounts for the shares or option |
|---|---|---|---|---|---|
| Bonus shares | | | | | |
| 2-year acquisition period | 25/07/2007 | 26/07/2009 | | 4,330,000 | 2.59 € (1) |
| 4-year acquisition period | 25/07/2007 | 26/07/2011 | | 4,330,000 | 2.16 € (1) |
| Subscription options or stock options | 28/08/2009 | 31/12/2009 | 28/08/2019 | 9,936,436 | 0.21 € (2) |

The information related to the cost incurred is the result of applying the compulsory IFRS 2 standard for companies subject to the IAS-IFRS, calculated according to the Black-Scholes and Cox, Ross & Rubinstein models and only used for such purpose. It should be pointed out that these costs do not indicate the market price assigned by the company.

The expense recorded in staff expenses with, as a counterpart, the share premium entry is spread as follows:

| Year | Amounts recorded and to be recorded in thousands of € | Options | Bonus shares at 2 years | Bonus shares at 4 years |
|---|---|---|---|---|
| 2007 | 4.3 | 0.7 | 2.5 | 1 |
| 2008 | 9.2 | 1.4 | 5.5 | 2.3 |
| 2009 | 7.6 | 2.1 | 3.2 | 2.3 |
| 2010 | 2.3 | | | 2.3 |
| 2011 | 1.4 | | | 1.3 |

The expense recorded in the years the rights are acquired by the employees is based on the fair value of the options and shares on the date the plan is assigned. This is fixed, whatever the subsequent fluctuation in the market price may be, either upwards or downwards. It should be pointed out that the market price used to assess the bonus shares was €3.29 (= closing market price on the day before the assignment). €1.31 was used to assess the options assigned in 2009 after the beneficiary waived the previous ones.

### 9.8. Pension provision

The following hypothesis were used in order to assess the pension provision:

Salary raise rate: 2% per year;
Updating rate: 4.72 % ( Compulsory Market Rate for the 1st 6 months of 2009 + 0.25 %);
The rotation rate used is calculated based on the resignations compared to the number of employees working in the company on 1 January each year, the rate applied is the average over the last three years adjusted by any statistical deviations. In addition, the employees are divided into three age ranges (- 40 years old, - 55 years old and + 55 years old) and two social and professional categories (non-managers and managers); Life expectancy is calculated based on the mortality table for 2003-2005 provided by the French Statistics Institute (INSEE).

The amount of the provision on 31 December 2009 was €34 K compared with €26 K on 31 December 2008.

### 9.9. Profit (loss) per share

The undiluted profit (loss) per share amounted to €–0.20 on 31 December 2009 (the weighted average number of shares was 98,433,715).

The diluted value (taking into account the BSA 2011, bonus shares to be issued and stock options) per share was determined at €-0.191 on 31 December 2009.

Profit (loss) per share on 31 December 2009

| | | |
|---|---|---|
| **Numerator** | | |
| Net profit and loss, part of the group, on 31 December 2009 (in thousands of €) | (19,481) | |
| **Denominator** | | |
| Weighted average number of shares prior to diluting impact | 98,433,715 | |
| **Undiluted net profit and loss, part of the group, per share (in €)** | | **-0.198** |
| **Impact of diluting shares** | | |
| **Numerator** | | |
| Net profit and loss, part of the group, on 31 December 2009 (in thousands of €) | (19,481) | |
| **Dilution after issuing bonus shares 2011** | | |
| **Denominator** | | |
| Weighted average number of shares before dilution of bonus shares 2009 | 98,433,715 | |
| Number of shares to be issued in July 2011 | 4,330,000 | |
| **Total number of shares to be considered:** | **102,763,715** | |
| **Profit (loss) per share after issuing the bonus shares 2011 (in €)** | | **-0.190** |
| **Dilution after issuing the bonus shares 2011** | | |
| **Denominator** | | |
| Weighted average number of shares before dilution of stock options | 102,763,715 | |
| Number of shares to be created by exercising the stock options | 9,812,168 | |
| Number of shares acquired at market price by using the income from exercising the options (1) | -9,412,667 | |
| Number of dilutive shares | 399,501 | |
| **Total number of shares to be considered:** | **103,163,216** | |
| **Profit (loss) per share after exercising the stock options (in €)** | | **-0.189** |
| **Net profit and loss, part of the group, per diluted share (in €)** | | **-0.189** |

(1) calculated according to the stock buy-back method stated in the IAS 33 standard. This does not mean that the company plans to buy-back its own shares in the market with the amounts obtained by exercising the stock options.

The conversion of the BSA 2011 was not included to calculate the diluted net profit (loss) per share on 31 December 2009, in fact this conversion is of a dilutive nature and thus was not included in the dilutive calculation.

Profit (loss) per share on 31 December 2008

| | | |
|---|---|---|
| **Numerator** | | |
| Net profit and loss part of the group on 31 December 2008 (in thousands of €) | (97,331) | |
| **Denominator** | | |
| Weighted average number of shares prior to diluting impact | 90,338,187 | |
| **Undiluted net profit and loss, part of the group, per share (in €)** | | **-1.077** |
| **Impact of diluting shares** | | |
| **Numerator** | | |
| Net profit and loss part of the group on 31 December 2008 (in thousands of €) | (97,331) | |
| **Dilution after issuing the bonus shares 2011** | | |
| **Denominator** | | |
| Weighted average number of shares before dilution impact | 90,338,187 | |
| BSA conversion October 2011 code FR 0000346975 active on 31/12 | 13,870,981 | |
| Number of shares that could be acquired at market price (with the vesting price) (1) | -11,730,465 | |
| Number of dilutive shares on the BSA October 2011 | 2,140,516 | |
| **Total number of shares to be considered:** | **92,478,703** | |
| **Profit (loss) per share after conversion of the BSA 2011 (in €)** | | **-1.052** |
| **Dilution after issuing the bonus shares 2011** | | |
| **Denominator** | | |
| Weighted average number of shares before dilution of bonus shares 2009 | 92,478,703 | |
| Number of shares to be issued in July 2009 | 4,330,000 | |
| **Total number of shares to be considered:** | **96,808,703** | |
| **Profit (loss) per share after issuing bonus shares 2009 (in €)** | | **-1.005** |
| **Dilution after issuing bonus shares 2011** | | |
| **Denominator** | | |
| Weighted average number of shares before dilution of bonus shares 2011 | 96,808,703 | |
| Number of shares to be issued in July 2009 | 4,330,000 | |
| **Total number of shares to be considered:** | **101,138,703** | |
| **Profit (loss) per share after issuing bonus shares 2011 (in €)** | | **-0.962** |
| **Net profit and loss, part of the group, per diluted share (in €)** | | **-0.962** |

### 9.10. Information related to leases at 31 December 2009

The amounts of the accumulated minimum future payments to be received according to the simple rental agreements signed, unable to be cancelled and for each of the following periods are shown below:

| In thousands of € | Total | Due date up to 1 year | Due date more than 1 year and less than 5 years | Due date longer than 5 years |
|---|---|---|---|---|
| Rents to be received | 66,885 | 15,522 | 44,829 | 6,534 |
| | **66,885** | **15,522** | **44,829** | **6,534** |

The Group did not record the conditional leases in the financial year 2009.

The general description of the provisions in the lease agreement is included in note 2.18.

### 9.11. Characteristic facts taking place after 31 December 2009

The Group reorganised its legal structures by first and foremost simplifying a cost saving concern and, as mentioned in note 9.3.2.4, to comply with a highly challengeable judgement that is however enforceable.

Since the spin-off of the company FIG was carried out by allotting the shares of its subsidiary benefiting from the contributions, it is absolutely obvious that this has led to the compulsory re-allotment, according to the SIIC tax system, of 100% of all the shares of the subsidiary, beneficiary of the contributions.

The companies FIG and Tampico no longer belong to the Group.

REPORT

# THE STATUTORY AUDITORS

## AUDITORS' REPORT ON THE ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2009

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ACANTHE DEVELOPPEMENT

AUDITORS' REPORT ON THE ANNUAL ACCOUNTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2009

To the shareholders,

By performing the work assigned to us by your General Shareholders' Meeting, we hereby present our report for the financial year ended at 31 December 2009 regarding the following aspects:

- Examination of the annual accounts of the company ACANTHE DEVELOPPEMENT, as they are attached to this report;
- Justification of our opinions;
- Specific verifications and information stipulated by law.

The annual accounts were approved by the Board of Directors' Meeting. We are responsible for expressing an opinion on such accounts based on our audit thereof.

### I. Opinion on the annual accounts

We have conducted our audit based on applicable accounting rules in France for our profession; these rules require an examination to reasonably ensure that the consolidated accounts do not contain any serious defects. An audit consists of checking the elements justifying the amounts and information recorded in the annual accounts by taking random samples or by other selection methods. It also consists of examining the accounting principles applied, the significant estimates used and the presentation of all the accounts.

We consider that the elements we have compiled are sufficient and suitable to form the grounds of our opinion.

We hereby certify that the annual accounts are accurate and truthful and provide a true image of the profits and loss from the transactions in the financial year in question and the company's financial and equity situation and the profits and loss of all the persons and companies included within the scope of consolidation, according to the reference International Financial Reporting Standards, as adopted by the European Union.

Notwithstanding the opinion expressed above, we should draw your attention to the point mentioned in note 6 of the annex related to the tax legal actions in process and that specifies the reasons that led the company not to record provisions for such purpose.

### II. Justification of our opinion

The financial crisis that has gradually led to an economic crisis has had an enormous impact on companies and, in particular, on their business and financing. The book estimates used to prepare the financial statements on 31 December 2009 were calculated within a context of a considerable decrease in real estate transactions and a certain difficulty in being able to make economic forecasts.

Within this context and by applying the provisions in article L.823-9 of the French Commercial Code related to justifying our opinions, we would like to inform you of the following aspects:

- On the basis of our work and the information we have been provided with up to now, and within the scope of considering the accounting rules and principles applied by your company, we have specifically checked that the annex provides suitable information about the company's situation regarding the tax inspection procedures in process and the transactions with associated parties,
- Your company holds equity investments in several real estate companies and credits related to these investments and this is described in note 4.1 of the annexe. Our examination consisted of ensuring an accurate assessment of these equity investments and the related credits regarding the value of the properties owned by these companies, on the basis of expert reports, and their financial situations, pursuant to generally accepted accounting principles in force.

The opinions provided in this respect have been obtained from our auditing procedures of the consolidated accounts, taken as a whole, and thus contributed to us reaching our opinion expressed in the first part of this report.

### III. Specific verifications and information

Pursuant to the rules applicable in France for our profession, we have also made specific verifications, as stipulated by law.

Except for the possible impact of the facts explained above, we have no further observations to make on the truthfulness or accuracy of the annual accounts compared with the information contained in the management report issued by the Board of Directors and the documents sent to the shareholders related to the financial situation and the annual accounts;

Concerning the information provided, by applying the provisions in article L.225-102-1 of the French Commercial Code, on the remuneration and bonuses paid to the company's managers and the commitments undertaken in their favour, we have checked that they are in accordance with the accounts or with the data used to draw up these accounts and, if need be, with the elements compiled by your company from the companies controlling your company or those it controls. On the basis of this work, we certify the accuracy and truthfulness of this information.

According to the law, the miscellaneous information has been confirmed related to the identity of the shareholders and holders of the voting rights you have been informed of in the management report.

Neuilly-sur-Seine and Paris, on 29 April 2010

DELOITTE & ASSOCIES
Albert AIDAN

AUDIT ET CONSEIL UNION
Jean-Marc FLEURY

REPORT

# THE STATUTORY AUDITORS

## AUDITORS' REPORT ON THE CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2009

Audit et Conseil Union
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ACANTHE DEVELOPPEMENT

AUDITORS' REPORT ON THE CONSOLIDATED ACCOUNTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2009

To the shareholders,

By performing the work assigned to us by your General Shareholders' Meeting, we hereby present our report for the financial year ended at 31 December 2009 regarding the following aspects:

• Examination of the consolidated accounts of the company Acanthe Développement, as they are attached to this report;

• Justification of our opinions

• Specific verifications stipulated by law.

The consolidated accounts were approved by the Board of Directors' Meeting. We are responsible for expressing an opinion on such accounts based on our audit thereof.

### I. Opinion on the consolidated accounts

We have conducted our audit based on applicable accounting rules in France for our profession; these rules require an examination to reasonably ensure that the consolidated accounts do not contain any serious defects. An audit consists of checking the elements justifying the amounts and information recorded in the annual accounts by taking random samples or by other selection methods. It also consists of examining the accounting principles applied, the significant estimates used and the presentation of all the accounts.

We consider that the elements we have compiled are sufficient and suitable to form the grounds of our opinion.

We hereby certify that the consolidated accounts are accurate and truthful and provide a true image of the profits and loss from the transactions in the financial year in question and the company's financial and equity situation and the profits and loss of all the persons and companies included within the scope of consolidation, according to the reference International Financial Reporting Standards, as adopted by the European Union.

Notwithstanding the opinion expressed above, we should draw your attention to the following point mentioned in note 9.3. of the consolidated financial statements related, on the one hand, to the tax legal actions in process and, on the other hand, the various legal actions in which the companies FIG and SOGEB, subsidiaries of your company, are parties, and that specifies the reasons that led the company not to record provisions for such purpose.

### II. Justification for our opinion

The financial crisis that has gradually led to an economic crisis has had an enormous impact on companies and, in particular, on their business and financing. The book estimates used to draw up the consolidated financial statements on 31 December 2009 were calculated within a context of a considerable decrease in real estate transactions and a certain difficulty in being able to make economic forecasts.

Within this context and by applying the provisions in article L.823-9 of the French Commercial Code related to justifying our opinions, we would like to inform you of the following aspects:

• Notes 2.2, 2.5 and 4.1 in the consolidated financial statements specify that the real estate equity is subject to assessment procedures by an independent expert to estimate, on 31 December 2009, the fair value of the real estate investments. Our work has consisted of examining the assessment methodology used by the expert to ensure that the determination of the fair value of the real estate investments was carried out based on these external expert opinions and that the information provided in the annex is accurate.

• Within the scope of considering the accounting rules and principles applied by your group, we have in particular checked that notes 9.3 and 9.5 include suitable information on the situation of your group concerning the tax inspections in process and the legal actions in which your subsidiaries FIG and SOGEB are parties and transactions with associated parties.

The opinions provided in this respect are related to our auditing procedures of the consolidated accounts, taken as a whole, and thus contributed to us reaching our opinion as expressed in the first part of this report.

### III. Specific verification

Pursuant to the rules applicable in France for our profession, we have also made specific verifications, as stipulated by law, of the information related to the group provided in the management report. Except for the possible impact of the facts explained above, we have no further observations to make on the truthfulness or accuracy compared with the consolidated accounts.

Paris and Neuilly-sur-Seine, on 29 April 2010
The Auditors

Audit et Conseil Union
Jean-Marc FLEURY

Deloitte & Associés
Albert AIDAN

ACANTHE DEVELOPPEMENT

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