2011 Annual Report

A REAL ESTATE PORTFOLIO OF HIGH-END OFFICE BUILDINGS IN PARIS FOR ONGOING PROFITABILITY

CONTENTS

Activity report

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Company profile

IN THE HEART OF THE CENTRAL BUSINESS DISTRICT, ACANTHE DÉVELOPPEMENT HAS A REAL ESTATE PORTFOLIO OF HIGH-END OFFICE BUILDINGS IN PARIS

REAL ESTATE ASSETS

86.41%
office buildings and shops
(in terms of value)
at 31/12/2011

99.58%
(in terms of value)
in the central business district
and historic centre of Paris

24,004 M²
total floor space
At 31/12/2011

15
buildings
At 31/12/2011

259.61
million €
at 31/12/2011

188.6
million €
in equity capital

Mandatory distribution
of dividends for 2011
10,185
million €

Acanthe Développement, a real estate company with French REIT (SIIC) status, holds a portfolio of high-quality real estate assets mainly consisting of high-end office buildings in Paris.

In terms of value, 99% of these assets are located in the central business district and historic centre of Paris. The constantly high demand in this area guarantees the ongoing profitability of the assets.

The strategy of Acanthe Développement is based on the high quality of its buildings and constant control of its expenses.
It aims to offer shareholders the guarantee of a secure yield and prospects of capital gains.

Acanthe Développement is a real estate company listed in Compartment C of Euronext Paris. It is also included in the French IEIF real estate index and SBF 250 index.

Chairman's message

THE RISE IN THE VALUE OF THE REAL ESTATE AND FINANCIAL SOLIDITY GUARANTEE THE STRONG ATTRACTIVENESS OF ACANTHE DEVELOPPEMENT.

Despite un unfavourable economic context, Acanthe Développement demonstrated its financial soundness in 2011. Indeed, the group's proactive strategy initiated several years ago and choosing to recentre its assets in Paris' Central Business District have allowed Acanthe Développement to confirm its positioning as a secure investment.

The prestigious buildings in the Marais, rue Bassano and rue François 1er provide our group with a high-end showcase and substantially enhances our real estate assets.

Note that the complex restructuring work for the building in rue François 1er is now complete and that the latter is already entirely rented out to three tenants. This observation confirms our choices and our audacious points of view.

Our debt, which represents about 30% of the value of the real estate, is under control and allows us to remain one of the few real estate companies to have maintained this level of requirement, which goes to show that the solidity of Acanthe Développement has been ongoing for several years now.

On a like for like basis, rental income increased 5.64% and operating income for 2011 amounts to 4.4 million euros.

We have seen an increase of 7.1 million euros in the appraised value of investment property.

The stringent management of Acanthe Développement and the constant desire to maintain a high level of performance, have allowed for the distribution of dividends on a regular basis for shareholders, amounting to 325 million euros over the period 2004-2011, excluding the distribution scheduled in 2012.

Alain DUMÉNIL

Mode of operation

MANAGEMENT AND ORGANISATION

The Board of Directors met 22 times in 2011. In addition to its legal powers, its 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.

Executive management

is in the hands of a small number of executives to ensure greater efficiency.

Chairman & Managing Director
Alain DUMÉNIL

Deputy Managing Director	Chief Financial Officer	Legal Affairs Director
Philippe Mamez	Florence SOUCÉMARIANADIN	Nicolas BOUCHERON

Auditors for the year 2011

REGULAR	ALTERNATE
DELOITTE & ASSOCIÉS 185, avenue Charles-de-Gaulle 92524 Neuilly-sur-Seine Cedex RCS Nanterre 572 028 041	B.E.A.S. 7-9, villa Houssay 92524 Neuilly-sur-Seine Cedex RCS Nanterre 315 172 445
AUDIT ET CONSEIL UNION 17 bis, rue Joseph-de-Maistre 75876 Paris Cedex 18 RCS Paris 341 012 656	SOGEC AUDIT 58, rue du Faubourg-Saint-Honoré 75008 Paris RCS Paris 702 017 591

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

Appraisal firm

CBRE, 145/151 rue de Courcelles, 75017 Paris.

The Group's portfolio was appraised at 31 December 2011 by CB Richard Ellis Valuation (CBRE) as well as by FONCIER EXPERTISE. As in previous years, those appraisals were carried out in compliance with the criteria defined by the Real Estate Valuation Charter applied by all listed real estate companies.

ACTIVITIES SOCIAL AND ENVIRONMENTAL POLICY

Rise in value of real estate assets and reduction of our debt: an active strategy

In 2011, Acanthe Développement pushed ahead with its strategy within the framework of a controlled disposal programme.

In 2011, the Group sold the following assets, for a total of €61.215 million:

- two office buildings located at 23 boulevard Poissonnière and 10 rue d'Uzès (Paris 8th district) were sold for an amount of 38.15 million euros,
- the building located at 21 boulevard Poissonnière was placed under joint ownership status for the purposes of a split-sale; out of the eight condominiums that it is comprised of, three sales were signed in 2011 for a total amount of 3.5 million euros,
- the apartment building located at 7 rue Guillemites (Paris 4th district) was sold for an amount of 5.6 million euros,
- the office premises on rue La Boétie (Paris 8th district) were sold for an amount of 1.1 million euros (for their transformation into apartments, while the Group keeps the commercial rights which are allocated to the regularisation of the building on Rue de Surène),
- the co-ownership units located at 8 rue Marignan (Paris 8th district) were sold for an amount of 1.5 million euros,
- the last co-ownership unit located on rue Le Marois un Paris 16th district) was also sold for an amount including tax of €65 thousand,
- the premises of the Tour Atlantique at La Défense was sold to one of the tenants for an amount of 4.6 million euros,
- the building in Ivry (94) was sold to SADEV94 (mixed enterprise in charge of the development of the Ivry Confluence area) at a price of 3.85 million euros,
- the land in Ferney-Voltaire was sold to a national developer for 2.85 million euros,
- the lots in the Résidence de la Forêt (Flaine) except for the cellars and reserves transferred to FIPP.

With regards to acquisitions, the Group acquired, through participation, an extraordinary building of about 500 m² located in London, in the prized district of Mayfair, for an entry value of 9,000 KGBP (Pounds Sterling). The holding in the capital of the company that owns this building was transferred to FIPP.

Moreover, the Group has continued to enhance the value of its assets:

- Building on rue François Ier in (Paris 8th district): the complex restructuring work continued all throughout the financial year based on the amended building permit aimed at increasing the useful area and in improving traffic corridors obtained in December 2010; the delivery of the business premises was carried out on 31 January 2012 and the other platforms will be delivered before 31 May 2012; the business premises (Basement, Ground floor and 1st floor) were leased by two luxury clothing stores for a total annual rent of €1,650 thousand.

Controlled environmental impact and strict compliance with standards

On the environmental level, none of the activities of Acanthe Développement have an impact considered as harmful

In a general way, water and energy consumption are carefully managed and controlled.

In building restructuring operations, Acanthe Développement fully assumes its contracting authority's role. In this respect, it sees to the proper implementation of applicable standards regarding construction, safety and protection of workers' health. Their verification is entrusted to independent experts, in order to guarantee objective monitoring and strict compliance.

A workforce of 16.5 people, made up of an equal number of executives and employees (excluding building personnel), are involved in analysis and acquisition financing activities, as well as portfolio valuation and financial management. The management and marketing of the buildings are outsourced to specialised firms.

Paris

REAL ESTATE ASSETS

PARIS 1ST

7 rue d'Argenteuil

666 m² of office space

324 m² of apartments

218 m² of shops

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

PARIS 2ND

21 bd Poissonnière

In mixed property, co-ownership units representing a surface area of 925 m².

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

Currently being sold as split-sale.

PARIS 2ND

15 rue de la Banque

2,019 m² of office space

9 car parks

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

Paris

REAL ESTATE ASSETS

PARIS 4TH

47 rue Vieille du Temple

Mansion house

The former mansion house of Dutch ambassadors

1,718 m²

PARIS 6TH

3/5 quai Malaquais

549 m² of apartments + car parks (rue de Seine)

PARIS 8TH

2/4, rue de Lisbonne

2,458 m² of office space

38 car parks

Typical Haussmann-style building near Place Saint-Augustin, at the corner of Rue de Lisbonne and Rue du Général-Foy, thereby boasting a double façade.

PARIS 8TH

17, rue François 1er

2,095 m² of shops and office space.

Building housing luxury shops, near Avenue Montaigne.

Paris

REAL ESTATE ASSETS

PARIS 8TH

7, rue de Surène

1,378 m² of office space and shops.

PARIS 8TH

55, rue Pierre-Charron

2,890 m² of office space and shops

Superb Haussmann-style 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.

Paris

REAL ESTATE ASSETS

PARIS 9TH

26, rue d'Athènes

963 m² of office space and shops

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

PARIS 16TH

77, rue Boissière

1,510 m² of office space and shops

276 m² of apartments

Near Place Victor Hugo, a Haussmann-style building with attractive communal areas.

PARIS 16TH

24, rue Georges Bizet

930 m² of office space

Building next to the Bassano building.

Paris

REAL ESTATE ASSETS

PARIS 16TH

2, rue de Bassano

3,400 m² of office space

20 car parks

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

PRO FORMA

Address		Nature of the building	Current Physical TO	Building surface	Current rent
PARIS					
7, rue d'Argenteuil	PARIS 1st	Mixed property	85%	1,208 m²	351,601 €
15, rue de la Banque	PARIS 2nd	Office buildings	95%	2,019 m²	811,211 €
21, bd Poissonnière	PARIS 2th	Mixed property	38%	925 m²	126,703 €
47, rue Vieille du Temple	PARIS 4th	Private mansion	0%	1,718 m²	0 €
6-8 rue des Guillemites	PARIS 4th	Car parks	NS		
3/5, quai Malaquais	PARIS 6th	Apartments	100%	549 m²	333,626 €
2-4, rue de Lisbonne	PARIS 8th	Office buildings	84%	2,458 m²	993,117 €
55, rue Pierre Charron	PARIS 8th	Office buildings	100%	2,890 m²	1,598,250 €
17, rue François 1er	PARIS 8th	Commercial property	0%	2,095 m²	0 €
7, rue de Surène	PARIS 8th	Mixed property	100%	1,378 m²	604,477 €
26, rue d'Athènes	PARIS 9th	Mixed property	85%	963 m²	394,401 €
24, rue Georges Bizet	PARIS 16th	Office buildings	0%	930 m²	0 €
2, rue de Bassano (buildings A & B)	PARIS 16th	Office buildings	97%	2,535 m²	1,417,283 €
2, rue de Bassano (building C)	PARIS 16th	Office buildings	56%	865 m²	141,592 €
77, rue Boissière	PARIS 16th	Mixed property	100%	1,786 m²	807,782 €
	TOTAL PARIS		**71%**	**22,319 m²**	**7,580,043 €**
PARIS REGION					
57 avenue Maréchal Joffre	NANTERRE (92)	Business premises	100%	1,685 m²	30,421 €
	TOTAL PARIS REGION		**100%**	**1,685 m²**	**30,421 €**

Split sale

Work

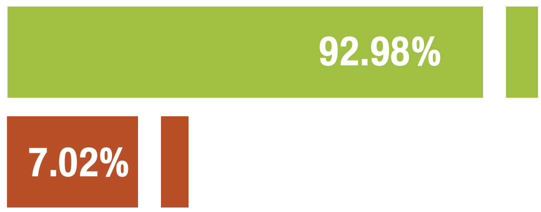
Currently being sold

Financial

INFORMATION

The solidity of Acanthe Développement's real estate assets stem from their concentration in the Central Business District of Paris. Control of the debt is the guarantee of business continuity.

Breakdown of real estate assets in square metres



Breakdown of real estate assets in value

FOCUS

ON THE VALUE OF THE REAL ESTATE

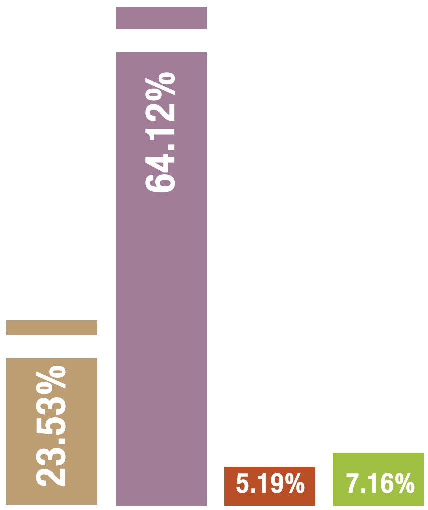
259 M€

Value of the real estate at 31/12/11

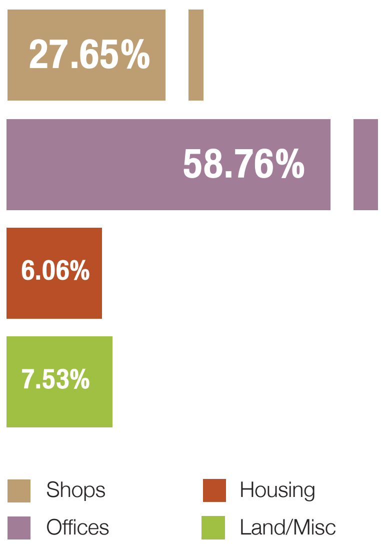
24,004 M²

Extent of the real estate at 31/12/11

Nature of real estate assets in square metres



Nature of real estate assets in value



FOCUS

ON THE PROFITABILITY OF THE REAL ESTATE

for the year 2011

7.61 M€

Rental income

11.88 M€

Potential rents

Financial occupancy rate **93%**

in value (excluding buildings under restructuring) at 31/12/2011

Financial

INFORMATION

Focus on the financial position

Shareholders' equity, Group share	188.6 M€
Net debt	76.9 M€
Net debt/ equity ratio	40.8%
Net asset value per share, after dilution	1.638 €

Focus on financial results

Operating income	4.4 M€
including change in the value of investment buildings	7.1 M€*

* Estimate by an appraisal firm, based on the criteria set out in the real estate appraisal Charter. At 31 December 2011, the market value represents the price expected on the sale of a building within approximately six months.

Including non-current operating expenses	- 1.3 M€

Impact of the booking of bonus shares under IFRS:

Consolidated net income for the Group	- 1.1 M€
Cash flow from operations	- 16.3 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 €
2011:	0.47 € + 0.60 €
2012:	10.185 million € in mandatory distribution

Total
for the period 2004 - 2011 325 M€

Stock market data At 31/12/2011

Breakdown of capital

Float (of which PHRV holds more than 5%)	45.99%
+ Alain Duménil directly and indirectly held (excluding treasury shares)	49.31%
Treasure shares	4.70%*

* 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 2011 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

Management report

OF THE BOARD OF DIRECTORS

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According to the provisions of Articles L. 451-1-2 of the Monetary and Financial Code and 222-3 of the general rules of the securities commission, this report includes the following documents and information:

Management report

OF THE BOARD OF DIRECTORS

PRESENTED TO THE ORDINARY AND EXTRAORDINARY ANNUAL GENERAL MEETING OF 29 JUNE 2012

Dear shareholders,

In accordance with our Articles of Association and legal requirements, we have convened you to this General Meeting in order to (i) inform you of the results of our management for the year ended 31 December 2011, (ii) seek your approval of the 2011 financial statements, (iii), renew the term of a Board member, (iv) appoint new regular and alternate co-Auditors, (v) renew the power given to the Board of Directors to buy and sell the Company's own shares on its behalf, (vi) authorise the Board of Directors to reduce the share capital through the cancellation of treasury shares.

All stakeholders were duly convened to this General Meeting.

In keeping with current regulations, the required documents and information were sent to you or made available to you and to holders of securities giving access to your share capital, within the time frame allotted by legal and regulatory provisions, as well as the Articles of Association.

We remind you that you will be asked to rule on the following agenda:

AGENDA

Under the ordinary procedure:

- Board of Directors' Management Report for the year ended 31 December 2011 including the Group Management Report;
- Report of the Chairman of the Board of Directors on the internal control procedures required under Article L.225-37 of the French Commercial Code;
- Additional report of the Board of Directors on the use of the powers granted for capital increases (Articles L.225-129-1 and L.225-129-2 of the French Commercial Code);
- Special Report of the Board of Directors on the share buy-back programmes;
- Special Report of the Board of Directors on the free share allocation operations carried out by virtue of Articles L.225-197-1 to L.225-197-3 of the French Commercial Code and operations carried out by virtue of the provisions of Articles L.225-177 to L.225-186 of the French Commercial Code;
- Auditors' reports on the company's annual financial statements for the year ended 31 December 2011 and on the consolidated financial statements;
- Special Auditors' report on the Chairman's report concerning the internal control procedures required under Article L.225-37 of the French Commercial Code;
- Special Auditors' report on regulated agreements and commitments coming under Article L.225-38 of the French Commercial Code;
- Approval of the annual financial statements and discharge of Directors;
- Approval of the consolidated financial statements;
- Approval of the agreements coming under Article L.225-38 of the French Commercial Code;
- Allocation of results; Distribution of dividends;
- Setting of directors' fees;
- Option offered to shareholders between the payment of the ordinary dividend in cash or in new shares to be issued by the Company;

- Renewal of the term of Mr Alain Duménil as Board director;
- Appointment of new co-Auditors (regular and alternate);
- Authorisation granted to the Board of Directors to set up a new share buy-back programme;
- Powers for formalities.

Under the extraordinary procedure:
- Authorisation granted to the Board of Directors to reduce the share capital through the cancellation of treasury shares;
- Powers for formalities.

REPORT CONTENTS

Management report

OF THE BOARD OF DIRECTORS

REPORT CONTENTS (continued)

1. Company's position and Group activities over the past financial year (Articles L.225-100, L.225-100-2 and L.233-26 of the French Commercial Code)

1.1. Group's position and activities over the past financial year (Article L.225-100-2 of the French Commercial Code):

Revenues for 2011, before restatement of transferred activities, amounts to €12,185 thousand, compared to €15,368 thousand over the same period last year, i.e. a decrease close to 23% primarily linked to changes in scope.
However, on a like for like basis, the group had an increase of 7.89% thanks in particular to the building in rue Pierre Charron as well as to new leases in rue de Bassano and rue de Surène.

After restatement for transferred activities, for the year 2011, real estate revenues amount to €9,968 thousand (of which €8,052 thousand in rental revenues and €1,916 thousand in re-invoiced rental expenses) versus €13,344 thousand (of which €11,400 thousand in rental revenues and €1,944 thousand in re-invoiced rental expenses) in 2010.

As far as business sectors are concerned, after restatement for transferred activities, office revenues account for 75.53% (€7,529 thousand) of total revenues.
The other sectors: Apartments, Commercial premises and Hotels respectively account for 13.25% (€1,321 thousand), 9.11% (€908 thousand) and 2.11% (€210 thousand) of total revenues.

In comparison, the same sectors after restatement in 2010 for transferred activities in 2011 represented: offices 70.23% (€9,372 thousand), commercial premises 13.87% (€1,851 thousand), apartments 6.61% (€882 thousand) and hotels 9.29% (€1,240 thousand).

On a geographical level, the buildings located in inner Paris generated 93.96% of total revenues after restatement for transferred activities.

The drop in annual revenues compared to 2010 is primarily the result of disposals of buildings that underwent arbitrage in 2011 (rue d'Uzès, Bd Poissonnière, rue de Marignan, building in Ivry, condominiums of Tour Atlantique at la Défense …). The impact is €-3,327 thousand (€-947 thousand for the 4th quarter).

Via an acquisition protocol signed on 7 June 2011, ACANTHE DEVELOPPEMENT directly acquired from ALCATEL LUCENT, 81,054 shares of FIPP out of the 108,648 shares in its capital, at a price of €13.72 per share.

Via a second acquisition protocol signed on 7 June 2011, three subsidiaries of the Groupe BALDAVINE SA, VELO and BRUXYS, acquired from three minority shareholders a total of 11,741 shares in FIPP.

After these transactions, ACANTHE DEVELOPPEMENT and its three subsidiaries held 92,795 shares out of the 108,648 shares in the capital of FIPP, i.e. 85.4% of the capital and voting rights of FIPP.

On 14 June 2011, ACANTHE DEVELOPPEMENT filed with the AMF a simplified tender offer for the balance of the 15,853 shares comprising the capital of FIPP, at a unit price of €13.72 per share. On 19 July 2011, the AMF declared said offer as complaint (Decision and Information 211C1294) and the joint memorandum filed by ACANTHE DEVELOPPEMENT and FIPP received approval no. 11-330 on 19 July 2011.

Board of directors' management report

The simplified tender offer began on 22 July 2011 and was completed on 4 August 2011.

At the closing of the simplified tender offer, ACANTHE DEVELOPPEMENT held, directly and indirectly, 100,911 shares of the company out of the 108,648 shares comprising the company's share capital, i.e. 92.88% of the capital and voting rights of FIPP.

This acquisition transaction falls in line with the restructuring of the ACANTHE DEVELOPPEMENT Group. Indeed, the Group has decided to split its development poles in terms of distributing its property holdings and, in this framework, proceeded with contributions of assets benefitting FIPP.

In virtue of the contribution contract dated 10 October 2011 approved by the Board of Directors of 10 October 2011, the Company sold the land located at 55 rue Jean Bouin – 55100 Verdun and its subsidiaries, BALDAVINE SA and VENUS, and sub-subsidiaries, SOGEB and FINPLAT, sold all of the securities of the following companies:

- SCI LES DAUPHINS, Société Civile Immobilière with a share capital of €1,524.49, whose head office is located at 2-4 rue de Lisbonne – 75008 Paris, registered in the Company and Trade Registry of Paris under number 415 254 473, owner of the building complex located at 4 avenue Voltaire – 01210 Ferney-Voltaire;
- AXONNE, Société en Nom Collectif with a capital of €1,000, whose head office is located at 55 rue Pierre Charron – 75008 Paris, registered in the Company and Trade Registry of Paris under number 478 748 866, which itself holds all of the shares of SOCIETE CIVILE ADEL, Société Civile with a capital of €1,000, whose head office is located at 55 rue Pierre Charron – 75008 Paris, registered in the Company and Trade Registry of Paris under number 410 347 538 owner of the condominiums at 88 boulevard de Courcelles – 75017 Paris;
- SCI BRIAULX, Société Civile Immobilière with a share capital of €1,000, whose head office is located at 2 rue de Bassano – 75116 Paris, registered in the Company and Trade Registry of Paris under number 438 099 921, owner of the Arc 2000 hotel club, immeuble Le Varet – 73700 Bourg Saint Maurice;
- SCI BRIHAM, Société Civile Immobilière with a share capital of €1,000, whose head office is located at 15 rue de la Banque – 75002 Paris, registered in the Company and Trade Registry of Paris under number 438 099 897, owner of the Parc des Expos – 92170 Vanves;
- SCI LE ROUSSEAU, Société Civile Immobilière with a share capital of €1,524, whose head office is located at 2-4 rue de Lisbonne – 75008 Paris, registered in the Company and Trade Registry of Paris under number 412 883 472, owner of the building located at 1 Jean-Jacques Rousseau – 77185 Lognes;
- SOCIETE D'AMENAGEMENT, DE REALISATIONS IMMOBILIERES ET FINANCIERES - SAMRIF, Société en Nom Collectif with a capital of €15,244.90, whose head office is located at 55 rue Pierre Charron – 75008 Paris, registered in the Company and Trade Registry of Paris under number 389 164 617, owner of the Clos de la Garenne shopping centre – 4 avenue Edouard Herriot – 94260 Fresnes,
- ALLIANCE 1995, Société par Actions Simplifiée with a share capital of €113,270.23, whose head office is located at 2-4 rue de Lisbonne – 75008 Paris, registered in the Company and Trade Registry of Paris under number 402 509 269, owner of real estate located at Route du Planay – 74120 Megève;
- SOCIETE GENERALE FINANCIERE ET IMMOBILIERE DE L'ILE DE FRANCE - SFIF, Société par Actions Simplifiée with a capital of €37,000, whose head office is located at 2-4 rue de Lisbonne – 75008 Paris, registered in the Company and Trade Registry of Paris under number 542 046 792, owner of a plot of land – 59650 Villeneuve d'Ascq,
- FINANCE CONSULTING, Société Anonyme with a capital of €61,973.38, whose head office is located at 9 avenue de l'Observatoire – 1210 Brussels, registered in the Company and Trade Registry of Brussels under number 0452016337, holder of an emphyteutic lease on the walls of the Astronomie building in Brussels and holder of 99.92% of the shares comprising the capital of TRENUBEL, Société

Anonyme with a capital of €30,986.69, whose head office is located at 3 avenue Pasteur – L2311 Luxembourg, registered in the Company and Trade Registry of Luxembourg under number B48444, owner of the subsoil of the L'Astronomie building in Brussels;

- SCI LE VOLTAIRE, Société Civile Immobilière with a share capital of €3,566.16, whose head office is located at 55 rue Pierre Charron – 75008 Paris, registered in the Company and Trade Registry of Paris under number 415 883 670, owner of the building located at 2 allée Voltaire – 77185 Lognes;
- SCI LE BREVENT, Société Civile Immobilière with a share capital of €2,257,697.86, whose head office is located at 55 rue Pierre Charron – 75008 Paris, registered in the Company and Trade Registry of Paris under number 415 254 663, owner of the Aujon and Le Totem hotels, as well as the cellars of the building La Forêt – 74300 ARACHES LA FRASSE;
- KENTANA, Société Anonyme with a capital of €31,000, whose head office is located at 3 avenue Pasteur – L2311 Luxembourg, registered in the Company and Trade Registry of Luxembourg under number B109516, holder of all of the capital of HILLGROVE INVESTMENTS GROUP, Société Anonyme with a capital of €31,000, whose head office is located at 16 allée Marconi – L2310 Luxembourg, registered in the Company and Trade Registry of Luxembourg under number B161514, owner of the building located at 50 Charles Street in London.

According to this same contribution contract of 10 October 2011, the investment securities held by FINPLAT in the capital of ORCO PROPERTY GROUP (ISIN code LU0122624777), assessed at €1,362,000 were contributed to FIPP, as well as a receivable and partners' current accounts assessed at €11,161,845.

The valuation of the contributions was entrusted to Mr Alain ABERGEL and Mr Antoine LEGOUX, appointed by order of the president of the Commercial Court of PARIS on 24 June 2011. Their mission concerning the value of the contributions was extended to assessing the adequacy of the exchange ratio by another order from the president of the Commercial Court of PARIS on 5 August 2011.

The total amount of the contributions was appraised at €62,321,674 and compensated by the allocation of 119,972,650 new shares of FIPP to the contributing companies for their respective contributions.

The Group retained the real estate assets that it holds in the central business district (Paris), as well as the prestigious buildings located in Paris. In order to further assert this specific character of the Group, the split-up of the assets was followed by a distribution of shares of FIPP to the shareholders of ACANTHE DEVELOPPEMENT. The Ordinary General Meeting of 23 November 2011 as such carried out an exceptional distribution (for an amount of €72,490 thousand) in the form of an allocation of FIPP shares, with one FIPP share for one ACANTHE DEVELOPPEMENT share.

These contribution and distribution transactions were filed in the form of a prospectus with the securities commission which received approval under no. 11-504 on 3 November 2011.

In 2011, the Group sold the following assets, for a total of €61.215 million:
- two office buildings located at 23 boulevard Poissonnière and 10 rue d'Uzès (Paris 2) were sold for an amount of €38.15 million,
- the building located at 21 boulevard Poissonnière was placed under joint ownership status for the purposes of a split-sale; out of the eight condominiums that it is comprised of, three sales were signed in 2011 for a total amount of €3.5 million,
- the apartment building located at 7 rue Guillemites (Paris 4) was sold for an amount of €5.6 million,
- the office premises on rue La Boétie (Paris 8) were sold for an amount of €1.1 million (for their transformation into apartments, while the Group keeps the commercial rights which are allocated to the regularisation of the building on Rue de Surène),
- the co-ownership units located at 8 rue Marignan (Paris 8) were sold for an amount of €1.5 million,
- the last co-ownership unit located on rue Le Marois in Paris 16 was also sold for an amount including tax of €65 thousand,
- the premises of the Tour Atlantique at La Défense was sold to one of the tenants for an amount of €4.6 million,

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- the building in Ivry (94) was sold to SADEV94 (mixed enterprise in charge of the development of the Ivry Confluence area) at a price of €3.85 million,
- the land in Ferney-Voltaire was sold to a national developer for €2.85 million,
- the lots in the Résidence de la Forêt (Flaine) except for the cellars and reserves transferred to FIPP.

With regards to acquisitions, the Group acquired, through participation, an extraordinary building of about 500 m² located in London, in the prized district of Mayfair, for an entry value of 9,000 KGBP (Pounds Sterling). The holding in the capital of the company that owns this building was transferred to FIPP.

Moreover, the Group has continued to enhance the value of its assets:

- Building on rue François Ier in (Paris 8): the complex restructuring work continued all throughout the financial year based on the amended building permit aimed at increasing the useful area and in improving traffic corridors obtained in December 2010; the delivery of the business premises was carried out on 31 January 2012 and the other platforms will be delivered before 31 May 2012; the business premises (Basement, Ground floor and 1st floor) were leased by two luxury clothing stores for a total annual rent of €1,650 thousand.
- Building on rue d'Argenteuil in Paris 1: the transformation of the housing units into offices is continuing as the tenants vacate,
- "Former mansion house of Dutch ambassadors" in Paris 4: it has been vacated and studies are underway in order to renovate it according to the assignment,
- Buildings on rue d'Athènes in Paris 9: work has begun to install air conditioning as well as extending the service staircase to the 4th and 5th floor.
- Building on rue de Surène in Paris 8: renovation work has been carried out on the office platforms located on the 1st and 3rd floors, two new tenants have leased these premises taking effect on 1 July 2011 for the 1st floor and on 10 September 2011 for the 3rd floor.

The financing of your real estate assets stemmed mainly from medium and long term bank loans. The outstanding borrowings decreased from €106.9 million at the end of 2010 to €78.3 million at 31 December 2011.

1.2. Changes in ACANTHE DÉVELOPPEMENT over the past financial year (Article L.225-100 of the French Commercial Code)

Increases and reductions of the share social

During the year ended 31 December 2011, your share capital changed from €41,721,357 made up of 110,392,205 shares at 31 December 2010, to €16,416,399 made up of 120,816,870 shares at 31 December 2011.

This change was due to:

1/ the exercising of 184,362,375 share subscriptions (ISIN code: FR 0000346975)
giving rise to the issue of 5,727,513 fully paid-up shares (€778,397) and an issue premium of €9,054,256.64.

2/ the reduction in share capital:

The Annual Ordinary and Extraordinary General Meeting of 30 June 2011 decided to reduce the share capital by an amount of €26,721,597 in order to reduce it from €41,721,597 to €15,000,000 by decreasing the par of each of the 110,392,844 shares in existence on 30 June 2011, subject to the condition precedent of a lack of opposition from creditors presented within a period of twenty days as stipulated in Article R.225-152 of the Commercial Code.

The Board of Directors on 1 August 2011 noted the definitive execution of reducing the share capital by an amount of €26,721,597, in the absence of opposition from creditors presented within a period of twenty days.

3/ shareholder re-investment within the scope of the payment of the dividend in shares:

The Annual Ordinary and Extraordinary General Meeting of 30 June 2011 gave each shareholder the possibility of opting for the payment of the dividend in cash or in Company shares. The option for the payment of the dividend in shares was exercised by the holders of 16,747,099 shares. On 3 August 2011, based on the principles defined by the Meeting, the Board of Directors set the price of the new shares to €1.05 per share.

The Board took note that, following the payment of the dividend in shares, 4,697,152 new shares had been issued.

It noted that the new shares were fully paid up and the issue premium amounted to €4,932,009.60: (4,697,152 X €1.05). The difference between the total amount of the subscriptions and the amount of the capital increase, i.e. €4,293,768.27, was recognised in an "issue premium" account.

The amount of €0.67 was then deducted from the "issue premium" account and added to the new share capital in order to round it off.

2. Parent-company and consolidated financial statements for the year ended 31 December 2011

2.1. Parent-company financial statements

The net value of the real estate assets totals €3.12 million and comprises an office/shop building located on rue d'Athènes (Paris 9), with a surface area of 963 m², rented for an amount of €0.49 million as in 2010.

The land in Verdun (55) was contributed to FIPP during the financial year.

The holdings in your subsidiaries amount to €227.52 million at 31 December 2011 (gross amount €228.14 million less a provision of €0.62 million). The contribution of the securities to FIPP was carried out by ACANTHE DEVELOPPEMENT and some of its subsidiaries who received FIPP securities as compensation for contributions. The gross value of the securities did not drop as the companies contributed to FIPP were not directly held by the Company. The changes observed of €5.67 million include:

- The acquisition of 15% of the share capital of BASSANO DEVELOPPEMENT for €5.17 million. This company has a building located at 218 rue du Faubourg Saint Honoré in Paris, where a 4* hotel and reception halls are operated.
- The increase in the value of the securities of BALDAVINE SA following the capital increase for €1.94 million required to obtain a bank loan.
- The reduction in the value of the VELO securities following a reduction in its capital of €1.44 million.

The provision of €0.62 million recognises the loss of value of VELO due to the end of the sales in its property development project in rue Claude Terrasse in Paris 16.

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On the other hand, the FIPP securities acquired during the year were primarily distributed as dividends. At financial year end, the Company held 1.20% of the share capital of FIPP.

The other receivables from equity investments mainly consist of advances granted to your subsidiaries for a gross amount of €24.71 million versus €53.48 million in 2010. This change is primarily linked to the reimbursement by the subsidiary BALDAVINE which amounted to €18.28 million at the end of 2010.

Other long-term investments include the guarantee deposit (paid for the rental of the head office premises).

The "Trade receivables and other accounts receivable" item (1.91 million) mainly consists of invoices to be issued (€1.86 million) including the re-invoicing of head office expenses as well as tenant receivables having fallen due (€0.05 million).

The "Other receivables" item amounting to €6.84 million mainly consists of VAT receivables amounting to €0.42 million, a tax receivable of €4.63 million due to a tax prepayment, an escrow of €1.7 million related to a dispute with minority holders of a former subsidiary (cf. Note 9.3.4 to the consolidated financial statements for the year ended 31 December 2011) and a carryback request of €0.04 million.

Short-term investments and cash & cash equivalents total €1.59 million versus €5.32 million in 2010.

At 31 December 2011, shareholders' equity amounted to €164.87 million. The difference of €-119.18 million in relation to 31 December 2010 is mainly due to the following:
- the exercising of 184,362,375 share subscription warrants generating the issue of 5,727,513 shares and a capital increase of €9.83 thousand;
- the re-investment of 16,747,099 coupons generating the issue of 4,697,152 shares and a capital increase of €10.5 million;
- the interim dividend for a gross amount of €15.43 million;
- the balance of the dividend for a gross amount of €36.43 million;
- the exceptional dividend for a gross amount of €72.49 million;
- loss of €9.58 million for fiscal 2011.

"Debt to credit institutions" amounts to €1.48 million in 2011 versus €1.69 million in 2010. The decrease is due to the progressive reimbursement according to the bank loan schedule.

"Financial debt" amounts to €97.85 million versus €6.8 million at 31 December 2010; the change primarily concerns the inclusion in the current account of the settlement of the purchases of FIPP securities with the subsidiary VENUS and cash advances made by subsidiaries with excess cash.

"Suppliers and associated accounts" item consists of debts to suppliers (€0.33 million) and invoices not yet received (€0.58 million).

"Tax and social liabilities" amounting to €0.44 million mainly consist of a VAT liability.

The result for the fiscal year is a loss of €9.58 million versus a profit of €226.19 million the previous year; it stems from the following:
- revenues of €2.19 million, comprising the rental income from the property located on Rue d'Athènes (Paris 8) amounting to €0.49 million, the re-invoicing of the rent of the Bassano head office to the ADC SIIC Group in the amount of €0.13 million, as well as services re-invoiced to subsidiaries for €1.55 M (€1.22 million in head office expenses and €0.33 million in wages);

- operating expenses amounting to €3.92 million (part of which was re-invoiced, cf. previous paragraph). These mainly consist of fees amounting to €1.63 million (including €0.24 million in lawyers' fees related to the dispute with the minority shareholders of the former FIG subsidiary), financial publication costs amounting to €0.11 million, rents and rental expenses amounting to €0.87 million, wages amounting to €0.42 million, directors' fees amounting to €0.13 million and a depreciation/amortisation allowance of €0.12 million;
- interest received on cash accounts amounting to €0.11 million;
- interest of €0,07 million paid on loans for property investments;
- dividends received from subsidiaries amounting to €0.98 million and net interest of €0.39 million on advances granted or received from subsidiaries;
- the reversal of a provision of €0.17 million on treasury shares;
- the loss generated by the acquisitions and sales of treasury stock (€-8.15 million). This loss is primarily linked to the choice made by the company to buy back its own shares from the group's subsidiaries for the purpose of being used for granting free shares (envelope B of the plan voted in 2007) and the year's exercising of options. As such, 4,330,000 shares that were previously held by subsidiaries were purchased and remitted in the framework of granting free shares in accordance with the decisions of the Extraordinary General Meeting of 21 March 2007. This repurchasing of shares primarily stemming from the transformation of stock warrants into shares and the reinvesting of dividends resulted in a book loss of €6 million for the company, but no financial loss for the group.

Likewise, 5,040,000 shares that were previously held by subsidiaries were repurchased and sold at a price of €1.24 per share following the exercising of stock-options that had been granted. These sales generated a book loss of €2.1 million but the financial loss was extremely limited for the group, in that 90% of the shares came from the transformation of stock warrants into shares or the reinvesting of the dividend.

All of the repurchases were done at the stock market price of the day before the transaction. These transactions moreover resulted in the beneficial effect of limiting dilution.

2.2. Consolidated financial statements

Consolidated Balance Sheet

At 31 December 2011, real estate investments amounted to €253.55 million, once the acquisitions and transfer operations described in item 1.1 of this management report had been taken into account.

This amount takes account of the appraisal of the fair value of the real estate investments at 31 December 2011.

The premises occupied by the Group (389 m² at 2, rue de Bassano – Paris 16) comply with IAS 16 concerning tangible fixed assets. In accordance with IAS 16:36, we have decided to apply the revaluation method for Property, Plant and Equipment. At 31 December 2011, the net value of those premises was €6.06 million.

The "Cash & cash equivalent" item amounts to €1.75 million and mainly breaks down as follows:
- Monetary investment funds: €1.08 million
- Cash & cash equivalents: €0.68 million

The details of the other Assets items are given in the notes to the consolidated financial statements, in section 4.3.

At 31 December 2011, the shareholders' equity amounted to €188.62 million excluding minority interests.

The change in shareholders' equity in relation to 31 December 2010 is due to the following:
- The drop in the revaluation reserve (€-0.1 million) taking into account the valuation of the buildings used for administrative purposes according to the revaluation method (fair value) and the impact of the change in the fair value of the financial assets held for sale;
- The drop in the Group's consolidated reserves (€-119.93 million) due to dividend distributions;
- The capital increase (+€1.42 million) and issue premium (+€13.48 million), due to the exercising of share subscription warrants and re-investment of dividends into shares;

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- In accordance with IFRS2 concerning the payment of dividend in shares, an increase of €1.18 million in the share premium was recognised for the year, following the allocation of free shares. The counterpart entry is booked under personal costs;
- The changes relating to the exercise of the treasury shares which had an impact of €-3.48 million on shareholders' equity, with the results of the transfer or granting of treasury shares being recognised in reserves.
- The consolidated result attributable to the Group for the period is a loss of €1.09 million.

Provisions for risks and expenses include:
- The provision for retirement indemnities for an amount of €117 thousand and allocated during the period for €61 thousand;
- The provision relating to the dispute with the minority of SOGEB (cf. note 9.3.2 of the notes to the consolidated financial statements) allocated for this period for €3,984 thousand; this provision covers the risk of the reestablishment of the interests of this minority at levels that existed before the capital increase of 15 January 2009 that was cancelled by a first instance decision dated 13 October, for which an appeal was lodged.

Financial liabilities (current and non-current) decreased from €107.97 million in 2010 to €78.27 at the end of 2011. This decrease is primarily linked to the deconsolidation from the group of the companies contributed to FIPP that had taken out loans to finance their assets as well as for the early reimbursing of loans taken out to finance buildings sold during financial year 2011 in particular the loan financing the building located at 10 rue d'Uzès, at 21 and 23 bd Poissonnière in Paris 2.

The details of the other Assets items are given in the notes to the consolidated financial statements, in section 4.5.

Income statement

The amounts indicated hereinafter are presented after restatement of the transferred activities.

Consolidated revenues at 31 December 2011 amount to €9.97 million (of which €8.05 million in rents and €1.92 million in re-invoiced expenses) versus €13.34 million at 31 December 2010 (of which in particular €11.40 million in rents and €1.94 million in re-invoiced expenses). The breakdown of revenues is detailed in section 1.1 of this management report.

At 31 December 2011, the net income stemming from the buildings amounted to €6.57 million versus €9.25 million at 31 December 2010.

The Group did not carry out any development projects in 2011 therefore the net revenues for development projects (split-sale) are zero in 2011.

The stock option plan set up by the Board of Directors of 31 December 2009 and the free share plan set up during the Board of Directors of 25 July 2007 had this year an impact of €1.32 million (counterpart entry in shareholders' equity in accordance with IFRS2) on personal costs, which amounted to €2.49 million. The sum of €1.32 million concerns the 2011 share of bonus shares with a 4-year acquisition period and is charged to issue premium. It therefore had no impact on the Group's shareholders' equity.

The expense booked in the fiscal years in which the employees acquired their rights is based on the fair value of the options and shares on the plan allocation date. This value is frozen, irrespective of subsequent upward or downward fluctuations in share prices; it should be noted that the price used for the valuation of the bonus shares was €3.29 and that the closing price at 31 December 2011 was €0.50 . Other operating expenses amounted to €2.61 million versus €2.78 million in 2010. The difference is mainly due to the drop in assessor and administrative fees.

In 2011, the use of the fair value method for the valuation of real estate investments generated a rise of €7.06 million in the value of those real estate assets, which is an increase of 2.78%.

Depreciation, amortisation and provisions comprise:
- the allowance for provisions covering the risk on the dispute with the minorities of BRUXYS for €3.98 million,
- amortisation allowances for other tangible and intangible assets (€0.03 million) as well as those for the part of the building, at 2 rue de Bassano, occupied by the group (€0.1 million),
- provisions for the depreciation of trade receivables for the balance.

A capital loss of €-0.38 million was recorded on building disposals. Most of the arbitrages concerned non-strategic assets: properties located in Paris, but not exactly centred within the group's target strategy (co-ownership lots, apartment hotel, split sales project, buildings located on the edge of the 8th arrondissement but not within the Central Business District, etc.) and properties in the other regions of France.

The net cost of financing amounting to €7.71 million mainly consists of interest on loans for the financing of our real estate assets for €4.1 million and the capital losses on disposals or the provisions on marketable securities (in particular ORCO PROPERTY GROUP and FIPP securities) for €3.61 million.

Other financial income and expenses generated a profit of €0.56 million notably due to the interest on receivables recognised in "Other accounts receivable".

The 2011 consolidated result, after corporate tax of €0.06 million, is a profit of €3.08 million, excluding minority interests. These amount to €0.28 million: the consolidated result attributable to the Group is thus a loss of €1.09 million.

All significant disputes are detailed and analysed in note 9.3 to the consolidated financial statements.

2.3. Risk factors

After having examined the risks which may have an unfavourable effect on its activities, financial position or results, the company deems that there are no significant risks other than those presented herein.

Capital management risk

The Group manages its capital so as to ensure that the Group entities can continue their operations while maximising the shareholders' return on investment, by optimising the debt/equity ratio.
The "net debt" consists of the borrowings mentioned in note 4.5 to the consolidated financial statements minus the cash & cash equivalents. Equity comprises the parent company's share capital plus consolidated reserves and the consolidated income for the financial year.

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in thousands of Euros	31/12/2011	31/12/2010
Financial debts with credit institutions	78,663	107,970
Cash flow and cash equivalents	(1,754)	(21,953)
Net financial debts	76,909	86,017
Equity (Group share)	189,651	297,348
Net financial debt / Equity (Group share) ratio	41%	29%

The Group's debt/equity ratio does not take account of treasury shares (RNA of €9.31 million) which could be used as a source of cash, nor of the surplus from the current realisable assets, defined as the difference between current assets (excluding cash and cash equivalents) and current liabilities (excluding current financial liabilities).
After a period when the Management's main objective was to reduce its debt, this ratio could nevertheless increase. Indeed, the Group may take out loans to finance acquisition opportunities that may arise on its main market, i.e. the office building market in the central business district of Paris. It may also decide to sell certain buildings if market opportunities arise.

Interest-rate risk

As the ACANTHE DÉVELOPPEMENT Group has variable-rate loans, the Group's debt is exposed to an interest-rate risk. However, through a prudent policy suited to the profile of its activities, the Group uses financial instruments to hedge the risk of a rise in interest rates.
The variable-rate loans are partially capped at €42.9 million, due to the set-up of an interest rate swap contracts.

Financial derivative instruments	Due date	Notional at 31/12/2011 in thousands of euros
Swap CAP	28/06/2012	20,000
Swap CAP	30/06/2016	14,906
Swap CAP	14/05/2014	8,000
Total		**42,906**

To enable you to appraise the risk exposure on the debt, the following table (see note 8.3 to the consolidated financial statements) summarises the amounts and repayment periods of variable-rate loans, as well as fixed-rate loans whose rates are reviewed every five or ten years.

The sensitivity analysis is based on the debt position and interest-rate derivatives (as the Group is not exposed to any foreign exchange risk) on the year-end closing date.

The sensitivity corresponds to the impact on the income statement or shareholders equity of an interest rate fluctuation of + or – 0.6% compared with the rates applicable during the financial year.
Since the derivative is a variable-rate swap for a capped variable rate, it is estimated that the swapped rates increase in a symmetrical way, without reaching the cap, and therefore have no impact on profit (loss).

The table below shows the impact of a 0.6% rise or fall in interest rates on profit (loss) and shareholders' equity at 31 December 2011 and at 31 December 2010:

	31/12/2011		31/12/2010	
in thousands of euros	Impact on income	Impact on equity	Impact on income	Impact on equity
Interest rate +/- 0.6%	+/-293	-	+/-307	-

Liquidity risk

Risk on future investments

The investment strategy of ACANTHE DÉVELOPPEMENT depends on its capacity to mobilise financial resources, either through loans or shareholders' equity, to finance its investments. In the event of major circumstances affecting the real estate market or an international crisis affecting the financial markets, the Company may not have access to the required financial resources, at a particular given moment, to finance the acquisition of new buildings, and thus have difficulties in mobilising the required funds and/or obtain them under advantageous terms and conditions. It should then perhaps postpone or renounce its investment.

Short-term liquidity risk

The Group's policy is however to diversify its counterparties in order to avoid risks arising from excessive concentration, and to select counterparties according to qualitative criteria. Moreover, the Group controls its credit risks related to the financial instruments in which it invests by limiting investments according to its counterparties' rating. At 31 December 2011, the Group's net cash surplus amounted to €1.8 million versus €22.0 million at 31 December 2010. This surplus is managed by the Group and mainly invested in monetary UCITS. The Group invests its surplus in short-term monetary financial instruments contracted with counterparties with a minimum financial rating of AA- (Standard & Poors) and AA2 (Moody's). Off balance sheet derivative instruments are contracted with leading banks.

The Group is exposed to no short-term liquidity risk. The amount of current liabilities (€11.3 million at 31 December 2011 versus €29.1 million at 31 December 2010) was offset by the amount of current assets (€20.5 million at 31 December 2011 versus €44.5 million at 31 December 2010).

Receivables due but not depreciated:

In thousands of euros	31/12/2011 Assets due at closing date 0-6 months	6-12 months	+12 months	Total	Depreciated assets Total	Assets neither depreciated nor due Total	Total
Trade receivables	-	-	237	237	66	2,253	2,556
Other receivables	27	959	5,191	6,177	-	8,612	14,789
TOTAL	**27**	**959**	**5,428**	**6,414**	**66**	**10,865**	**17,345**

In thousands of euros	31/12/2010 Assets due at closing date 0-6 months	6-12 months	+12 months	Total	Depreciated assets Total	Assets neither depreciated nor due Total	Total
Trade receivables	-	-	295	295	312	3 923	4,530
Other receivables	8	393	5,092	5,493	-	10,210	15,703
TOTAL	**8**	**393**	**5,387**	**5,788**	**312**	**14,133**	**20,233**

"Other accounts receivable" include a tax receivable of €4.626 thousand which fell due at the end of 2009. It primarily concerns the payment of an "Exit tax" supplement following a tax adjustment (being challenged), which will be reimbursed to the Group in the event of a favourable outcome to the dispute with the tax authorities.

For leases, security deposits set at three months rents (excluding running costs), thereby limiting the risk of non-recoverability of rent claims.

The table below shows the loan maturities, as a supplement to the information concerning the liquidity risks to which the Group is exposed.

		Share			
Type of interest rate	Value at 31/12/2011 (in K€)	< 3 months	> 3 months and < 1 year	> 1 year and < 5 years	+ 5 years
Fixed rates	15,744	69	220	1,647	13,808
Variable rates Euribor	43,256	217	866	4,972	37,201
Fixed rates with five-year re-setting plan PEX 5 years	18,887	204	820	5,222	12,641
	77,887	490	1,906	11,841	63,650

Some loans include clauses providing for early repayment under certain conditions (cf. note 7.2 to the consolidated financial statements at 31 December 2011).

Finally, concerning the amount of dividends to be paid in keeping with the SIIC regime, the company will take all the steps needed to meet its obligations, by realising certain assets where applicable.

A proposal will equally be made to shareholders to reinvest their dividends in shares to be created or as treasury shares, with the understanding that the main shareholder will not exceed the 60% threshold in the share capital or voting rights of ACANTHE Développement pursuant to the SIIC criteria.

Counterparty risk

The counterparty risk concerns investments made by the Group and the Group's counterparties in commercial transactions and derivatives. The counterparty risk on transaction investments is limited by the type of vehicle used – essentially monetary UCITS managed by leading financial institutions. The Group indeed invests its surplus in short-term monetary financial instruments contracted with counterparties with a minimum financial rating of AA- (Standard & Poors) and AA2 (Moody's).

Concerning derivative instrument transactions, these are only undertaken with prominent financial institutions.

ACANTHE DÉVELOPPEMENT's capacity 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 the signing of any lease. ACANTHE DÉVELOPPEMENT is liable to be somewhat affected by occasional defaults in payment by lessees.

All our leases are with SMEs. In the event of outstanding rent payments, the lessee would be in temporary receivership. The judicial receiver would then decide whether the lease is to continue and, if so, would be responsible for the payment thereof. The receiver may decide not to pursue the lease, generally within a period of 3 months (covered by the guarantee deposit) and thus return the keys of the premises.

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The only risk for the Group is thus linked to the period of vacancy before finding a new tenant with a negotiated rent which could be higher or lower than the previous one, depending on market conditions.

At 31 December 2011, no customer accounted for more than 11.84% of the business portfolio, besides affiliated companies (compared with 12.39% at 31 December 2010). Only VAISSE – BREMON represents more than 10% of the outstanding amount on the balance sheet value of trade receivables.

The first five customers in the outstanding amount on the balance sheet value of trade receivables represent 30.14% and the first ten customers represent 43.06%.

As for other debtors such as notaries and building management firms, those professions are covered by insurance policies.

Risk related to the REIT (French SIIC) status

Since 1 January 2005, ACANTHE DÉVELOPPEMENT has been under the SIIC tax regime. Consequently, it is exempt from corporate tax on the portion of its taxable profit stemming from (i) the rental or sub-rental of buildings under lease-purchase agreements or buildings temporarily entrusted to the company by the French state, a local authority or one of their public institutions, (ii) capital gains stemming from the sale of buildings, rights pertaining to lease-purchase contracts, interests in partnerships or subsidiaries having opted for the special regime, (iii) dividends received from subsidiaries coming under the special regime, and dividends received from another SIIC if the beneficiary of the dividend has been holding at least 5% of the distributing company's capital and voting rights for at least two years.

However, this corporate tax exemption is subject to compliance with certain obligations, notably the distribution of a set portion of the net rental income, capital gains and dividends within a given period. Thus, at least 85% of the net rental income must be distributed to shareholders before the end of the fiscal year following that of its realisation, as well as at least 50% of the capital gains before the end of the second fiscal year following that of their realisation. As for dividends received from subsidiaries coming under the special regime, these must be fully redistributed during the fiscal year following the one in which they were received.

Subsidiaries of ACANTHE DÉVELOPPEMENT, in which the latter holds a stake of at least 95%, have been able to opt for the same regime under similar terms.

Under the SIIC regime, other conditions apply, notably concerning the shareholding threshold. Like for all other SIICs, no single shareholder or group of shareholders acting together may hold 60% or more of the share capital of ACANTHE DÉVELOPPEMENT, whether directly or indirectly (except for situations in which an interest of 60% or more is held by one or more SIICs). For companies already under the SIIC regime before 1 January 2007, this condition should, in principle, have been complied with on 1 January 2009. However, item I of Article 24 of the 2009 French Financial Act deferred the coming into force of this condition to 1 January 2010.

Nonetheless, this holding threshold may be crossed exceptionally owing to the execution of certain transactions (takeover bids or OPEs mentioned in Article L 433-1 of the Monetary and Financial Code, mergers, split-ups or mix-up of assets mentioned in Article 210-0 A of the General Tax Code, and transactions to convert or reimburse bonds in shares), subject to the holding threshold being brought below 60% prior to expiry of the deadline for reporting the results for the financial year concerned.

The law provides for two situations: that in which the 60% threshold is temporarily exceeded for reasons other than the above mentioned events, and that in which the situation was not remedied by the end of the financial year in question.

In the first case, the SIIC regime is suspended solely for the duration of the particular fiscal year if the situation is remedied before the end of that fiscal year.

For the year of suspension, the SIIC is liable for corporate tax in accordance with ordinary law, except for capital gains on the sale of buildings which are taxed at the reduced rate of 19%, after deduction of amortisation allowances previously deducted from exempt profits.

In principle, the return to the exemption regime the following year entails the consequences of the cessation of business, but palliative measures exist concerning the taxation of unrealised capital gains. Thus, unrealised capital gains on buildings, rights stemming from lease-purchase contracts and shares in partnerships whose purpose is identical to that of SIICs are only liable for corporate tax at the reduced rate of 19% for the portion acquired since the first day of the fiscal year in which the cap was exceeded; moreover, unrealised capital gains on other fixed assets are not liable for immediate taxation if no modification is made to the accounting entries.

Finally, the amount of tax due shall equally be increased by a tax at the 19% reduced rate on unrealised gains from real properties, rights deriving from a real estate leasing agreement and shares, acquired during the suspension period, which would have been due had the company not left this regime.

In the second case, failure to regularise the 60% threshold crossing shall lead to a permanent departure from the regime.

In the event of withdrawal, notably for that reason, and if this event takes place within ten years of having opted for the SIIC regime, the SIIC is then required to pay additional corporate tax on the capital gains which were taxed at the reduced rate under the regime, thereby bringing the overall tax rate in line with the general rate stipulated in Article 219 I of the CGI.

Moreover, in their taxable income for their year of withdrawal, the SIIC and its subsidiaries must include the portion of the distributable profit posted at the year-end closing date stemming from previously exempt amounts. To the amount of corporate tax due is added a 25% tax on unrealised capital gains on buildings, rights pertaining to lease-purchase contracts and equity interests, acquired during the regime, minus one tenth per completed calendar year since the initial implementation of the regime.

At 31 December 2011, no ACANTHE DÉVELOPPEMENT shareholder had directly or indirectly reached the 60% shareholding threshold under the above mentioned conditions.

As concerns the dividends paid by ACANTHE DÉVELOPPEMENT, the law provides for a levy of 20% on the portion of the dividends stemming from exempt profits distributed to a shareholder other than a natural person holding, either directly or indirectly, on the date of the payment, at least 10% of the dividend rights in the distributing SIIC, where this shareholder is not liable for corporate tax (or an equivalent tax) on these dividends, except when the latter is a company required to redistribute all such dividends.

Insurance risk

ACANTHE DÉVELOPPEMENT's real estate assets are covered by insurance policies which would allow full reconstruction of the Group's real estate investments. As the company is dependent on the insurance market, it is exposed to an increase in insurance premiums in the event of a major claim borne by the insurance companies.
Our properties are insured with unquestionably solvent companies, notably AXA, ALBINGIA and SWISS LIFE.

Board of directors' management report

Foreign exchange risk

Since the Group's operations solely take place in the Euro zone, it is not exposed to any foreign exchange risk.

Risk related to treasury shares

At 31 December 2011, the treasury shares held by the Group amount to 5,682,741 for which the total acquisition cost carried out through the exercise of stock warrants (€11,582 thousand) is booked against shareholders' equity.

2.4. Uncertainty factors

Uncertainties relating to the market

The uncertainties on management of the investment properties portfolio mainly derive from the following items:

• **Rent indexing rates**
- For offices and shops: the main indexing rate used by the Group for the leases signed is the INSEE index for construction costs. The leases are generally reviewed on a yearly basis. Only certain leases are subject to a three-year review.
- For apartments: the main indexing rate used by the Group for the leases signed is the IRL index (rent benchmark index). The leases are generally reviewed on a yearly basis.

Consequently, future income from the buildings is correlated to the changes in those indicators.
Note that in the last five years, these rates decreased only once from one quarter to the next.
As the amount of the reference rent and its progression are defined in the lease, they are legally binding on the parties until the end of the lease. However, rent renegotiations may take place with the lessee during the course of the lease, subject to both parties' agreement.

• **Building occupancy rate:**

At 31 December 2011, the financial occupancy rate was 64%. On the same date, the physical occupancy rate was 73%. These rates respectively rise to 93% and 92% if we set aside the buildings being sold off and those under rehabilitation which cannot be occupied (rue François 1er, rue Vieille du Temple).
The financial occupancy rate is defined as the amount of the current rents divided by the amount of the rents that would be collected if the building was fully rented.

• **Changes in the real estate market:**

The changes in the market are described in note 9.1 (Net Asset Value) to the consolidated financial statements at 31 December 2011.

• **Impact of the changes in the reference indices**
- Change in the construction cost index:

The table below shows the impact of a 30-point increase or decrease in the construction cost index. This index is considered as representative. At the year end, the last known construction cost index was that of the 3rd quarter 2011, standing at 1,624.

	31/12/2011		31/12/2010	
In thousands of euros	Impact on income	Impact on equity	Impact on income	Impact on equity
Building cost +/- 30 points	+/- 135	-	+/- 237	-

- Evolution of the rent benchmark index

The table below shows the impact of a 2-point increase or decrease in the rent reference index. This index is considered as representative. At the year end, the last known rent reference index was that of the 4th quarter 2011, standing at 121.68.

	31/12/2011		31/12/2010	
In thousands of euros	Impact on income	Impact on equity	Impact on income	Impact on equity
Rent benchmark index +/- 2 points	+/- 13	-	+/- 16	-

- **Expiration of the leases**

The maturity of the leases based on the ongoing leases at 31 December 2011 (amount of rents for which the leases shall be renewed for a certain period) is presented in the table below.

In thousands of euros	Total	Maturity at one year at most	Maturity at more than one year and less than 5 years	Maturity at more than 5 years
Maturity	7,648	1,220	2,472	3,956
	7,648	1,220	2,472	3,956

Impacts of the fair value method on profit (loss)

The impacts are set out in the income statement under “Change in value of real estate investments”.

Sensitivity tests

Sensitivity tests were carried out by real estate experts and resulted as follows:

a) Based on the rate of return at 31 December 2011, an increase of 25 base points would reduce by €2,070 thousand, the value of the commercial real estate.

b) A change of -10% in the market value of residential real estate, would result in a drop of €1,341 thousand in this property (excluding transfer taxes and disposal costs).

Board of directors' management report

c) With regards to offices, an increase of 25 base points in the rate of return would reduce by €11,720 thousand the total value of the office real estate.

b) A change of -10% in the market value of miscellaneous real estate, would result in a drop of €2,360 thousand in this property (excluding transfer taxes and disposal costs).

These sensitivity tests would then have a negative impact on the real estate assets of €17,491 thousand which is 6.9% of the latter.

The hypotheses retained in developing these sensitivity tests were selected in such a way as to obtain an estimation of a possible impact in variation of the real estate market.

3. Information on payment terms (Article L.441-6-1 of the Commercial Code)

In accordance with the provisions of Article L.441-6-1 of the Commercial Code, we provide you with the breakdown, at the closing of the last two financial years, of the balance of supplier debt, by date of maturity, in thousands of euros:

Year 2011

FNP	Suppliers					
	Balance at 30 days	Balance at 60 days	Balance at 90 days	Balance at 120 days	Credit Note	Total
574	114	0	0	80	0	768

Year 2010

FNP	Suppliers					
	Balance at 30 days	Balance at 60 days	Balance at 90 days	Balance at 120 days	Credit Note	Total
577	198	14	0	115	0	902

4. Changes to shareholdings and/or controlling interests in companies (Articles L.233-6 and L.247-1 of the French Commercial Code)

	Shareholding percentage		Percentage controlled	
Names of consolidated companies	**Year**	**Yr-1**	**Year**	**Yr-1**
SCI CANDIDE Société Civile Immobilière with a capital of €1,524.49 415 254 804 Business Registry of PARIS	Sold	100%	Sold	100%
SCI LES MEUNIERS Société Civile Immobilière with a capital of €1,695 351 824 917 Business Registry of PARIS	Sold	100%	Sold	100%
LA FRASSIENNE Société par Actions Simplifiées with a capital of €10,000 524 562 634 Business Registry of ANNECY	Sold	100%	Sold	100%
SC DFLI Société Civile with a capital of €914.69 330 842 204 Business Registry of PARIS	Sold	100%	Sold	100%
SCI LES DAUPHINS Société Civile Immobilière with a capital of €1,524.49 415 254 473 Business Registry of PARIS	Contributed	100%	Contributed	100%
SCI LE VOLTAIRE Société Civile Immobilière with a capital of €3,566.16 Head office: 47 rue Vieille du Temple – 75004 PARIS 415 254 663 Business Registry of PARIS	Contributed	100%	Contributed	100%
AXONNE Société en Nom Collectif with a capital of €1,000 478 748 866 Business Registry of PARIS	Contributed	100%	Contributed	100%
SOCIETE CIVILE ADEL Société Civile with a capital of €1,000 410 347 538 Business Registry of PARIS	Contributed	100%	Contributed	100%
SCI LE BREVENT Société Civile Immobilière with a capital of €2,257,697.86 415 254 663 Business Registry of PARIS	Contributed	100%	Contributed	100%
FINANCE CONSULTING Société Anonyme with a capital of €61,973.38 045016337 Business Registry of BRUXELLES	Contributed	100%	Contributed	100%

Board of directors' management report

	Shareholding percentage		Percentage controlled	
Names of consolidated companies	**Year**	**Yr-1**	**Year**	**Yr-1**
TRENUBEL Société Anonyme with a capital of €30,986.69 B48444 Business Registry of LUXEMBOURG	Contributed	99.92%	Contributed	99.92%
SCI BRIHAM Société Civile Immobilière with a capital of €1,000 438 099 897 Business Registry of PARIS	Contributed	100%	Contributed	100%
SCI BRIAULX Société Civile Immobilière with a capital of €1,000 438 099 921 Business Registry of PARIS	Contributed	100%	Contributed	100%
SCI LE ROUSSEAU Société Civile Immobilière with a capital of €1,524 412 883 472 Business Registry of PARIS	Contributed	100%	Contributed	100%
SOCIETE GENERALE FINANCIERE ET IMMOBILIERE DE L'ILE DE FRANCE – SFIF Société par Actions Simplifiée with a capital of €37,000 542 046 792 Business Registry of PARIS	Contributed	100%	Contributed	100%
SOCIETE D'AMENAGEMENT, DE REALISATIONS IMMOBILIERES ET FINANCIERES – SAMRIF Société en Nom Collectif with a capital of €15,244.90 389 164 617 Business Registry of PARIS	Contributed	100%	Contributed	100%
ALLIANCE 1995 Société par Actions Simplifiée with a capital of €113,270.23 402 509 269 Business Registry of PARIS	Contributed	100%	Contributed	100%
KENTANA Société Anonyme with a capital of €31,000 B109516 Business Registry of LUXEMBOURG	Contributed	100%	Contributed	100%
HILLGROVE INVESTMENTS GROUP Société Anonyme with a capital of €31,000 B161514 Business Registry of LUXEMBOURG	Contributed	100%	Contributed	100%

5. Identity of persons having shareholdings over a specific threshold

(Articles L.233-13 and L.247-2 of the French Commercial Code)

The Company's Shareholding Structure (Article L.233-13 of the French Commercial Code)

	Position at 31/12/2011			Position at 31/12/2010		Position at 31/12/2009	
	number of shares	% of capital	% of voting rights	number of shares	% of capital	number of shares	% of capital
A. Duménil and controlled companies							
A. Duménil	137,000	0.11%	0.12%	4,330,000	3.92%	4,330,000	4.28%
Ardor Capital	0	0.00%	0.00%	0	0.00%	48,154,812	47.58%
Rodra Investissement	59,437,076	49.20%	51.62%	45,723,360	41.42%	0	0.00%
Acanthe Group							
Acanthe Développement	1,532	0.00%	0.00%	123,560	0.11%	124,268	0.12%
Surbak	5,681,209	4.70%	0.00%	0	0.00%	0	0.00%
Finplat	0	0.00%	0.00%	0	0.00%	3,402,516	3.36%
Cedriane	0	0.00%	0.00%	0	0.00%	4,623,065	4.57%
Alliance 1995	0	0.00%	0.00%	9,081,578	8.23%		
Subtotal Acanthe Group	5,682,741	4.70%	0.00%	9,205,138	8.34%	8,149,849	8.05%
Subtotal Alain Duménil and controlled companies (including Acanthe Group)	65,256,817	54.01%	51.74%	59,258,498	53.68%	60,634,661	59.92%
PUBLIC							
Public of which PHRV (1)	55,560,053	45.99%	48.26%	51,133,707	46.32%	40,564,638	40.08%
TOTAL	120,816,870	100.00%	100.00%	110,392,205	100.00%	101,199,299	100.00%

In addition, in February 2008 the Paris Hôtels Roissy Vaugirard (P.H.R.V) SA, which is a subsidiary of the AGF and GMF groups and the company, COFITEM-COFIMUR, declared that it holds over 5% of the share capital and voting rights at General Meetings of Shareholders. This threshold was reached on 7 February 2008 upon its acquisition of 4.355.295 shares in the market. The latest certificates supplied by P.H.R.V (3 November 2011) show holdings of 6.35%. P.H.R.V.'s shareholding has not subsequently fallen below that threshold or risen further.

Board of directors' management report

To the best of the Company's knowledge no other shareholder holds more than 5% of the share capital or voting rights.

At 31 December 2011, the Company's share capital consisted of 120,816,870 shares and voting rights; no double voting rights exist.

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

Situation at 31 December 2011:

At 31 December 2011, ACANTHE DÉVELOPPEMENT held treasury stock of 1,532 treasury shares.

Controlled company SURBAK holds 4.70% of the capital which is 5,681,209 shares out of the 120,816,870 shares comprising the capital of ACANTHE DEVELOPPEMENT at 31 December 2011.

Notices of acquisitions and disposals of cross-holdings

As a result, there have been no disposals of shares for the purpose of ensuring that cross-holdings are in compliance with Article R.233-19 of the French Commercial Code.

6. Significant events after the end of the Company and the Group financial year

Two sales commitments concerning the 2nd and 3rd floors of the building located at 21 boulevard Poissonnière were signed for a total amount of €3.41 million after these sales, of which one took place at the end of March 2012, and those carried out in 2011 there will remain three lots to be sold for a forecast budget of €3.2 million.

On 11 April 2012, ACANTHE DEVELOPPEMENT also acquired the 2,500 shares comprising the share capital of FINANCE CONSULTING, Société Anonyme with a capital of €61,973.38, whose head office is located at 18 avenue Delleur – B1170 Brussels, registered in the Company and Trade Registry of Brussels under number 0452016337. This company holds an emphyteutic lease on the walls of the Astronomie building in Brussels and holds of 99.92% of the shares comprising the capital of TRENUBEL, Société Anonyme with a capital of €30,986.69, whose head office is located at 3 avenue Pasteur – L2311 Luxembourg, registered in the Company and Trade Registry of Luxembourg under number B48444, owner of the subsoil of the L'Astronomie building in Brussels;

A commercial lease was signed in April 2012 concerning the 1,260 m² of the 2nd to 7th floors of the building located at 17 rue François 1er – 75008 PARIS, for an annual rent of €947,250. This will become effective on 1 October 2012 for 10 years. The entire building will as such be occupied starting on 1 October 2012.

7. Property asset situation and value – the Company and Group's growth outlook and future prospects

The Acanthe Développement Group decided to adopt the IAS 40 standard for the valuation of investment properties at their fair value from 1 January 2006. The objective of this option is to reflect market changes in respect of "investment properties" in the consolidated accounts and to value assets at their market value.

In an economic context with an uncertain outlook, the year 2011 had irregular activity, with in particular a loss of confidence in the second quarter. Growth is up very slightly (+1.6% versus +1.4 in 2010) and suggests that growth in 2012 will probably not exceed +0.4%.

The Investment Market in 2011

The investment market for corporate real estate was up 50% compared to 2010 and 112% compared to 2009. Several factors made it possible to sustain the activity in the French market all throughout 2011. The abrogation of certain tax benefits, announced on the last day of 2011, in particular favoured investors selling assets in order to reduced their taxes. The market in metropolitan France especially benefitted from the dynamism in demand from users and from the status as a safe haven of stone, to the detriment of the more volatile stock markets. To the role of an engine played by certain traditional stakeholders in the French market is added a few newcomers with substantial investment capacities, confirming the attractiveness of the French market on the international stage.

Companies also invested more in 2011 than in 2010. But the drop in their investments observed in the 3rd quarter of 2011 could however continue at least until the 1st half of 2012 in light of the stiffening conditions concerning financing and an uncertain economic outlook.

The Ile de France market concentrates 76% of all amounts invested in France. It remains dominated by office acquisitions which represented 87% of investment in 2011.

And from a residential standpoint, activity in the high-end market is continuing its good dynamics and does not appear to be affected much by the ups and downs in the economic situation. Interest from wealthy clientele is still increasing, despite the very sharp increases in price in the extremely tight "premium" markets. Paris continues to attract a large number of French buyers for high-end property, as well as foreign buyers, especially for prestigious or exceptional property located in the beautiful sections in the centre and West of Paris, sold at over €20,000/m² and even €30,000/m².

The Rentals Market in 2011

In 2011, Ile de France rentals achieved amount to more than 2.4 million m², up 14% compared to 2010. This good level of activity can be explained primarily by the completing of major transactions. However, volume in the 4th quarter was not as high due to the low amount of large movements initiated with a total of 496,000 m² sold.

In Paris, the increased tension on quality offerings, combined with sustained demand, is resulting in an increase in nominal rental values which range in particular from an average of €446 in South Paris to €541 in West Central Paris. Rent is going down on the outskirts.

The "premium" average rent for West Central Paris recorded a turnaround over the quarter (+ 7%) following the reappearance of flagship transactions for which the values reach €830, as such raising the "premium" to €748.

Board of directors' management report

The Group's property assets

The year 2011 was, for the group, a real turning point.

Indeed, thanks to the contributions during the year benefitting its subsidiary FIPP, the ACANTHE DEVELOPPEMENT Group was able to split its development poles in terms of distributing its property holdings.

ACANTHE DEVELOPPEMENT as such contributed to FIPP the real estate assets that it held, either directly or indirectly in the Paris area, to Mountains (Alpes) and abroad as well as a Parisian asset for a value less than €2.5 million.

This split-up of assets, followed by the distribution benefitting its shareholders of FIPP securities, allowed ACANTHE DEVELOPPEMENT to further assert its specific character as a real estate company specialising in the Central Business District and in prestigious Parisian buildings.

CB RICHARD ELLIS VALUATION has valued the majority of the properties. Some expert valuations were, however, carried out by another well known expert valuation firm (FONCIER EXPERTISE) because of their specific nature.

As in previous years, the appraisals were carried out based on criteria set out in the Charte de l'Expertise en Evaluation Immobilière (real estate appraisal charter) and applied by all listed real estate companies.

For any properties which, at 31 December, were the subject of sales agreements or accepted offers signed by the Group, the sale price was taken as their value.

In addition to the property contributed to FIPP, the group again this year proceeded with the following sales: a building complex located on Boulevard Poissonnière and rue d'Uzès (Paris 2), a residential building located in Paris 4, an industrial building in Ivry-sur-Seine (94), a plot of land in Fernay Voltaire (01). The land in Nanterre was retained in the group but is under offer, signed in February 2011, and this should take place in 2012. Various co-ownership lots that the group held in buildings located in Paris, La Défense and Flaine were also sold. Another building located on boulevard Poissonnière is undergoing a split-sale.

With regards to investment during the year, the group acquired prestigious real estate in London and then contributed it to FIPP.

The estimated value of the Group's property assets at 31 December 2011 totals €259,615 thousand, after deduction of building work estimated at €4,710 thousand and inclusion of of €4,700 thousand of commercial use permits for disposal. It is made up for €152,555 thousand of office space, €71,791 thousand in business premises, €15,730 thousand in residential properties and €640 thousand in parking lots plus €18,898 thousand deriving from the private mansion at rue Vieille du Temple acquired in October 2010 and that will be transformed into office space, business premises and possibly residential premises. In terms of surface area, offices represent 15,392 m², commercial premises represent 5,649 m² and the residential sector represents 1,245 m². The building undergoing restructuring represents 1,718 m².

The appraisals of the ACANTHE DÉVELOPPEMENT Group's property holdings, compared with 31 December 2010, taken on a like-for-like basis, generated a growth of 2.84%. As indicated hereinabove, the property holdings are exclusively in Paris except for the land in Nanterre which is to be sold in 2012.

In view of this fact, the Group's net financial situation, therefore amounts to €188,622 thousand. In calculating the Revalued Net Assets (RNA), the treasury stock amount (shares) has been added and both the acquisition value of the treasury stock and the possible unrealised gain on these shares have been deducted from shareholders' equity. The Revalued Net Assets, excluding fees, was thus determined at 31 December 2011:

	In thousands of euros
Consolidated equity	188,622
Treasury stock:	
- 5,682,741 shares	9,310
Revalued Net Assets (at 31 December 2011)	**197,932**
Number of shares (at 31 December 2011)	**120,816,870**

- RNA: €1,638 per share.

There are no longer any dilutive instruments as of 31 December 2011. Indeed, the second envelope of bonus shares was acquired in July 2011. The share subscription warrants that may still be in circulation matured on 31 October 2011.

There are still 4,896,436 stock options granted in August 2009 at a subscription price of €1.24 per share.

The exercising of these has not been taken into account due to the little interest that this exercise holds for the beneficiary considering the market price (closing date at 31 December 2011: €0,50).

8. Approval of the accounts - Appropriation of profits - Dividends paid - discharge for the Directors

Appropriation of profits

The appropriation of your Company's profits that we are proposing is in compliance with the law and our Articles of Association.

We are proposing an allocation of the loss for the period ended 31 December 2011 which amounts to the sum of nine million five hundred eighty-three thousand nine hundred thirty-one euros and sixty-one centimes (€9,583,931.61) as follows:

• Loss from the financial year ended 31 December 2011:	(€9,583,931.61)
• Carried forward credit balance at 31 December 2011:	€101,557,214.50
Giving a profit available for distribution of	**€91,973,282.89**
With appropriation as follows:	
• To shares as dividends:	€10,873,518.30
• To the "Other reserves" heading:	€40,000,000.00
• The "carried forward" balance	€41,099,764.59

We propose that each of the 120,816,870 shares making up the authorised share capital at 31 December 2011 should receive a dividend of €0.09 per share.

Board of directors' management report

We are proposing to allow shareholders the choice between payment of the whole dividend which is due for distribution to them in respect of their shareholding as cash, or as shares to be created by the Company; the payment date shall be determined by the Board of Directors, as is legally required.

We wish to inform you that as the Company operates as an SIIC we are required to distribute our profits; for 2011 the profit figure is €10,185,341 being €10.185.341 of tax-exempt profit (SIIC profit), made up from (6,245,539.19) euros of rental losses (a minimum of 85% of which must be distributed), €4,541,083.14 of gains on disposals (a minimum of 50% of which must be distributed) and €11,889,797.05 of dividends received from subsidiaries of the SIIC (which must be entirely passed on in distributions). The proposed dividend will, therefore, be a "SIIC" dividend of €10.185.341 and a standard dividend for the remainder.

When these dividends are paid out, if the Company holds some of its own shares, the sums relating to those dividends that are not paid because of the Company's own holding of these shares would be posted to the accounts as carried forward.

We ask you to give the Board of Directors all powers to allow us to carry out all the necessary procedures to make this distribution.

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

We hereby inform you that our annual accounts for the year ended 31 December 2011 do not show any charges or expenses of the type referred to in Article 39-4 of the French General Tax Code.

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

As required by the provisions of Article 243 b of the French General Tax Code, we hereby state that the dividend per share distributions in the last three financial years were as follows:

	31/12/2008 (per share)	31/12/2009 (per share)	31/12/2010 (per share)
Distributed dividend eligible for the rebate mentioned in Article 158-3-2 of the French General Tax Code (40%).	€ 0.04	€ 0.15	€ 0.47
Total amount (in thousands of €)	€ 3,738 K	€ 15,180 K	€ 51,884 K

We wish to inform you that in the last three financial years, the following exceptional distributions were paid out:

Years	Exceptional distribution (per share)	Total amount (in thousands of €)
2011	€ 0.60	€ 72,490 K (*)
2010	NA	NA
2009	NA	NA

(*) exceptional distribution entirely drawn from the "carried forward" account carried out by the allocation of one share in FIPP (ISIN code FR 0000038184), valued at 0.60 euro.

For additional information, exceptional distributions since 2004 were as follows:

Years	Exceptional distribution (per share)	Total amount (in thousands of €)
2008	€ 0.19	€ 17,752 K (*)
2007	€ 0.16	€ 13,472 K (*)
2006	€ 0.45	€ 36,021 K (1*)
2005	€ 0.47	€ 23,721 K (2*)
2004	€ 0.53	€ 26,757 K (3*)

(*) exceptional distributions entirely drawn from the "issue premium" account.
(1) exceptional distributions drawn from the "other reserves" and "issue premium" accounts.*
(*) exceptional distribution entirely drawn from the "other reserves" account.
(3) exceptional distribution entirely drawn from the "issue premium" account and carried out by the allocation of one share in ALLIANCE DÉVELOPPEMENT CAPITAL, ISIN Code FR0000065401, valued at €0.50 and a cash amount of €0.03 per share.*

Discharge of the directors

We propose to give discharge of responsibilities to your directors.

9. Facility provided to shareholders to receive their dividend payment in the form of shares.

Having noted that the authorised share capital is fully paid up, we are proposing, pursuant to Article 48 of the Articles of Association, to delegate to the Board of Directors the power to offer each shareholder an option between payment of the whole dividend payment to be distributed in accordance with Resolution 3 either in cash or in the form of shares of the Company that will be created.

The new shares under this option would be issued or remitted at a price equal to 90% of the average price at the first listed opening price for the twenty stock market trading sessions prior to the date of the General Meeting of Shareholders, less the net amount of the dividend per share.

If the amount of the shareholder's entitlement to dividends does not correspond to a whole number of shares, the shareholder may either pay the difference in cash on the day on which the option is exercised in order to receive the number of shares immediately above, or will receive the immediately lower number of shares plus a balancing cash payment.

The shares issued in this way will bear dividend entitlement from 1 January 2012. We propose that you should delegate all powers to the Board of Directors to set the opening and closing dates of the period, which may not be over 3 months, and during which shareholders may opt to have their dividend paid in the form of shares. At the end of this period, those shareholders who have not chosen an option would receive the dividend payment in cash.

Board of directors' management report

We propose that you should grant the Board of Directors all powers to execute the above decisions, to specify the procedures for their application and execution, specifically: set the effective payment date of the dividend - to comply with the law this date must occur within 3 months of the General Meeting of Shareholders -, to state the number of shares issued or remitted by application of this resolution and make the necessary changes to Articles 6 and 8 of the Articles of Association relating to the amount of authorised share capital and the number of shares it represents.

10. Company and Group activities in terms of research and development (Article L.232-1 of the French Commercial Code)

We wish to inform you, in accordance with the provisions of Article L.132-1 of the French Commercial Code, that our Company and the Group have incurred no expenses in this financial year for Research and Development activities.

11. Information about the terms of office and functions carried out by the corporate officers (Article L.225-102-1 paragraph 4 of the French Commercial Code)

Last name and First Name or Corporate Name of officers	Position in the Company	Date appointed	Date of end of term	Other job functions in the Company	Offices and/or functions in another company (Group and non Group)*
Alain DUMENIL	Director	30/06/2000 renewed on 25/07/2006	AGM called to approve the accounts 31/12/2011	Chairman of the Board of Directors and CEO since 25/07/2007	See list in Annex
Patrick ENGLER	Director	31/05/2001 renewed on 22/05/2007	AGM called to approve the accounts 31/12/2012	NA	See list in Annex
Philippe MAMEZ	Director	19/06/2002 renewed on 30/05/2008	AGM called to approve the accounts 31/12/2013	Deputy CEO since 25/07/2007	See list in Annex
Pierre BERNEAU	Director	10/06/2003 renewed on 17/06/2009	AGM called to approve the accounts 31/12/2014	NA	See list in Annex
Bernard TIXIER	Director	08/12/2008	AGM called to approve the accounts 31/12/2012	NA	See list in Annex

By application of the provisions of Article L.225-102-1 paragraph 3 of the French Commercial Code, in Annex 3 of this report we are providing you with a list of the other terms of office carried out by members of our Company's Board of Directors during the 2011 financial year.

No member of the Board of Directors has reached the age limit of 75 years stipulated in Article 19 of the Company's Articles of Association.

Board of directors' management report

12. Information about the payments and benefits paid to corporate officers (Article L.225-102-1 paragraph 1 of the French Commercial Code)

By application of the provisions of Article L.225-102-1 of the French Commercial Code, we are providing you with details of the total payment and all benefits in kind paid during the financial year to each corporate officer.

We hereby inform you that payment has been made to Mr Philippe MAMEZ:

- For his consultancy contracts for the period from 1 January 2011 to 31 December 2011, signed between the Company MEP CONSULTANT and the Company ACANTHE DÉVELOPPEMENT in an amount of €204,000 (excl. tax).

Table 1

Summary table of gross payments and options and shares allocated to each director who is a corporate officer		
Mr Alain DUMENIL, Chairman & CEO	**2010**	**2011**
Payment due for this financial year (details in table 2)	0	0
Valuation (in accordance with IFRS and without spreading of the expense) of the shares granted during the year (details in table 4)	0	0
Valuation (in accordance with IFRS and without spreading of the expense) of the bonus shares granted during the year (details in table 6)	0	0
TOTAL	**0**	**0**
Mr Philippe MAMEZ, Director and Deputy CEO	**2010**	**2011**
Payment due for this financial year (details in table 2)	€5,000	€5,000
Services invoiced by MEP Consultants for this financial year (details in table 2)	€200,500	€204,000
Valuation of the options granted in this financial year (details in table 4)	0	0
Valuation of the bonus shares granted in this financial year (details in table 6)	0	0
TOTAL	**€205,500**	**€209,500**
Mr Patrick ENGLER, Director	**2010**	**2011**
Payment due for this financial year (details in table 2)	€55,000	€59,000
Valuation of the options granted in this financial year (details in table 4)	0	0
Valuation of the bonus shares granted in this financial year (details in table 6)	0	0
TOTAL	**€55,000**	**€59,000**

Mr Pierre BERNEAU, Director	2010	2011
Payment due for this financial year (details in table 2)	€40,000	€43,000
Valuation of the options granted in this financial year (details in table 4)	0	0
Valuation of the bonus shares granted in this financial year (details in table 6)	0	0
TOTAL	**40,000 €**	**€43,000**
Mr Bernard TIXIER, Director	**2010**	**2011**
Payment due for this financial year (details in table 2)	€20,000	23,000 €
Valuation of the options granted in this financial year (details in table 4)	0	0
Valuation of the bonus shares granted in this financial year (details in table 6)	0	0
TOTAL	**€20,000**	**€23,000**

Table 2

Summary table of gross payments to each corporate officer				
Mr Alain DUMENIL, Chairman & CEO	**Amounts in 2010**		**Amounts in 2011**	
	Due	**Paid**	**Due**	**Paid**
Fixed salary	0	0	0	0
Variable salary	0	0	0	0
Exceptional salary	0	0	0	0
Directors' attendance fees	0	0	0	0
Benefits in kind	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**
Mr Philippe MAMEZ, Director and Deputy CEO	**Amounts in 2010**		**Amounts in 2011**	
	Due	**Paid**	**Due**	**Paid**
Fixed services invoiced by MEP Consultants	€200,500	€200,500	€204,000	€203,000
Variable services invoiced by MEP Consultants	0	0	0	0
Exceptional salary	0	0	0	0
Directors' attendance fees	€5,000	€5,000	€5,000	€5,000
Benefits in kind	0	0	0	0
TOTAL	**€205,500**	**€205,500**	**€209,000**	**€208,000**

Board of directors' management report

Mr Patrick ENGLER, Director	Amounts in 2010		Amounts in 2011	
	Due	Paid	Due	Paid
Fixed salary	0	0	0	0
Variable salary	0	0	0	0
Exceptional salary	0	0	0	0
Directors' attendance fees	€55,000	€ 55,000	€59,000	€59,000
Benefits in kind	0	0	0	0
TOTAL	**€55,000**	**€55,000**	**€59,000**	**€59,000**

Mr Pierre BERNEAU, Director	Amounts in 2010		Amounts in 2011	
	Due	Paid	Due	Paid
Fixed salary	0	0	0	0
Variable salary	0	0	0	0
Exceptional salary	0	0	0	0
Directors' attendance fees	€40,000	€40,000	€43,000	€43,000
Benefits in kind	0	0	0	0
TOTAL	**€40,000**	**€40,000**	**€43,000**	**€43,000**

Mr Bernard TIXIER, Director	Amounts in 2010		Amounts in 2011	
	Due	Paid	Due	Paid
Fixed salary	0	0	0	0
Variable salary	0	0	0	0
Exceptional salary	0	0	0	0
Directors' attendance fees	€20,000	€20,000	€23,000	€23,000
Benefits in kind	0	0	0	0
TOTAL	**€20,000**	**€20,000**	**€23,000**	**€23,000**

Table 3

Table of directors' attendance fees (gross amount)		
Board Members	**Directors' attendance fees in 2010**	**Directors' attendance fees in 2011**
Mr Alain DUMENIL	0	0
Mr Philippe MAMEZ	€5,000	€5,000
Mr Patrick ENGLER	€55,000	€59,000
Mr Pierre BERNEAU	€40,000	€43,000
Mr Bernard TIXIER	€20,000	€23,000
TOTAL	**120,000 €**	**€130,000**

Table 4

Share subscription or purchase options granted during the year to each corporate officer						
Options granted to each director who is a corporate officer by the issuer or by any other Group company	**Plan No. and date**	**Option type (purchase or subscription)**	**Valuation of options using the method adopted for the consolidated accounts**	**Number of options granted during the year**	**Strike price**	**Strike price**
None						

Table 5

Share subscription or purchase options taken up during the year by each corporate officer
5,040,000 share purchase options

Table 6

Bonus shares granted to each corporate officer during the year
None

Board of directors' management report

Table 7

Bonus shares that have become available during the year for each corporate officer
4,330,000 free shares (envelope B) granted by the Annual Ordinary and Extraordinary General Meeting on 21 March 2007 to Mr Alain Duménil, in his capacity as Managing Director, became available on 26 July 2011

Table 8

History of subscription options granted and stock purchases		
Information about the subscription options and purchases		
	Plan 1 (the beneficiary waived this allocation on 03/08/2009)	Plan 2
General Meeting date	21 Mar 2007	21 Mar 2007
Board of Directors meeting date	25 July 2007	28 Aug 2009
From total number of shares allowed for subscription or purchase, the number allowed for subscription or purchase by:		
Mr Alain DUMENIL	8,667,520 options	9,936,436 share purchase options
Start date for option strike	26 Jul 2008	28 Aug 2009
Expiry date	25 Jul 2017	28 Aug 2019
Subscription or purchase price	€2.92	€1.24
Exercise rules (if the plan consists of several tranches)		
Total number of cancelled or expired subscription options or stock purchases	9,528,336 share subscription options cancelled as a result of Mr Dumenil waiving entitlement	
Subscription or share purchase options outstanding at year end		4,896 ,436

Table 9

Subscription or share purchase options granted to the first 10 employees who are not corporate officers and options taken up by them	Total number of options granted/ or shares subscribed or purchased	Weighted average price
Options granted, during the year, by the issuer or by any company within the option grant scope, to the ten employees of the issuer or any company within this scope, with the largest number of options thus granted (total figures)	None	
Options held on the stock of the issuer and the companies referred to previously that have been taken up, during the year, by the ten employees of the issuer and these companies, who have the largest number of options thus purchased or subscribed (total figures)	None	

Table 10

Directors who are corporate officers	Employment contract		Supplementary pension scheme		Compensation or benefits owed or potentially owed as a result of termination or change of job functions		Compensation relating to a non-competition clause	
	yes	no	yes	no	yes	no	yes	no
Mr Alain DUMENIL Chairman & CEO since 25 July 2007		x		x		x		x

Setting the total amount of directors' attendance fees for the 2012 financial year

We propose that attendance fees should be paid to your directors and that the amount of attendance fees to be shared between the directors for the current financial years should be the sum of €130,000.

13. Information about the way in which the Company manages the social and environmental consequences of its activity (Article L.225-102-1 paragraph 4 of the French Commercial Code)

Please refer to Annex 2 for information about how the Company manages the social and environmental consequences of its activity.

Board of directors' management report

14. Employees' level of holdings in the authorised share capital (Article L.225-102 of the French Commercial Code)

At financial year end, employees' shareholdings as defined in Article L.225-102 of the French Commercial Code, represented 0% of the Company's authorised share capital.

15. Information relating to the implementation of a share redemption programme (Article L.225-211 of the Commercial Code)

A share redemption programme applied by our Company for its own shares was authorised by the Ordinary and Extraordinary General Meeting of 30 June 2011 for a period of 18 months.

Since this programme will come to an end in December 2012, a suggestion will be made at the current meeting for the establishment of a new share redemption programme to cancel and replace the previous one.

Within the framework of the authorisation granted and in accordance with the aims determined by the General Meeting on 25 July 2006 (extended by the General Meeting on 30 June 2011) a description of the programme was published on the AMF Website on 21 August 2006 and the Company carried out the following transactions during the financial year 2011:

During the previous financial year	
Number of own shares redeemed	9,349,489
Number of own shares sold	9,471,517
Average purchase price	1.52
Average price of shares sold	0.67
Total amount of negotiation costs:	-

Own shares entered in the name of the company on 31/12/2011	
Number	1,532
Fraction of the capital represented	0.0013%
Total value evaluated at the purchase price	0

A liquidity contract was concluded with Oddo Corporate Finance in January 2007 (for one year, renewable by tacit agreement). This contract has not recorded any movements since June 2011 and was not renewed for 2012.

Details of the purposes and transactions carried out with the Company shares are provided in the special report referred to in point 24 of this report drawn up according to the provisions of Article L.225-209 paragraph 2 of the Commercial Code to inform you about the transactions completed according to the provisions of Article L.225-209 paragraph 1 of the Commercial Code.

16. Conversion bases for securities granting access to capital

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

The securities issued by the Company which grant access to the share capital currently in circulation are listed below:

- **stock options or call options attributed on 28 August 2009 to Mr Alain DUMENIL.**

On 28 August 2009: The Board of Directors, acting in accordance with the authorisation granted by the Joint General Meeting of 21 March 2007, decided to attribute 9,936,436 stock options or call options to Mr Alain DUMENIL, in his capacity as Managing Director of the Company, whose strike price was set at €1.24.

The Board of Directors of 31 December 2009 decided at 12 o'clock that the options attributed by the Board of Directors of 28 August 2009 were to be call options. The Board of Directors also decided that the call options would only be exercisable by the beneficiary if, on the option date, the Company held the volume of shares required to fulfil them.

On 31 December 2009 at 2 p.m. the Board of Directors stated, following the decision by the Board of Directors at 12 o'clock on the same day, that if on the option date the Company did not hold the volume of shares required to fulfil them, priority would be given to call options up to the number of shares held by the Company with stock options for the remainder which could not be raised since the Company did not hold a sufficient number of shares to fulfil them.

Recall that the stock warrants euroclear code 34697 ISIN code FR 0000346975 came to an end on 31 October 2011. No adjustment was made to the conversion bases for these stock warrants during the financial year 2011. The last adjustment was made at the Board of Directors' meeting on 8 July 2008 during which it was noted that the new conversion rate for stock warrants still in circulation is: 75 stock warrants allowing for the subscription of 2.33 ACANTHE DÉVELOPPEMENT shares at a price of €4.00. The last stock warrants in circulation were cancelled on 31 October 2011.

17. Situation concerning the terms of office of board members

With the term as a board member of Mr Alain DUMENIL expiring at this meeting, we propose that you renew this term for another period of six years, i.e. until the end of the general meeting called to vote on the financial statement for the period ending 31 December 2017.

Mr Alain DUMENIL made it known in advance that he would accept the renewal of his functions and that he was not under any measure or inability that would prohibit him from exercising them.

18. Situation concerning the terms of office of auditors

The term of AUDIT ET CONSEIL UNION and SOGEC AUDIT, respectively regular and alternate co-Auditors, expire during this meeting.

We propose that you appoint for a period of six financial years, i.e. until the end of the meeting called to vote on the financial statements for the period ending 31 December 2017:

- ACE – AUDITEURS ET CONSEILS D'ENTREPRISE – 5, avenue Franklin Roosevelt – 75008 Paris, as regular Co-auditor,
- Mr François SHOUKRY – 5, avenue Franklin Roosevelt – 75008 Paris, as alternate co-Auditor,

Board of directors' management report

19. Authorisation granted to the Board of Directors to introduce a new share redemption programme

The Ordinary and Extraordinary Annual General Meeting on 30 June 2011 authorised the Board of Directors to establish a new share redemption programme for a period of eighteen months.

Since this authorisation will come to an end in December 2012, it will be suggested at this meeting that this authorisation be renewed for a further period of eighteen months.

These purchases and sales could be completed for any purposes which have been or may be authorised by the laws and regulations in force.

The acquisition, disposal or transferral of shares could be carried out on the market or over the counter by any means which are compatible with the law and regulations in force including the use of derivative financial instruments and the block acquisition or disposal.

These transactions could be carried out at any time subject to the abstention periods provided for by the general rules of the securities commission.

The maximum purchase price cannot exceed €4 (four euros) per share and the maximum number of shares which may be acquired according to this authorisation would, according to Article L.225-209 of the Commercial Code, be set at 10% of the Company's share capital; it should be pointed out that (i) the number of shares acquired by the Company with a view to their retention and subsequent presentation for payment or exchange within the framework of a merger, demerger or contribution transaction must not exceed 5% of the capital according to the provisions of Article L.225-209, paragraph 6 of the Commercial Code and (ii) this limit applies to a number of shares which, where applicable, will be adjusted to take into account the transactions affecting the share capital after this meeting as the acquisitions made by the Company may under no circumstances result in it holding, either directly or through the intermediary of an individual acting in his own name but on behalf of the Company, more than 10% of the share capital social; it should be pointed out that the total amount which the Company may devote to the redemption of its own shares will be in line with the provisions of Article L.225-210 of the Commercial Code. In the event of a capital increase by the incorporation in the capital of bonuses, reserves, profits or other items in the form of a free share attribution during the validity period of this authorisation and in the event of the division of grouping of shares, the maximum unit price referred to above would be adjusted by a multiplying coefficient equal to the ratio between the number of securities constituting the capital prior to the transaction and this number after the transaction.

We propose that you grant your Board of Directors the necessary authorisation to:

- decide on the implementation of this authorisation;
- place all orders and conclude all agreements particularly with a view to the updating of share purchase and sale registers according to the market regulations in force;
- complete all declarations, carry out all other formalities and, in general, to whatever is necessary.

20. Authorisation granted to the Board of Directors to reduce the share capital by the cancellation of treasury stock

The Extraordinary General Meeting of 30 June 2011 authorised the Board of Directors to reduce the share capital in one or more instalments in the proportions and at the times to be established by the cancellation of a quantity of treasury stock to be decided upon within the limits set by law according to the provisions of Article L.225-209 and seq. of the Commercial Code.

This authorisation was granted for a period of eighteen months and will expire in December 2012. It will therefore be proposed that this meeting renew this authorisation for a further period of eighteen months.

21. Regulated agreements and commitments

The agreements referred to in Article L.225-38 of the Commercial Code have resulted in the establishment of a special auditors' report. We would ask that you approve the agreements referred to in Article L.225-38 of the Commercial Code which have been properly authorised by the Board of Directors.

Your auditors will present them to you and provide all the necessary related information in their special report which will be read to you in a few moments.

22. Chairman's report drawn up according to the provisions of Article L.225-37 of the Commercial Code

In accordance with the provisions of Article L.225-37 of the Commercial Code, the Chairman will provide information in an attached report on the conditions governing the preparation and organisation of the Board's work and the internal auditing procedures introduced by the Company.

23. Additional Board of Directors' report on the use of delegations relating to capital increases (Articles L.225-129-1 and L.225-129-2 of the Commercial Code)

In accordance with the provisions of Article L.225-129-5 of the Commercial Code, the additional Board of Directors' report on the use of delegations relating to capital increases is appended to this report.

24. Share redemption programmes

In accordance with the law, we have drawn up a report on the own share redemption transactions carried out by the Company between 1 January 2010 and 31 December 2011 in line with the authorisation granted by the General Shareholders' Meeting in accordance with Article L.225-209 of the Commercial Code.

Board of directors' management report

The General Shareholders' Meeting of the Company ACANTHE DÉVELOPPEMENT on 30 June 2011 authorised a share redemption programme in accordance with Article L.225-209 of the Commercial Code.

Purpose of the transaction share purchase	Number of shares purchased for this purpose	Share price purchased	Volume of shares transferred for this purpose	Re-allocation to other purposes
Animation of the secondary market or the liquidity of the Company shares by means of a liquidity contract according to an ethics charter recognised by the securities commission	31,911	40,265.54	101,517	52,422
Implementation of all share purchase plans	4,990,000	8,207,600.00	5,040,000	
Free attribution of shares from employees and/or social representatives	4,327,578	5,972,057.64	4,330,000	
Attribution of shares to employees and, where applicable, social representatives in relation to participation in the fruits of the expansion of the firm and the implementation of all company savings plans				
Purchase of shares for the retention and subsequent presentation for exchange or payment in the context of potential external growth transactions				
Issuance of shares in the context of the exercising of rights associated with securities granting access to capital				
Cancellation of redeemed shares				

25. Table summarising the delegations granted to the Board of Directors concerning current capital increases

Appendix 4 contains a table summarising the delegations granted by the General Meeting to the Board of Directors currently in force (Article L.225-100 of the Commercial Code).

Said delegations of competence have been granted to the Board of Directors by the Ordinary and Extraordinary Annual General Meeting of 30 June 2011 and will expire on 29 August 2013.

26. Summary of operations coming under 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 General Rules of the AMF)

Since no transactions have been carried out and/or brought to our attention during the previous financial year, the summary table referred to in Article L.621-18-2 of the Monetary and Financial Code is not required for the financial year 2011.

27. Free share allocation operations carried out by virtue of Articles L.225-197-1 to L.225-197-3 of the French Commercial Code and operations carried out by virtue of the provisions of 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 Commercial Code, the special Board of Directors' report on share attribution transactions and the transactions referred to in Articles L.225-177 to L.225-186 of the Commercial Code is appended to this report.

28. Elements liable to produce effects in the case of a public offer (Article L.225-100-3 of the Commercial Code)

1- Structure of the Company's capital

The share capital amounts to €16,416,399. It is divided into 120,816,870 fully paid-up ordinary shares.

2- Statutory restrictions to the exercising of voting rights and share transfers or clauses of the agreement brought to the awareness of the Company according to Article L.233-11 of the Commercial Code

NA

3- Direct or indirect holdings in the capital of the Company of which it is aware according to Articles L.233-7 and L.233-12 of the Commercial Code

see point 5 of this report.

4- List of holders of all securities comprising special control rights and a description of the latter

NA

5- Control mechanisms provided for in a potential staff shareholding system when the control rights are not exercised by the latter

NA

6- Agreements between shareholders of which the Company is aware and which may create restrictions to share transfers and the exercising of voting rights

The Company is not aware of any agreements between shareholders which could create restrictions to share transfers and the exercising of voting rights.

7- Rules applying to the appointment and replacement of members of the Board of Directors and the amendment of the Company's articles of association

The board members are appointed by the ordinary general meeting which may revoke them at any time. In the case of a merger or demerger, they may be appointed by the extraordinary general meeting. In the event of a vacancy due to the death or resignation or one or more board members, the board of directors may make temporary appointments between two general meetings. If the number of board members falls below three, the remaining member or members must immediately convene an ordinary general meeting in order to appoint additional members to the board. The temporary appointments made by the board are subject to ratification by the next ordinary general meeting. Board members who are appointed to replace others remain in office for the remaining term of office of their predecessor.

The extraordinary general meeting possesses exclusive authorisation to amend all the provisions of the articles of association. Notwithstanding the exclusive competence of the extraordinary meeting to amend the articles of association, the amendments to the clauses relating to the share capital and the number of shares representing it, insofar as these amendments correspond materially to the result of a capital increase, reduction or depreciation, may be made by the board of directors.

Subject to the dispensations provided for certain capital increases and transformations, the extraordinary general meeting can only deliberate properly if the shareholders present, voting by correspondence or represented possess at least a quarter of the shares with voting rights and, upon second invitation, a fifth of the shares with voting rights. If this quorum is not obtained, the second meeting may be postponed to a later date two months after the original one and the one-fifth quorum will be demanded once again. Subject to these same reservations, it will rule by a two-thirds majority of the votes possessed by the shareholders present, voting by correspondence or represented.

8- Powers of the Board of Directors, particularly with regard to the issuance or redemption of shares

see points 15, 19 and 24 of this report.

9 - Agreements concluded by the Company which are amended or end in the event of a change in control of the Company unless this disclosure would seriously undermine its interests except in the case of a legal disclosure obligation

NA

10- Agreements providing for compensation for the members of the Board of Directors and the Management Board or employees if they resign or are dismissed without any real, serious cause or if their employment ends due to a public offer

NA

29. Table of results

A table presenting the company's results during the past 5 financial years is enclosed with this report as Appendix 8 according to the provisions of Article R.225-102 of the Commercial Code.

30. Powers for legal formalities

We propose that you grant comprehensive powers to the bearer or a copy or extract of this report to carry out all the formalities required by the law in terms of depositing and advertising.

Conclusion

We would ask that you grant your Board of Directors full, definitive management discharge for the financial year ending on 31 December 2011 in addition to discharge to the auditors for the fulfilment of their tasks to which they refer in their reports.

Your Board invites you to approve the text of its proposed resolutions by vote.

THE BOARD OF DIRECTORS

Board of directors' management report

NOTE 1- Real estate assets

Assets sold in Q1 2012 under offer or subject to offers:

In Paris, a building located on boulevard Poissonnière is undergoing a split-sale. The lots on the 2nd and 3rd floor have sales commitments. An offer was made on the lots of the 1st floor and a portion of the ground floor.

In the Paris area, the service station in Nanterre (92) is under a sales commitment.

Assets:

Address		Nature of the building	Current rent	Building surface	of which m² vacant	Financial TO current
PARIS						
7, rue d'Argenteuil	PARIS 1	Mixed property	85%	1,208 m²	186 m²	100%
15, rue de la Banque	PARIS 2	Office buildings	95%	2,019 m²	94 m²	100%
21, bd Poissonnière	PARIS 2	Mixed property	38%	925 m²	571 m²	36%
47, rue Vieille du Temple	PARIS 4	Private mansion	0%	1,718 m²	1,718 m²	NS
6-8, rue des Guillemites	PARIS 4	Car parks	NS			NS
3/5, quai Malaquais	PARIS 6	Apartments	100%	549 m²	0 m²	100%
2-4, rue de Lisbonne	PARIS 8	Office buildings	84%	2,458 m²	382 m²	84%
55, rue Pierre Charron	PARIS 8	Office buildings	100%	2,890 m²	0 m²	100%
17, rue François 1er	PARIS 8	Commercial property	0%	2,095 m²	2,095 m²	NS
7, rue de Surène	PARIS 8	Mixed property	100%	1,378 m²	0 m²	100%
18, 20 rue de Berry	PARIS 8	Car parks	0%	0 m²	0 m²	NS
26, rue d'Athènes	PARIS 9	Mixed property	85%	963 m²	146 m²	88%
24, rue Georges Bizet	PARIS 16	Office buildings	0%	930 m²	930 m²	0%
2, rue de Bassano (buildings A & B)	PARIS 16	Office buildings	97%	2,535 m²	73 m²	97%
2, rue de Bassano (building C)	PARIS 16	Office buildings	56%	865 m²	383 m²	36%
77, rue Boissière	PARIS 16	Mixed property	100%	1,786 m²	0 m²	100%
	TOTAL PARIS		**71%**	**22,319 m²**	**6,878 m²**	**64%**
PARIS REGION						
57, avenue Maréchal Joffre	NANTERRE (92)	Business premises	100%	1,685 m²	0 m²	100%
	TOTAL PARIS REGION		**100%**	**1,685 m²**	**0 m²**	**100%**
	TOTAL ACANTHE GROUP (A)		**73%**	**24,004 m²**	**6,578 m²**	**64%**
	B = A - currently being sold or negotiated		**72%**	**24,394 m²**	**6,007 m²**	**65%**
	C = B - work in progress		**92%**	**16,651 m²**	**1,264 m²**	**93%**

NOTE 2 – Information on the way in which the Company takes account of the social and environmental impacts of its activities

Since the NRE law of 15 May 2001, listed companies are required to specify in their management report the way in which they take into account the social and environmental consequences of their business.

Since our Company is in the property business and is involved in particular in the acquisition and construction of property with a view to rental and direct or indirect holdings in companies involved in the same business, the latter does not have a significant impact in terms of employment in Ile de France in view of the Group's employees, neither does it have a particularly detrimental effect on the environment.

Social policy (Article R225-104 of the Commercial Code)

- Information relating to the employees:

The salaried employees of the Group excluding property employees and managers is stable: 17 individuals on 31 December 2011 compared with 18 on 31 December 2010.

(salaries and wages: €1,169 thousand at 31 December 2011 versus €1,015 thousand at 31 December 2010).

Employees	2005	2006	2007	2008	2009	2010	2011
Executives	10	4	5	9	9	10	10
Salaries	5	6	7	9	9	8	7
Total	17	13	13	18	18	18	17

These staff members are allocated notably to the research and analysis of acquisitions and the financing of acquired property, asset monitoring (valuation), accountancy, management control and the legal monitoring of the Group.

Various other tasks are sub-contracted to property management firms and property consultants for the marketing of areas to be rented.

Furthermore, we prioritise the recruitment of top-level specialists with extensive experience in different areas of your business.

- Organisation of working hours:

Working hours are organised on the basis of 35 hours per week.

We have not noticed any significant absenteeism during the financial year 2011.

Environmental policy (Articles R.225-104 and R.225-105 of the Commercial Code)

Your Group pays close attention to compliance with standards relating to the environment. This policy is characterised by the particular attention paid during the acquisition of new buildings and decisions made in work programmes in order to guarantee compliance with the legislation in force and, in more general terms, to protect itself against all risk factors relating to pollution and toxicity.

Board of directors' management report

• Measures and procedures relating to the environment:

Property investments are made according to the legislation in force concerning parasite statuses, regulations on asbestos and the combating of lead poisoning.

Investments requiring restructuring or refitting work are made in compliance with the rules relating to environmental protection.

In this respect, in our position as project manager, we systematically commission:

- inspection authorities (VERITAS, SOCOTEC, QUALICONSULT) to verify compliance with all the standards in force relating to construction or the safety of individuals;
- coordination tasks relating to the health and safety of workers.

This policy also involves the verification of analyses and recommendations made by inspection offices and the completion of work to guarantee the conformity of the property concerned.

• Consumption of water resources, raw materials and energies:

The cost of water consumption which amounts to €66,950 relates to the supplying of water to your properties.

Your Company is striving to control its electricity, gas and fuel consumption associated with your Group's properties. The cost amounts to €215,922 with regard to electricity and gas supplies and to €130,630 for fuel consumption.

• Expenditure incurred in preventing the consequences of the Company's business on the environment:

Since the Company's business does not produce any particular environmental consequences, the Company has not incurred any specific expenditure in this field.

NOTE 3- Corporate officers' terms of office

Mr Alain DUMÉNIL, Chairman of the Board of Directors and General Manager of your Company carried out the following duties during all or part of the financial year ending on 31 December 2011:
Managing Director and board member of the company: ACANTHE DÉVELOPPEMENT, FIPP until 25 November 2011;
Chairman of the Board of Directors of the companies: Alliance Développement Capital SIIC – ADC SIIC, Smalto, Poiray Joaillier until 6 March 2012, Société Nouvelle d'Exploitation de Rénovation du Théâtre de Paris – SNERR;
Board member of the company: FIPP until 17 January 2012;
Chairman of the companies: Ad Industrie, Compagnie Paris Scène Production;
Manager of the companies: BSM until 20 January 2012, Editions de l'Herne, Padir, Poiray Joaillier Suisse, Société Civile Mobilière et Immobilière JEF, Suchet, Valor;
Joint manager of the company: Smalto Suisse.

Mr Philippe MAMEZ, board member and assistant General Manager of your Company carried out the following duties during all or part of the financial year ending on 31 December 2011:
Managing Director of the company: Baldavine SA until 27/04/2011);
General Manager and board member of the company: Alliance Développement Capital S.I.I.C - ADC SIIC;
Assistant General Manager and board member of the companies: Acanthe Developpement, Compagnie MI 29, Eurobail;
Chairman of the Board of Directors of the company: Navigestion;
Board member of the companies: Alliance Développement Capital S.I.I.C - ADC SIIC, Compagnie Fermière de Gestion et de Participation – Cofegep;
Manager of the company: MEP Consultants.

Mr Patrick ENGLER, board member of your Company carried out the following duties during all or part of the financial year ending on 31 December 2011:
Managing Director and board member of the company: Alliance Finance;
General Manager and board member of the company: Société Nouvelle d'Exploitation de Rénovation, et de Renaissance du Théâtre de Paris – SNERR;
Board member of the companies: Acanthe Développement, Alliance Développement Capital S.I.I.C - ADC SIIC, FIPP, Poiray Joaillier SA, Smalto ;
Representative of one artificial person/board member in the company: Alliance Finance;
Manager of the companies: Agence Haussmann Transactions Immobilier de Prestige, Ingénierie, Ingénierie et Gestion, Sep 1.

Mr Pierre BERNEAU, board member of your Company carried out the following duties during all or part of the financial year ending on 31 December 2011:
Board member of the companies: Acanthe Développement, Alliance Développement Capital S.I.I.C. – ADC SIIC;
Manager of the company: Sinef.

Mr Bernard TIXIER, board member of your Company carried out the following duties during all or part of the financial year ending on 31 December 2011:
Board member of the company: Acanthe Développement;
Manager of the company: Financière Nortier.

NOTE 4- Table summarising the delegations granted to the Board of Directors concerning current capital increases

€	Date of the AGE	Date of expiry of delegation	Amount authorised	Increase (s) realised in previous years	Increase (s) realised during the financial year	Residual amount on the date this document was drawn up
			Financial year 2011			
Delegation of competence to increase the capital by the incorporation of reserves, profits or benefits	30 June 2011	29 August 2013	100,000,000 €	0.67 €	0.67 €	99,999,999.33 €
Delegation of competence to increase the capital whilst maintaining the PSR	30 June 2011	29 August 2013	100,000,000 €	NA	NA	99,999,999.33 €
Delegation of competence to increase the capital with elimination of the PSR	30 June 2011	29 August 2013	100,000,000 €	NA	NA	99,999,999.33 €
Authorisation increase the capital to remunerate a security contribution	30 June 2011	29 August 2013	10% the share capital	NA	NA	99,999,999.33 €

NOTE 5- Additional report of the Board of Directors on the use of the powers granted for capital increases (Articles L.225-129-1 and L.225-129-2 of the French Commercial Code)

The Board of Directors has defined the terms of this additional report according to the provisions of Articles L.225-129-5 and R.225-116 of the Commercial Code in order to inform the General Shareholders' Meeting of the final terms of the operations carried out at the decision of the Board of Directors during the financial year ending on 31 December 2011 acting on the delegation of the meeting according to the provisions of Articles L.225-129-1 and L.225-129-2 of the Commercial Code.

- Increase in share capital decided upon by the Board of Directors for rounding purposes.

During the financial year ending on 31 December 2011, the Board of Directors made use of the delegation of competence granted by the Annual Ordinary and Extraordinary General Meeting on 30 June 2011 by increasing the share capital by the incorporation of an amount deducted from the "premium" item in order to round off said capital.

The following increase was made by raising the par of the shares making up the share capital:

- Board of Directors meeting of 29 September 2011: Increase in capital by €0.67.

The Board of Directors

NOTE 6- Special Report of the Board of Directors on the free share allocation operations carried out by virtue of Articles L.225-197-1 to L.225-197-3 of the French Commercial Code and operations carried out by virtue of the provisions of 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 Commercial Code, this special report is intended to inform the General Shareholders' Meeting of the transactions referred to Articles L.225-197-1 to L.225-197-3 and L.225-177 to L.225-186 of the Commercial Code carried out during the financial year ending on 31 December 2011.

The Board of Directors of 25 July 2007 decided to attribute free shares and stock options or call options:

- With regard to the transactions referred to in Articles L.225-197-1 to L.225-197-3 of the Commercial Code: In accordance with the authorisation, voted on by more than 99% of the shareholders present, granted by the 2nd resolution of the Ordinary and Extraordinary General Meeting of 21 March 2007, the Board of Directors decided to attribute 8,660,000 free shares representing 9.99132% of the Company's issued share capital on 25 July 2007 for the benefit of Mr Alain DUMENIL in his capacity as Managing Director of the Company. These free shares are distributed as follows:

• 4.99566%, or 4,330,000 shares are subject to a 2-year acquisition period and a 2-year retention period,

In accordance with the decision of the Board of Directors' meeting of 25 July 2007 acting on the delegation of powers granted by the Ordinary and Extraordinary General Meeting of 21 March 2007, the Board of Directors of 22 July 2009 decided to increase the Company's share capital as of 26 July 2009 by issuing at par 4,330,000 free shares whose ownership was transferred on 26 July 2009 to Mr Alain DUMENIL in his capacity as Managing Director by deducting from the "premium, merger, contribution" item the sum of €1,645,400 corresponding to the capital increase required for the issuance of said shares.

• 4.99566%, or 4,330,000 shares are subject to a 4-year acquisition period without a retention period.

These 4,330,000 free shares became available in July 2011.

Thee Board of Directors of 26 July 2011 decided that the 4,330,000 free shares comprising envelope B and acquired by the Managing Director were existing shares. To this effect, with the Company holding 2,422 of its own shares, The Board decided to repurchase 4,327,578 of the Companies shares, when the session was closed on 25 July 2011, from its sub-subsidiary Alliance 1995, within the framework of the provisions of Article L.225-209 of the French Commercial Code, in order to allocate them free of charge to Mr Alain Duménil.

- With regard to the transactions referred to in Articles L.225-177 to L.225-186 of the Commercial Code: In accordance with the authorisation voted on by more than 99% of the shareholders present granted by the 1st resolution of the Ordinary and Extraordinary General Meeting of 21 March 2007, the Board of Directors decided to attribute to Mr Alain DUMENIL in his capacity as Managing Director of the Company 8,667,520 stock options or call options. The strike price of said options has been set at €3.21 for a share subscription and €3.22 for a share purchase. The options may be exercised after an acquisition period of one year (after 26 July 2008) and will be valid until 25 July 2017.

The Board of Directors' meeting on 18 July 2008 decided that the options attributed on 25 July 2007 were stock options and adjusted their number and price to take into account the distribution of the exceptional dividend deducted from the "premium" item on 1 July 2007 thereby protecting the interests of the option beneficiaries in accordance with the provisions of Articles R.225-137 to R.225-142 of the Commercial Code. Following these adjustments, the number of stock options stood at 9,528,336 with a subscription price of €2.92.

The Board of Directors' meeting on 28 August 2009 noted that no options had been exercised and that according to a letter dated 3 August 2009, Mr Alain DUMENIL had specifically renounced the exercising of said options.

The same Board of Directors, acting in accordance with the authorisation granted by the Joint General Meeting of 21 March 2007, decided to attribute 9,936,436 stock options or call options to Mr Alain DUMENIL, in his capacity as Managing Director of the Company, whose strike price was set at €1.24. It should however be pointed out that Mr DUMENIL must retain 1% of the shares stemming from the exercising of the option until the termination of his duties as Managing Director of the Company provided that this obligation does not result in the calling into question of maintaining the benefits of the system for listed property investment companies currently used by the Company.

The Board of Directors of 31 December 2009 decided at 12 o'clock that the options attributed by the Board of Directors of 28 August 2009 were to be call options. The Board of Directors also decided that the call options would only be exercisable by the beneficiary if, on the option date, the Company held the volume of shares required to fulfil them.

On 31 December 2009 at 2 p.m. the Board of Directors stated, following the decision by the Board of Directors at 12 o'clock on the same day, that if on the option date the Company did not hold the volume of shares required to fulfil them, priority would be given to call options up to the number of shares held by the Company with stock options for the remainder which could not be raised since the Company did not hold a sufficient number of shares to fulfil them.

It should also be pointed out that the Company and Group companies did not attribute any free shares and/or stock options or call options for Company employees who were not social representatives during the financial year.

The Board of Directors

NOTE 7- Report of the Chairman of the Board of Directors on internal control procedures

Dear shareholders,

The Chairman of the Board of Directors has drawn up this report in accordance with the provisions of Article L.225-37 of the Commercial Code and the amendments made by order n°2009-80 of 22 January 2009.

This report outlines the composition, preparation and organisation conditions for the work of the Board in addition to the internal auditing and risk management procedures currently applied or whose implementation is underway within the Company.

This report also refers to possible limitations introduced by the Board concerning the powers of the General Manager.

Since the Board of Directors has decided not to refer to a corporate government code drawn up by the company representation organisations, this report outlines the reasons behind this choice and the internal auditing rules applied.

This report also refers to the specific terms relating to the participation of shareholders in the General Meeting and the principles and rules decided upon by the Board of Directors to determine remuneration and benefits of all kinds granted to the social representatives.

This report was approved by the Board of Directors at its meeting on 26 April 2012.

It is under these circumstances and in order to respect the provisions relating to corporate government (Article L.225-37 of the Commercial Code) that I am pleased to provide you with the following information:

I – Corporate government code drawn up by the company representation organisations

Law n°2008-649 of 3 July 2008 draws a distinction depending on whether or not the Company refers voluntarily to a corporate government code drawn up by company representation organisations.

Since our Company does not comply with all the recommendations of the AFEP MEDEF code for the legitimate reasons outlined above, it has decided to declare that it does not refer to such a code according to the provisions of the law.

However, internal auditing procedures have been applied and enhanced over a number of years and tangible progress has already been noted. This means that reference to such a code is not simply unnecessary, it is also inappropriate for the Company.

The listing of our Company on Euronext Paris has enabled it to opt for the overriding legal and fiscal system for listed property investment companies. However our Group, which has only 17 employees, possesses neither the ramifications nor the organisation of most listed companies. The limited structure of the teams encourages communication, group work and as a result efficient internal auditing measures.

The reduced payroll of the management bodies encourages the implementation of the main aims of the Company.

The flexibility of the structure allows each board member, for example, to easily obtain the information required to fulfil their duties (particularly in terms of auditing) and to discuss these issues with other board members and/or senior executives of the Company.

II – Preparation and organisation of the Board of Directors' work

1. Board of Directors

Duties

Your Board of Directors defines the firm's strategy, appoints the social representatives and managers in charge of managing the firm within the framework of this strategy and chooses the organisation method (dissociation of the duties of the Chairman and General Manager or amalgamation of these duties), supervises management and guarantees the quality of the information provided to shareholders and markets via the accounts or in the context of important transactions.

Composition

In accordance with the provisions of Article L.225-37 paragraph 6 of the French Commercial Code, this report outlines the composition of the Board of Directors.

- Mr Alain DUMENIL Chairman of the Board of Directors and General Manager,

- Mr Philippe MAMEZ, board member and Assistant General Manager,

- Mr Patrick ENGLER, board member

- Mr Pierre BERNEAU, independent board member

- Mr Bernard TIXIER, independent board member

A list of the duties and terms of office associated with your board members is provided in appendix 3 of the Board of Directors' report.

We should inform you that two members of your Board of Directors, Mr BERNEAU and Mr TIXIER, fulfil the commonly accepted criteria of independence:

• Not being employees or social representatives of the company, employees or board members of the parent company or a company which it consolidates and not have been in such a position for the past five years.

• Not being social representatives of a company in which the company directly or indirectly holds a position as board member or in which an employee appointed as such or a social representative of the company (at present or for less than five years) holds a position as board member.

• Not being a major customer, supplier, merchant banker or financial banker of the company or its group or for which the company or its group represents a significant proportion of business.

• Not possessing a close family connection with a social representative.

• Not having acted as auditor of the firm during the past five years.

• Not having acted as board member of the firm for more than twelve years.

None of the members of your Board has currently been elected from among the employees.

Board of directors' management report

Recall that Law 2011-103 of 27 January 2011 imposes a balanced representation of men and women on the Board of Directors. Starting from the 1st Ordinary General Meeting that follows 1 January 2014, the proportion of directors of each sex cannot be less than 20%. This proportion cannot be less than 40% after the first Ordinary General Meeting that follows 1 January 2017. The Company will do what is necessary by then to comply with the principle of equal representation of men and women on the Board of Directors.

Organisation

The Auditors are invited to the Board of Directors' meeting which closes the annual financial statements and the half-yearly accounts and, where applicable, to all Board meetings where their presence may be considered useful.

The invitations are issued in wiring within a reasonable deadline. For example, your board members and Auditors were properly invited by email and letters dated 20 April 2011 to the meeting to close the annual financial statements of 27 April 2011 and 26 August 2011 to the meeting to close the half-yearly accounts of 31 August 2011.

These Board meetings dates were planned sufficiently early to ensure that the board members were correctly and fully informed; it should be pointed out that the latter have to right to obtain any information or documents required for the fulfilment of their duties.

In this context, the Chairman strives to provide them with all the information or documents required beforehand to enable the Board members to prepare the meetings adequately. Similarly, at the request of a Board member, the Chairman will provide him with the requested elements as far as is possible.

The meetings are held at the head office. The Board of Directors met twenty-two times in 2011.

The physical presence of members at the meetings was required subject to availability and the nature of the meetings.

In addition to the points and decisions associated legally with the attributions of this body, the Board of Directors along with the Executive Committee discussed the main campaigns conducted in 2011 both externally (acquisitions, transfers, sales, transactions) and in terms of Group strategy and financial policy (Group structuring, business financing, issuance of securities, capital increases).

No meetings were called at the initiative of the board members.

2. Executive Committee

The purpose of the Executive Committee is to assist the members of the Board of Directors.

This is not a body which substitutes the Board with regard to its attributions.

Composition

The Executive Committee is made up of at least two Company board members out of the five making up the Board of Directors.

Duties

Its main duties are to examine:
- investments (study and analysis of investments), work undertaken, permits (demolition, construction),
- financing (amount, rates and terms of loans),
- arbitration of all transfers,
- the administrative management of the Group and asset monitoring (transfers, work and rental management),
- financial communication,
- financial and cash management,

- social policy (recruitment),
- monitoring of legal procedures (disputes).

Organisation

During normal business periods, the Executive Committee meets at least once a week according to a schedule established by the Managing Director subject to availability with an agenda prepared by the Assistant General Manager.

The Executive Committee is made up of:
- The Chairman of the Board of Directors and General Manager, Mr Alain DUMENIL
- The Assistant General Manager, Mr Philippe Mamez
- A board member, Mr Patrick ENGLER,
- The Financial Manager, Ms Soucémarianadin,
- The Legal Manager, Mr Nicolas Boucheron.

If applicable, certain employees, executives or external consultants may be invited to take part in the meetings or may express their opinions at the latter.

During these Committee meetings, the different Company departments prepare summary documents and may request the inclusion of any points considered appropriate in the agenda of the latter.

Asset acquisition plans or arbitrations are systematically presented to the Executive Committee which decides on the appropriateness of these transactions and their analysis and, if applicable, appoints a project manager.

3. Accounts Committee

The Accounts Committee was established by the Board of Directors on 4 August 2009 and its duties, within the limits of the attributions granted to the Board of Directors, are to:

- monitor the process of establishing quarterly financial information, half-yearly accounts and annual financial statements before transmission to the Board of Directors with a view to their examination and closure where applicable,

- and more generally,
  - guarantee the relevance, durability and reliability of the accounting methods in force within the Company and its main subsidiaries, notably by analysing periodic financial documents, examining the relevance of choices and the correct application of accounting methods and examining the accounting processing of all significant transactions,
  - listen to and question the Auditors,
  - examine the Auditors' fees each year and assess the conditions of their independence,
  - examine the applications of Auditors of Group companies whose terms of office are coming to an end,
  - guarantee the efficiency of internal auditing and risk management procedures.

In this context, the Committee is granted access to all the documents required for the fulfilment of its duties.

Similarly, without prejudice to the prerogatives of the Board of Directors, it may call upon experts from outside the Company and listen to the opinions of any individual who may offer relevant information to enhance understanding of a specific point.

It reports on a regular basis on its work to the Board of Directors and may express any opinions and recommendations to the Board of Directors in the areas within its remit.

The Accounts Committee is made up of the following board members:
- Mr Patrick ENGLER, Chairman of the Committee,
- Mr Bernard TIXIER,
- Mr Pierre BERNEAU.

The members of the Accounts Committee possess specific authorisations in financial and accounting matters. Two of its members, Mr TIXIER and Mr BERNEAU are independent board members.

The length of their term of office coincides with that of their duties as board members. They may be dismissed from their duties as members of the Accounts Committee by the Board of Directors at any time.

At its meeting on 24 April 2012, the Committee examined the annual financial statements and consolidated accounts for the financial year 2011. It examined the property appraisals completed on the Company's assets.

The work of the Accounts Committee was in line with the objectives entrusted to it.

4. Other committees

In view of the size of the ACANTHE DÉVELOPPEMENT Group, no other specific committee has been established to date relating to the life of the firm and the Company's business (remuneration committee, selection or appointment committee).

ACANTHE DÉVELOPPEMENT Group is continuing its efforts in terms of corporate government.

III – Internal control procedures

ACANTHE DEVELOPPEMENT, through weekly committee meetings, monitors and verifies that its decisions are effectively implemented.

The operations that contribute to the Group's business and how they are transposed into the accounts are verified, with the overall aim of ensuring compliance with the applicable laws, regulations and standards and that all the required measures are taken to avoid any occurrence of losses likely to jeopardise the Group's sustainability.

This control and monitoring framework aims to cover the main identified risks to date and to define the ways in which these internal control procedures can be improved.

1. Internal control procedures related to safeguarding assets

The Group effects insurance, including the following policies:
The Group always takes out an absentee-owner insurance policy for all the buildings it owns. For the properties it has acquired in jointly-owned buildings, the Group subsidiary owner of the flats ensures that the building is adequately insured through an absentee-owner insurance policy that has been taken out by the company administrating the building. In the event of a loss, all the policies provide new reconstruction coverage, without any ceiling, as well as loss of rental coverage of up to two years of rent.

As regards property development activities, when major or refurbishment work is carried out on buildings for which builders' ten-year liability insurance applies, the companies involved take out damage to works insurance.

Besides the insurance mentioned above, no tenant's risk insurance is effected, as the extent of this risk is limited by the large diversification of tenants, which enables the Group to avoid any significant financial dependency.

In addition to its insurance coverage, the Company has regular inspections carried out on the technical installations that could affect the environment or people's safety (fire-fighting equipment, ventilation, air-conditioning, electrical installations, lifts, etc.) and has checks performed to ensure they are compliant.

2. Internal control procedures related to the rental and commercial management of properties

The everyday management of property is entrusted to property management companies. Depending on their importance, decisions are either taken at the weekly meetings of asset managers and the deputy CEO, or by the Executive Committee when the subject-matter is of more importance.

The marketing of properties is undertaken by dedicated teams with help from outside acknowledged service providers. The objectives of price, time and target markets are established in partnership with the Executive Committee and, where required, authorised by the Board of Directors.

Rental applications are examined by asset managers. The special terms and conditions applying to high-value properties for rent (office properties) first need to be approved by the CEO and/or Executive Committee.

Finally, a quarterly audit is performed to detect any possible operating anomalies.

3. Internal control procedures related to financial risks

Interest-rate risk is managed to a large extent through the use of SWAP- or CAP-type hedging instruments. Any questions concerning this area are systematically examined by the Executive Committee, which takes stock of cash management and financing needs on a weekly basis.

4.Internal control procedures related to legal risks and disputes

The Group's business involves the signing of contracts for the purchase and sale of buildings or properties in jointly-owned buildings, as well as leases.

All these contracts and agreements are notarised, rendering them secure as well as limiting any possible risk of ACANTHE DEVELOPPEMENT's liability.

Notaries also verify that each transaction (purchase, sale, lease and mortgage financing) complies with environmental standards (asbestos, lead and parasites), with the Company commissioning approved specialists to conduct these controls and research.

The legal risks are monitored by the Legal Division, which ensures that the operations of the Company, its subsidiaries and interests respect the regulations in force.

IV – Internal control procedures related to the preparation and treatment of financial and accounting information

The accounting data related to the Group's property business are sent by specialised asset management companies. The same is true for data concerning the administration of pay and filing of related tax and social security contribution returns, as well as their being recorded in the accounts.

Board of directors' management report

At each balance sheet date, the Management Control department audits the accounts, examining any variance between the budget forecast results and actual results.

As regards off balance-sheet commitments, each commitment is checked by the Legal Division and updated in real time.

The financial and accounting data are then verified by the Statutory Auditors. They are then presented and explained in meetings of accounts committees, the missions of which have been shown above, and the Executive Committee, prior to being closed by the Board of Directors. The financial and accounting data thus provide a true and fair view of the position and results of ACANTHE DEVELOPPEMENT.

Since the 2005 financial year, ACANTHE DEVELOPPEMENT has prepared its consolidated financial statements in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS).

V – Special conditions applying to shareholders' participating in the Annual General Meeting of Shareholders
In accordance with paragraph 8 of Article L225-37 of the French Commercial Code as amended by Article 26 of Law N°2008-649 of 3 July 2008, this report stipulates that the conditions under which shareholders participate in the Annual General Meeting of Shareholders are contained in Articles 30 to 43 of the Company's bylaws.

VI – Elements that might have an impact in the event of a public offering (Article L.225-100-3 as amended by paragraph 9 of Article L225-37 of the French Commercial Code)

The list of these elements is shown in Point 28 of the annual management report of the Company's Board of Directors.

VII –Separating/combining the positions of Chairman of the Board of Directors and Chief Executive Officer (CEO)
It is stipulated that, on 25 July 2007, the Board of Directors decided to combine the responsibilities of the Chairman of the Board of Directors and those of the CEO. The shareholders and third parties have been advised of this decision. Since this date, Mr Alain Duménil is both the Chairman of the Board of Directors and CEO.

VIII – Limitations of the powers of the CEO
Full authority is vested in the CEO to act on behalf of the Company in all circumstances within the limits of the Company's objective and except when authority is expressly attributed by law to the shareholders or to the Board of Directors.

During the course of the 2011 financial year, the Board of Directors did not apply any limitation to the powers of the CEO.

IX – Principles and rules for determining the compensation and benefits in kind awarded to executive officers.
The directors' fees, as determined at the Company's Annual General Meeting of Shareholders, are shared between the directors according to the various criteria.

First, the directors' attendance at the Board of Directors' meetings is taken into account.

Any specific property (purchase/sale) or financial (finding financing) studies carried out by individual directors is also taken into consideration.

The Chairman and CEO waived his compensation following the Board of Directors' decision of 25 July 2007 to award him free shares in the Company.

The details of the compensation and benefits in kind paid to executive offices are shown in Point N°12 of the annual management report.

Chairman of the Board of Directors

NOTE 8- 5 year summary

5 year data

(French Commercial Code - Article R225-102)

	31/12/2007	31/12/2008	31/12/2009	31/12/2010	31/12/2011
Share capital at year-end					
Share capital	32,905,414	35,312,643	38,247,014	41,721,357	16,416,399
Number of dilutive shares	87,087,378	93,458,355	101,199,299	110,392,205	120,816,870
Number of shares with preferred dividend rights					
Max. number of shares to be issued:					
- through conversion of bonds					
- through subscription rights					
Activities and profit					
Pre-tax sales	1,866,615	1,892,482	2,171,311	2,218,971	2,191,588
profit before tax, profit-sharing, amortisation, depreciation and provisions	18,534,364	6,708,216	14,928,267	226,433,943	-8,166,584
Income tax	18,750	- 44,000.00	0	126,676	0
Employee profit-sharing	0	0	0	0	0
Profit after tax, profit-sharing, amortisation, depreciation and provisions	18,335,677	6,671,525	14,607,648	226,190,289	-9,583,932
Distributed earnings	17,417,476	3,738,334	15,179,895	118,119,659	10,873,518
Earnings per share					(1)
Profit after tax, profit-sharing, but before amortisation, depreciation and provisions	0.21	0.07	0.15	2.05	-0.07
Profit after tax, profit-sharing, amortisation, depreciation and provisions	0.21	0.07	0.14	2.05	-0.08
Dividend per share	0.20	0.04	0.15	1.07	0.09
Personal					
Average number of employees	3	2	2	3	3
Payroll for the period	153,531	131,504	142,449	321,942	295,196
Amounts paid for benefits (Social Security)	66,112	57,118	61,841	133,228	127,067

(1) This is the sum proposed by ACANTHE DEVELOPPEMENT's Board of Directors. It is pending approval by the shareholders at the annual meeting of shareholders

Financial STATEMENTS

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Balance sheet – Assets

	31/12/2011			31/12/2010
	Gross	Depr/ Amort.	Net	Net
Subscribed capital - not issued				
NON-CURRENT ASSETS				
Intangible assets				
Start-up costs				
Research and development expenses				
Concessions, patents, licenses, software and similar rights	9,990	9,990		
Internally generated goodwill (1)				
Other intangible assets				
Intangible assets in progress				
Advances and prepayments				
Property, Plant and Equipment				
Land	390,778		390,778	319,773
Buildings	3,608,545	907,306	2,701,239	2,823,323
Plant, equipment and tooling				
Other PP&E	46,918	41,970	4,948	1,724
PP&E in progress	25,419		25,419	171,757
Advances and prepayments				
Long-term investments (2)				
Equity associates	228,139,809	623,790	227,516,019	222,472,775
Loans to equity associates	24,712,064	272,897	24,439,167	53,480,922
Long-term financial portfolio				
Other long-term securities				
Loans				
Other long-term investments	169,349		169,349	164,351
	257,102,872	**1,855,952**	**255,246,920**	**279,434,626**
CURRENT ASSETS				
Inventories and work-in-process				
Raw materials and other supplies				
Goods and services in process				
Intermediate and finished products				
Goods				
Prepayments and advances on orders	16,676		16,676	73,749
Accounts receivable (3)				
Customers and related accounts	1,911,347		1,911,347	1,999,446
Other receivables	6,841,188		6,841,188	7,136,652
Subscribed capital – issued and not paid				
Marketable securities				
Own stock				147,036
Other securities	1,958,891	618,333	1,340,557	3,877,680
Cash instruments				
Cash and cash equivalents	245,743		245,743	1,298,506
Prepaid expenses (3)	39,827		39,827	32,853
	11,013,672	**618,333**	**10,395,338**	**14,565,921**
Deferred charges				
Loan redemption premiums				
Unrealised foreign exchange losses				
GRAND TOTAL	**268,116,544**	**2,474,286**	**265,642,258**	**294,000,547**

(1) Including lease agreements. - (2) Including maturities of less than one year (gross). - (3) Including maturities of more than one year (gross).

Balance sheet - Equity and liabilities

	31/12/2011 Net	31/12/2010 Net
EQUITY		
Share capital (including capital issued and paid: 16,416,399)	16,416,399	41,721,357
Additional paid-in capital, merger premiums, share premiums	49,841,857	9,772,236
Revaluation adjustments		
Equity method adjustment		
Reserves:		
- Legal reserve	1,500,000	3,880,029
- Reserves provided for in the bylaws or by contract		
- Regulated reserves		
- Other reserves	5,137,751	2,465,615
Retained earnings	101,557,215	17,244
Net profit for the year	**-9,583,932**	**226,190,289**
Investment subsidies		
Tax-drivers provisions		
	164,869,290	**284,046,770**
OTHER EQUITY		
Proceeds from issues of participating shares		
Advances subject to covenants		
Other equity		
PROVISIONS		
Provisions for losses		
Provisions for expenses		
DEBT (1)		
Convertible bond issues		
Other bond issues		
Bank borrowings (2)	1,483,079	1,688,344
Miscellaneous loans and borrowings (3)	97,849,334	6,796,859
Trade advances and prepayments on orders in progress	420	420
Customers and related accounts	768,381	902,409
Tax and social liabilities	671,754	563,414
Accounts payable on non-current assets and related accounts		
Other liabilities		2,331
Cash instruments		
Deferred income (1)		
	100,772,968	**9,953,777**
Unrealised foreign exchange gains		
GRAND TOTAL	**265,642,258**	**294,000,547**
(1) Including maturities of more than one year (a)	99,187,074	1,574,706
(1) Including maturities of less than one year (a)	1,585,474	8,378,650
(2) Short-term bank facilities and bank overdrafts	22,335	109,217
(3) Including equity loans		

(a) Excluding trade advances and prepayments on orders in progress

Income statement

	31/12/2011			31/12/2010
	France	Export	Total	Total
Revenue from operations (1)				
Sales of goods				
Sales of products				
Sales of services	2,191,588		2,191,588	2,218,971
Net sales	**2,191,588**		**2,191,588**	**2,218,971**
Production in inventory				
Self-constructed assets				
Net partial proceeds from long-term transactions				
Operating subsidies				
Reversal of provisions and transfer of expenses			53,412	2,454
Other revenue			40,076	3
			2,285,076	**2,221,427**
Operating expenses (2)				
Purchases of goods				
Change in inventory				
Purchases of raw materials and other supplies				
Change in inventory				
Other purchases and expenses (a)			2,830,029	2,733,693
Taxes and related expenses			339,058	61,307
Salaries and other compensation			295,196	321,942
Social security taxes			127,067	133,228
amortisation, depreciation and provisions:				
- On non-current assets: amortisation charges			124,014	128,464
- On non-current assets: depreciation charges				
- On current assets: depreciation charges				
- Provisions for contingencies and losses: charge				
Other expenses			207,772	122,872
			3,923,136	**3,501,506**
CURRENT OPERATING LOSS			- 1,638,060	**- 1,280,079**
Share in net income from joint operations				
Profit allocated or loss transferred				
Loss allocated or profit transferred				6,476,283
Financial income				
From equity associates (3)			979,425	235,086,932
From other marketable securities and capitalised receivables (3)				
Other interest and related income (3)			1,614,869	1,771,394
Reversal of impairment, provisions and transfer of expenses			174,353	19,883
Foreign exchange gains				
Net loss on disposals of marketable securities			112,656	81,300
			2,881,303	**236,959,509**
Financial expenses				
Amortisation, depreciation and provisions			1,515,021	8,397
Interest and related expenses (4)			1,289,713	280,979
Foreign exchange losses				4
Net loss on disposals of marketable securities				
			2,804,734	**289,380**
NET FINANCIAL INCOME			**76,569**	**236,670,129**
RECURRING PROFIT BEFORE TAX			**-1,561,491**	**228,913,767**

Income statement (continued)

	31/12/2011 Total	31/12/2010 Total
Non-recurring revenue		
From financial management transactions		
From capital or non-current assets transactions	72,893,252	6,775
Reversal of impairment, provisions and transfer of expenses		
	72,893,252	**6,775**
Exceptional expenses		
From financial management transactions	236	11
From capital or non-current assets transactions	80,915,457	2,603,566
Amortisation, depreciation and provisions		
	80,915,693	**2,603,577**
TOTAL NON-RECURRING ITEMS	**- 8,022,441**	**- 2,596,802**
Employee profit-sharing		
Income tax		126,676
Total income	**78,059,631**	**239,187,711**
Total expenses	**87,643,563**	**12,997,422**
NET INCOME	**-9,583,932**	**226,190,289**
(a) Including:		
- Finance lease payments (property)	14,079	10,510
- Finance lease payments (real estate)		
(1) Including income from prior years		
(2) Including expenses from prior years		
(3) Including income from related parties	2,585,898	236,849,003
(4) Including interest paid to related parties	1,220,717	199,511

Notes

TO THE ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2011

Notes to the annual financial statements at 31 December 2011

General information

ACANTHE DEVELOPPEMENT is a Société Anonyme with a Board of Directors, governed by French law, with a capital of €16,416,399, whose head office is located at 2 rue de Bassano – 75116 PARIS, registered in the Company and Trade Registry of Paris under number 735 620 205.
ACANTHE DEVELOPPEMENT shares are listed on the NYSE Euronext Paris stock market (Compartment C, ISIN FR 0000064602).

Note 1. Main events of the financial year

1.1. Restructuring of the activity

During the financial period, ACANTHE DEVELOPPEMENT and its subsidiaries increased their specialisation in QCA (Central Business District) real estate by contributing their real estate property located in the Paris region, abroad and in the mountains to FIPP, listed in Paris on the NYSE Euronext stock exchange, compartment C and acquired during the financial period.

1.2. Acquisition of FIPP

On 7 June, the Company acquired 81,054 shares of FIPP at a price of €13.2 per share from ALCATEL-LUCENT and then filed a simplified tender offer concerning the balance of the shares not yet held in the capital of FIPP, at a unit price of €13.72. The simplified tender offer took place from 22 July to 4 August 2011 and resulted in the acquisition on the market of 8,116 additional shares, which is an increase in the shareholding percentage of 7.48%.

1.3. Contributions to FIPP

On 10 October, a contribution contract via which ACANTHE DEVELOPPEMENT, and its subsidiaries VENUS, FINPLAT, BALDAVINE SA and SOGEB contribute in kind to FIPP a plot of land, investment securities, receivables (including receivables on partners' current accounts) is signed.
ACANTHE DEVELOPPEMENT contributed to FIPP a plot of land in VERDUN appraised at €300,000 compensated by the creation of 502,915 new FIPP shares. Additional information on these acquisition and contribution transactions is provided in Note 1.1 of the notes to the consolidated financial statements at 31 December 2011.

1.4. Distribution of dividends

The Shareholders' Meeting, ruling under the quorum and majority conditions required for ordinary general meetings, as proposed by the Board of Directors, therefore decided to allocate the net accounting profit as follows:

• Profit from the financial year ended 31 December 2010:	€226,190,289.04
• Allocation to the legal reserves account:	€292,106.48
• Carried forward credit balance at 31 December 2009:	€17,244.15
Giving a profit available for distribution of:	€225,915,426.71
With appropriation as follows:	
To shares as dividends:	€51,884,336.35
The "carried forward" balance:	€174,031,090.36

It was also specified that in order to comply with the overall mandatory distribution related to the REIT (French SIIC) status of the company, an additional exceptional dividend for a minimum amount of €65,156,685 would be paid before 31 December 2011.
The methods for paying the dividend (the interim dividend is therefore 0.14 euro per existing share at 31 December 2010 and payment of the balance in FIPP shares) are described in more detail in note 1.2 of the notes to the consolidated financial statements at 31 December 2011.

1.5. Changes in capital

The share capital changed as follows:

- an increase of €778,397 via the creation of 5,727,513 new shares, subsequent to the exercise of 184,362,375 stock warrants (ISIN code FR 0000346975 maturing on 31 October 2011) on the conversion basis of 75 stock warrants for 2.33 new shares,
- a capital reduction of €26,721,597 carried out by reducing the par of each share, decided by the Annual Ordinary and Extraordinary General Meeting on 30 June 2011, which became effective following the Board of Directors of 1 August 2011 in the absence of opposition from creditors presented within a period of twenty days,
- an increase of €638,241.33 in the share capital by the creation of 4,697,152 new shares following the reinvesting of 16,747,099 coupons out of the 110,392,205 coupons send to holders of shares comprising the share capital on 31 December 2010,
- and an increase in terms of the rounding of the share capital by incorporating a premium of €0.67 drawn from the "issue premium" account.

Following these various transactions at 31 December 2011 the share capital amounted to €16,416,399 divided into 120,816,870 shares.

1.6. Exercising of stock options

During the financial period Mr Alain DUMENIL exercised 5,040,000 stock options out of the total of 9,936,436 options that were granted to him via the decision of the Board of Directors of 28 August 2009, authorised by the Extraordinary General Meeting of 21 March 2007.

It was specified by the Board of Directors of 31 December 2009 that the options granted were firstly call/purchase options to the tune of the number of shares held by the company and subscription rights for the remaining options that cannot be serviced by the shares held by the company.

All of the options for the period were purchase options for which the exercise price was €1.24 per share in accordance with the conditions for granting.

1.7. Definitive granting of free shares

The granting period for the second tranche of 4,330,000 free shares granted by the Board of Directors of 25 July 2007 expired on 25 July 2011. Mr Alain DUMENIL became the definitive owner of these shares on 26 July 2011 and no retention period is attached to these shares.

Note 2. Accounting policies, rules and methods

2.1. Overview

The annual financial statements were prepared in accordance with French accounting standards as defined by regulation CRC 99-03.

The accounting policies were applied in accordance with the principle of prudence, while respecting the following principles:

- Principle of continuity,
- Principle of the permanence of methods,
- Principle of periodicity,

and comply with the general rules for preparing and presenting the annual financial statements. The basic method used when stating the value of items in the financial statements is the historical cost method.

2.2. Bases of valuation, judgement and use of estimates

Valuations mainly involve estimations of the recoverable value of investment properties.

The criteria for valuing properties are those defined in the Charte de l'Expertise en Evaluation immobilière (Property Valuation Guidelines)

The market value is the price most likely to be obtained from selling the property to a buyer with no particular association with the vendor, within around 6 months from placing it on the market with advertising,

Notes to the annual financial statements at 31 December 2011

The rental situations of properties have been taken into account, with the general rules being:

- to capitalise the rental value of unoccupied properties at a rate that is higher than that retained for rented properties in order to take the risk of vacancy into account,
- to vary the yield of rented properties according to the geographical location, type and uses of the building, level of rents compared to the rental value and new renewal dates.

The terms and conditions of leases were taken into account in the estimation and, in particular, the cost to tenants of possible terms derogating from the generally applicable rules of law (taxe foncière [property tax], building insurance, major repairs of Article 606 of the French Civil Code and management fees).

Lastly, the buildings were considered to be in a good state of repair and the budgets for work to be carried out deducted.

Any valuation can include uncertainties, which can affect the future result of operations.

Pursuant to Regulation CRC 02-10, an impairment test was performed at the end of the financial year. The purpose of this test is to ensure that the values resulting from the appraisals described hereinabove are indeed higher than the net carrying amount shown in the balance sheets involved. Otherwise, a provision for the amount of the difference is booked.

These real estate evaluations contribute to the evaluation of investments, as indicated in note 3.2.

2.3. Balance sheet date

The annual financial statements are for the twelve-month period beginning 1 January 2011 and ending 31 December 2011.

2.4. SIIC [listed real estate company] status

It is stipulated that, on 28 April 2005, ACANTHE DEVELOPPEMENT SA chose to conduct its business with the SIIC legal form, with effective date of 1 January 2005. This legal form provides for exemption from corporation tax on profit from letting property (provided that 85% of the profits are distributed before the end of the fiscal year following that in which they were realised), certain capital gains (sale of property, rights attaching to real-estate finance lease agreements, investments in partnerships or investments in subsidiaries having chosen the special legal form, provided that 50% of these capital gains are distributed to the shareholders prior to the end of the second financial year following their being realised) and dividends received from subsidiaries under the special legal form (provided that they are all distributed during the course of the financial year following the year they were received).

Note 3. Assessment methods

3.1. Property, Plant and Equipment

Property, Plant and Equipment are valued at acquisition cost or at contribution value.
Depreciation is calculated on a straight-line basis over the estimated life as follows:

Carcass	100 years
Facade Watertightness	15 years
General Technical Installations	20 years
Fixtures Decoration	10 years
Software	3 years
Office furniture	3 years
Office and computer equipment	3 years

3.2. Long-term investments
Investments in associate companies are recorded in the balance sheet at acquisition cost; where applicable, they are impaired when their current value, determined on the basis of the net carrying amount, unrealised capital gains or losses and outlook for profitability or market price, is less than their acquisition cost. When the current value is negative, a provision for the impairment of current accounts is recorded and, should this not be sufficient, a provision for contingencies is recorded. Loans to equity associates comprise current accounts with the subsidiaries.

3.3. Accounts receivable
Receivables are recorded at face value. A provision for impairment is recorded when they are not paid.

3.4. Marketable securities
The current value of marketable securities is equal to the average closing market price of the securities during the last month of the period. A provision for impairment is recorded when the current value is less than the acquisition cost except for ACANTHE DEVELOPPEMENT treasury shares, due to the calculated revalued net assets (RNA) which is higher than the net accountable value.

3.5. Revenue
Revenue from services comes from rents from tenants of properties leased by the company, as well as services billed to subsidiaries (head office costs and salaries).

3.6. Provisions for contingencies and losses
ACANTHE DEVELOPPEMENT SA does not record its pension, retirement and related benefit commitments, as they are insignificant.

3.7. Earnings per share.
Pursuant to decision N°27 of the Conformity Assessment Body (CAB), the basic earnings per share is determined by dividing the company's net income by the weighted average number of shares outstanding during the period.
The weighted average number of shares stood at 112,181,347. Earnings per share was therefore €-0.085.
The diluted result per share is identical to the result per share (€-0.085). The remaining stock-options are not taken into account in calculating the diluted result per share as their exercise price is higher than the average price for 2011.

3.8. Subscription warrants
On 27 March 2003, two blocks of subscription warrants were issued, the expiry date of one of which (reference code ISIN FR0000346967) was 31 October 2005.
At the beginning of the period, the following remained:
- Stock warrants ISIN code FR0000346975

The characteristics were as follows:
- issue amount: €0
- number of warrants prior to division by 15: 41,385,455
- bonus issue
- exercise price: €4
- exercisable by: 31 October 2009, extended to 31 October 2011

During the course of the 2006 financial year, the Annual General Meeting of Shareholders amended the terms of the issue contract to allow the warrants to be divided by 15. This division by 15 thus led to the exchange of 15 new warrants for 1 old warrant; the conversion rate of outstanding warrants was multiplied by 15.

Notes to the annual financial statements at 31 December 2011

The Annual General Meeting of warrant holders decided to extend the subscription period date from 31 October 2009 to 31 October 2011.
Moreover, since the meeting of the Board of Directors of 08 July 2008, the new conversion rates of outstanding warrants are as follows: 75 warrants giving the right to subscribe to 2.33 ACANTHE DEVELOPPEMENT shares, at a price of €4.00.
During the period, the movements of the warrants were as follows:

- number of warrants exercised: 184,362,375
- sum received: €9,833 thousand,
- number of warrants bought back and retired: 166,591,275
- number of warrants in circulation: 0

Unexercised stock warrants (166,591,275 which is about 26.84% of the total number of stock warrants issued) were cancelled on 31 October 2011.

Note 4. Explanations of balance sheet and income statement items and their changes (in thousands of Euros)

4.1. Long-term

	Long-term				Deprec./Amort. Prov.				Net
	Value gross 01/01/2011	Increase acct to acct	Decrease acct to acct	Value gross 31/12/2011	Depr/ At 01/01/2011	Increase	Decrease	Depr/ At 31/12/2011	31/12/2011
Long-term assets									
Software	10	-	-	10	10	-	-	10	-
Long-term equipment									
Land	320	102	31	391	-	-	-	-	391
Buildings	2,798	-	-	2,798	364	41	-	405	2,393
Fixtures, fittings and equipment	810	-	-	810	421	81	-	502	308
Transportation equipment	-	-	-	-	-	-	-	-	-
Office and computer equipment	59	5	18	47	58	2	18	42	5
PP&E in progress	172	2	149	25	-	-	-	-	25
Long-term investments									
Equity associates	222,472	80,531	74,864	228,139	-	624	-	624	227,515
Loans to equity associates	53,481		28,769	24,712	-	273	-	273	24,439
Other long-term investments, Loans	164	5	-	169	-	-	-	-	169
TOTAL	**280,287**	**80,646**	**103,831**	**257,102**	**853**	**1,021**	**18**	**1,856**	**255,247**

- Property, Plant and Equipment

PP&E comprises a mixed-use office/commercial building located in Pairs, in the 9th arrondissement, with a surface area of 963 m². The land located in VERDUN (book value of €31 thousand), as well as the attached work-in-progress (drilling carried out for the construction of the future foundations of a building for €148 thousand) were contributed to SA FIPP.

• Long-term investments

The main changes can be explained by:

- The decrease in the advances granted to subsidiaries in particular the subsidiary BALDAVINE paid back its current account which amounted to €18,279 thousand at 31 December 2010,
- The purchase of €73,420 thousand in FIPP shares and the distribution of these shares for €72,537 thousand; the balance of these shares, i.e. €883 thousand was reclassed as Marketable securities,
- The acquisition of 15.1% of the share capital of BASSANO DEVELOPPEMENT for €5,172 thousand. This company owns a building in Paris 8.
- The capital increase of SAS BALDAVINE for €1,939 thousand, required for the obtaining of a bank loan.
- The contribution repayment of SAS VELO for €1,444 thousand.

Detailed financial information on subsidiaries and associates (in thousands of Euros).

Company	Capital	Equity other than the share capital	Interest in share capital held (in percent)	Gross carrying amount of shares held	Net carrying amount of shares held	Unpaid loans and advances granted by the company	Sureties and deposits given by the company	Revenue (before tax) of last financial year	Profit (loss) from last accounting period	Dividends received by the company during 2010 financial year
A: subsidiaries at least 50% of the share capital										
VELO	1	-274	100%	624	-	6,582	-	3,589	-274	979
BALDAVINE SA	131	1,019	100%	4,625	4,625	-	-	1,286	1,012	-
VENUS	224,811	8,199	97%	217,719	217,719	-	-	4,419	13,619	-
BRUXYS	38	- 8,368	100%	-	-	18,124	-	-	-4,918	-
BASSANO DVT	33,301	1,218	15%	5,172	5,172	-	-	1,413	1,203	-
B: subsidiaries less than 10% of the share capital										
FONCIERE ROMAINE	38	-883	0,04%	-	-	-	-	3	2,150	-
TOTAL				**228,140**	**227,516**	**24,705**	**-**	**10,711**	**12,791**	**979**

Notes to the annual financial statements at 31 December 2011

4.2.Statement of receivables

Changes in receivables
(in thousands of Euros)

Gross amount	At 31/12/11	At 31/12/10	Change
in loans			
Loans to equity associates	24,712	53,481	-28,769
Loans	-	-	-
Other long-term investments	169	164	6
Current assets			
Trade accounts receivable	1,911	2,047	-136
State and local authorities	5,092	5,037	55
Associates	-	-	-
Miscellaneous accounts receivable	1,749	2,100	-351
Prepaid expenses	40	33	7
TOTAL	**33,674**	**62,862**	**-29,188**

The change in loans to equity associates is due to the decrease in advances granted to subsidiaries. As such, the subsidiary BALDAVINE paid back its current account which amounted to €18,279 thousand at 31 December 2010 thanks to a loan of €15 million that it took out with MUNCHENER HYPOTEKEN BANK on the one hand and on the other hand ACANTHE DEVELOPPEMENT subscribed for €1.9 million to the capital increase of BALDAVINE by offsetting its receivable as current account.
The change in trade accounts receivable is mainly due to the decrease in services yet to be charged.
The item "State and local authorities" comprises a receivable for early payment of tax (€1,330 thousand) as well as a receivable from the Treasury acquired in 2010 (€3,295 thousand), VAT receivables (€421 thousand), an application to carryback tax losses (€44 thousand) and an accrued receivable of €2 thousand.
The item 'miscellaneous accounts receivable' comprises an amount held in escrow (€1,700 thousand arising from a dispute between the company and former shareholders of a subsidiary), the quarterly balance received in January 2012 from property management activities (€23 thousand) and miscellaneous receivables (€26 thousand).

Schedule of receivables
(In thousands of Euros)

Receivables	Gross amount	Net amount	Due date at 1 year or less	Maturity of more year
Loans				
Loans to equity associates	24,712	24,712	24,712	-
Loans	-	-	-	-
Other	169	169	-	169
Current assets				
Trade accounts receivable	1,911	1,911	1,911	-
State and local authorities	5,092	5,092	466	4,626
Associates	-	-	-	-
Miscellaneous accounts receivable	1,749	1,749	1,749	-
Prepaid expenses	40	40	40	-
TOTAL	**33,674**	**33,674**	**28,878**	**4,795**

4.3. Marketable securities

The current value of marketable securities is equal to the average closing market price of the securities during the last month of the period.

Within the framework of memorandum N°04958 of 07/12/2004, which was approved by Autorité des marchés financiers (AMF), ACANTHE DEVELOPPEMENT SA bought back its own shares during the course of the first quarter of the financial year and terminated the liquidity contract concerning its listed securities on 31 March 2011.

(In thousands of Euros)

Value	Number	Gross carrying amount	Net value amount
Treasury shares	1,532	0	0
SICAVS CAAM	259	1,076	1,076
FIPP shares (1)	1,471,651	883	265
TOTAL	**1,473,442**	**1,959**	**1,341**

(1) cf. note 4.7

4.4. Equity

(In thousands of Euros)

	Capital	Premiums	Legal reserve	Other reserves	Retained earnings	Net income (loss)	Total
At 31/12/10	41,721	9,772	3,880	2,466	17	226,190	284,047
Appropriation of income (loss)			292		225,898	-226,190	0
Dividends					- 124,374		-124,374
Treasury share distribution					16		16
Capital decrease	-26,722	26,722	-2,672	2,672			0
Increase in capital following the issue of subscription warrants	778	9,054					9,833
Increase in capital through reinvesting dividends	638	4,294					4,932
2011 net income						**-9,584**	**-9,584**
	16,416	**49,842**	**1,500**	**5,138**	**101,557**	**-9,584**	**164,869**

During the financial year, as mentioned in the key events of the period, the main changes in equity were the following:

- €124,374 thousand distributed from profit available for distribution and from retained earnings,
- exercise of subscription warrants giving rise to a capital increase of €9,833 thousand,
- and a dividend distributed as shares giving rise to a capital increase of €4,932 thousand.

The result for the period is a loss of €9,584 thousand.

Notes to the annual financial statements at 31 December 2011

Share capital

At 31 December 2011, the share capital comprised 120,816,870 fully paid-up ordinary shares with voting rights.
During the period, 10,424,665 new shares were issued.

(In thousands of Euros)

	Warrants	Reinvested coupons	Number of shares
Beginning of the year			110,392,205
Conversion of warrants 34697	184,362,375		5,727,513
Conversion of 16,747,099 coupons		16,747,099	4,697,152
TOTAL	**184,362,375**	**16,747,099**	**120,816,870**

4.5. Statement of liabilities

Changes in liabilities
(in thousands of Euros)

Liabilities	At 31/12/11	At 31/12/10	Change
Bank borrowings	1,483	1,688	-205
Miscellaneous loans and borrowings	125	123	2
Supplier debts	768	902	-134
Tax and social liabilities	672	563	109
Current accounts	97,724	6,674	91,050
Other liabilities	-	2	-2
TOTAL	**100,773**	**9,953**	**90,820**

The change in the "current accounts" item can be explained by cash advances made by subsidiaries with excess cash (surpluses linked to various disposals of buildings or securities) and by the inclusion in the current account of the settlement of the purchases of FIPP securities (€62,856 thousand) carried out in particular with the subsidiary VENUS. The price of FIPP shares was assessed in light of the contribution of the various assets held by the group.

Liability maturities
(In thousands of Euros)

Liabilities	Amount	Due date at ≤ 1 year	> 1 year and < 5 years	> 5 years
Financial loans and debts with credit institutions (1)	1,483	145	549	789
Miscellaneous loans and borrowings	125	-	125	-
Supplier debts	768	768	-	-
Tax and social liabilities	672	672	-	-
Current accounts	97,724	-	97,724	-
Other liabilities	-	-	-	-
TOTAL	**100,773**	**1,585**	**98,398**	**789**

(1) of which bank overdraft: €22 K

Bank borrowings primarily comprises the following:

- A loan taken out with H.V.B. (now DEUTSCHE PFANDBRIEFBANK) for a period of 20 years

(principal of €1.452 thousand and €8.67 thousand in accrued interest) at a fixed-rate of interest until 31 July 2016, then at a variable rate of interest until full repayment of the loan on 31 July 2021.

ACANTHE DEVELOPPEMENT entered into an interest-rate SWAP-type agreement for an amount of up to €20,000 thousand, with an interest-rate limit between 0% and 6.94% and maturity of June 2012.

4.6. Accrued debts payable and accrued receivables

(In thousands of Euros)

Collectable receivables	31/12/11	31/12/10	Var.	Due receivables	31/12/11	31/12/10	Change
Financial data				**Financial data**			
Accrued interest/receivables c/accts	1,150	1,842	-692	Accrued interest/liabilities c/accts	1,180	200	980
Accrued interest/term deposits	-	-	-	Accrued interest/liabilities	9	13	-4
Trade receivables				**operating liabilities**			
Trade accounts receivable	1,860	1,929	-69	Suppliers	574	577	-2
Miscellaneous int.	2	4	-2	Tax and social liabilities	296	40	256
Other receivables	4,627	4,626	2	Other liabilities		2	-2
Accrued RRR		10	-10				
TOTAL	**7,639**	**8,411**	**-772**	**TOTAL**	**2,059**	**831**	**1,228**

Notes to the annual financial statements at 31 December 2011

4.7. Provisions

(In thousands of Euros)

	Amount at 31/12/10	Charge	Reversal used	Reversal unused	Amount at 31/12/11
For trade receivables	47		47		0
On current accounts		273			273
On Equity associates		624			624
On shares		618			618
On treasury shares	174		174		0
TOTAL	**221**	**1,515**	**221**		**1,515**

- A provision on Equity associates (€624 thousand) and on Current accounts (€273 thousand) was recognised on the subsidiary SA VELO following a distribution of dividends of €979 thousand.
- A provision of the FIPP shares for €618 thousand was booked during the period (calculated using the weighted average rate from the month of December, i.e. €0.18).

4.8.Prepaid expenses

They are essentially subscription and insurance costs (€40 thousand compared with €33 thousand in 2010).

4.9. Associated companies

(In thousands of Euros)

Balance sheet – Assets	31/12/11	31/12/10	Var.	Income statement	31/12/11	31/12/10	Var.
Equity associates	228,140	222,473	5,667				
Provision on Equity associates	-624	-	-624				
Loans to equity associates	23,562	51,639	-28,077	Interest charges on current account	-1,221	- 200	-1,021
Interest on loans to equity associates	1,150	1,842	-692	Carrying amount of securities sold	-72,537	-2,585	-69,952
				Leases	- 656	- 654	-2
Prov on Current accounts	-273		-273	Invoiceable expenses	-208	-180	-28
				Share of accounting loss from subsidiaries	-	-6,476	-
Credit balance current account	96,544	-6,475	103,019				
Interest on current account	1,180	-200	1,380	Share of accounting profit subsidiaries	-	-	-
Amounts yet to be billed	1,853	1,922	-68				
Credit notes yet to be drawn up	-	-2	2	Income from current accounts	1,606	1,762	- 156
Security deposits received	-26	-25	-1	Income from equity associates	979	235,087	-234,108
Security deposits given	169	164	5				-
				Re-invoiced head office expenses	1,568	1,605	-37
Invoices not received	-56	-28	-29	Taxable rents	103	102	1
				Invoiceable expenses	29	24	6
Credit notes yet to receive	-	10	-10	Provision on Current accounts	-273	-	-273
				Provision on Equity associates	-624	-	-624
Free shares	883		883	Provision on shares	-618	-	-618
Provision on shares	-618		-618				
				Income from the sale of securities	72,544	-	72,544
Miscellaneous accounts receivable		150	-150				
TOTAL	**351,884**	**271,470**	**80,414**	**TOTAL**	**694**	**228,486**	**-234,268**

Transactions between the company's subsidiaries were carried out under usual market conditions; as such, they do not require the additional information referred to in Article R. 123-198 11° of the French Commercial Code.

4.10. Notes to the income statement

- Change in revenue

(In thousands of Euros)

Income	At 31/12/11	At 31/12/10	Change
Rental income	537	540	-3
Income from re-billable expenses	86	71	14
Re-invoiced head office expenses	1,569	1,608	-39
Revenue	**2,192**	**2,219**	**-27**

Notes to the annual financial statements at 31 December 2011

ACANTHE DEVELOPPEMENT conducts holding and property company activities. Its revenue comprises rents from leased properties as well as income from invoiceable expenses and head office expenses invoiced to subsidiaries.

- Operating expenses

For the financial year, operating expenses amounted to €3,923 thousand compared to €3,502 thousand in the previous financial year.

This increase (+ €421 thousand) is primarily the result of:

- the increase in certain "Other purchases and expenses" items (+ €96 thousand),
- the increase in the "Taxes" item (+ €278 thousand) due primarily to the registration fees following the acquisition of 15% of the shares of SAS BASSANO DEVELOPPEMENT,
- the decrease in the "Salaries and other compensation and social security taxes" item (- €33 thousand),
- the decrease in the amortisation and provision charges item (€-4 thousand),
- the increase in directors' fees to the directors (+ €10 thousand),
- the loss from bad debts for + €47 thousand (customers were provisioned for 100%).

- Net financial income

This year, net financial income reached €77 thousand and can be broken down as follows:

- Dividends received in the amount of €979 thousand,
- Interest income charged to current accounts in the amount of €1,606 thousand,
- Interest expense charged to current accounts in the amount of €1,221 thousand,
- Provisions for the depreciation of investments and marketable securities for €1,242 thousand,
- And the other financial income and expenses for a net amount of €45 thousand.

At 31 December 2010, financial income was €236.670 thousand. It can be broken down as follows:

- Dividends received in the amount of €235,087 thousand;
- Other financial income and expenses for a net amount of €1,583 thousand.

- Total non-recurring items

For the financial year, total non-recurring items was a loss of €8,022 thousand compared with a loss of €2,597 thousand in 2010. It represents:

- the loss generated by the acquisitions and sales of treasury stock (€-8,149 thousand). This loss is primarily linked to the choice made by the company to buy back its own shares from the group's subsidiaries for the purpose of being used for granting free shares (envelope B of the plan voted in 2007) and the year's exercising of options.

As such, 4,330,000 shares that were previously held by subsidiaries were purchased and remitted in the framework of granting free shares in accordance with the decisions of the Extraordinary General Meeting of 21 March 2007.

This repurchasing of shares primarily stemming from the transformation of stock warrants into shares and the reinvesting of dividends resulted in a book loss of €6 million for the company, but no financial loss for the group.

Likewise, 5,040,000 shares that were previously held by subsidiaries were repurchased and sold at a price of €1.24 per share following the exercising of stock-options that had been granted. These sales generated a book loss of €2.1 million but the financial loss was extremely limited for the group, in that 90% of the shares came from the transformation of stock warrants into shares or the reinvesting of the dividend.

All of the repurchases were done at the stock market price of the day before the transaction. These transactions moreover resulted in the beneficial effect of limiting dilution.

- the gain on the sale of FIPP shares(+ €7 thousand),
- the gain on the contribution of the land located in Verdun (+ €120 thousand).

Note 5. Off-balance sheet commitments

5.1. Commitments given

a) ACANTHE DEVELOPPEMENT gave sureties of €56,501 thousand to the banks that financed buildings owned by its subsidiaries.

b) A first mortgage for the benefit of BAYERISCHE HANDELSBANK AG (now DEUTSCHE PFANDBRIEFBANK) on the building located in rue d'Athènes. The outstanding capital due at 31.12.11 on the loan is €1,461 thousand.

c) Collateral of commercial rents for the benefit of BAYERISCHE HANDELSBANK (now DEUTSCHE PFANDBRIEFBANK) on the building located in rue d'Athènes for this loan.

d) A preferential right of the Treasury was recorded in respect of the Company as a guarantee for disputed taxes of €11,415 thousand (see Note 6).

e) A mortgage whereby the Treasury takes title on the Company's building located in rue d'Athènes as a guarantee for disputed taxes of €3,099 thousand (see Note 6). The discharge on this mortgage was given on 6 March 2012.

f) A joint guarantee to the benefit of the subsidiary AD INVEST in July 2003 within the framework of a finance lease agreement for the financing of office property. AD INVEST was sold to the ADT SIIC Group in 2005. The commitment amounted to €868 thousand at 31 December 2011. This commitment was cancelled on 30 March 2012.

5.2. Commitments received

Under a debt buyback transaction at the Treasury by ACANTHE DÉVELOPPEMENT from its former subsidiary, TAMPICO, a price revision clause was provided for between the companies, on behalf of ACANTHE DÉVELOPPEMENT amounting to the share that may subsequently not be paid by the Treasury.

Note 6. Disputes

6.1. Tax disputes

Following several tax audits regarding the financial years from 2002 to 2005, the French tax authorities claimed a total principal amount of unpaid tax of €6.99 million from ACANTHE DEVELOPPEMENT (excluding interest of €0.85 million and surcharges of €3.68 million).

These amounts should be reduced to €2.15 million (excluding interest of €0.34 million and surcharges of €0.82 million) in light of the discharge of a portion of the disputed taxes delivered by the Paris Administrative Court (see hereinafter).

These adjustment proposals notified by the tax authorities mainly challenged - for the sum of €4.83 million (excluding interest of €0.51 million and additional charges of €2.86 million) - the principle of non-taxation of dividends under the parent-daughter system, and hence the right to pay out dividends received under the parent company system.

It is due to a fraction of the taxes mentioned in the previous paragraph that, via a ruling on 5 July 2011, the Paris Administrative Court – taking its decision in a plenary session and on the same day rending four identical and clearly motivated decisions – upheld the application of ACANTHE DEVELOPPEMENT and discharged it from the disputed additional tax as well as from the related penalties charged to it by confirming the eligibility of the dividends received for the tax exemption provided for under the parent company-subsidiary system.

The Paris Administrative Court also sentenced the State to pay €1,500 to ACANTHE DEVELOPPEMENT in terms of Article L. 761-1 of the Code of Administrative Justice, which underlines the weight given to the analysis defended by the company. The tax authorities lodged an appeal against this ruling with the Paris Administrative Court of Appeal. However, the ruling of the Administrative Court is immediately enforceable and the tax authorities have already relieved a portion of the taxes for which the Administrative Court has pronounced discharge.

The administration has also started to release the guarantees taken for the taxes involved except for re-allocating them to the guarantee for the taxes still in dispute.

Moreover, ACANTHE DEVELOPPEMENT received a correction proposal that challenges the valuation of the AD CAPITAL shares distributed as dividends in the amount of €15.6 million, a portion of which is taxed as long-term capital gains thus giving rise to a tax adjustment in the principal amount of €3.4 million. ACANTHE DEVELOPPEMENT had valued these shares on the basis of the revalued net asset (RNA). The authorities proposed other methods, which were challenged by the Company and its counsel CMS Bureau Francis Lefebvre in their response to the correction proposal.

On 7 July 2008, the local representative of the tax authorities met with the company's consultant, CMS Bureau Francis Lefebvre, and at the end of the meeting, although the authorities confirmed the questioning of the initial valuation method, it retained part of the valuation items presented and reduced the amount of the adjustment accordingly to a base amount of €11.8 million representing a tax adjustment in principal of €2 million.

Pursuing its challenge of the adjustment, the company requested, in particular, that it be submitted to the departmental committee of direct taxes and taxes on sales. The committee examined the company's case on 30 June 2010 and took into account the elements submitted for the company with the purpose of demonstrating the exaggerated nature of the valuation performed by the authorities. Following this decision, the amount of the adjustment was again reduced to €10.4 million, that is, a tax adjustment of €2.15 million (excluding interest of €0.34 million and surcharges of €0.82 million).

Here again, upon receipt of demands for payment of the corresponding tax, the company submitted a claim, which is currently being heard, in order to have all the submitted arguments taken into account.

Following the rejection of this claim, the matter was referred on 7 September 2011 to the Administrative Court of Paris.

For all of these motives, and with regards to the opinions of its experts and jurisprudence, the Company intends to obtain relief on these disputes, which justifies the absence of a provision on the books.

6.2. Other disputes

• FIG

Although FIG has not been part of the ACANTHE DEVELOPPEMENT group since 19 March 2010, certain disputes of FIG still concern ACANTHE DEVELOPPEMENT.

a/ Judgements of 28 September 2009

By three judgements of the Commercial Court of Paris on 28 September 2009, the Ordinary and Extraordinary General Meeting of FIG held on 24 February 2004 was invalidated together with all of the resolutions and decisions related thereto, and the subsequent instruments pertaining thereto. The main purpose of this Meeting was to write off the losses by reducing the capital to zero, to be followed immediately by an increase in the share capital.

FIG and its shareholder, the société anonyme TAMPICO which was not part of the proceedings, considered that the purpose of these rulings was to put it back (as well as its shareholders), in all aspects, to the situation that it was in before the General Meeting of 24 February 2004 and as such cancelled all of the transactions carried out since 24 January 2004, since these constituted acts that were related or subsequent, which needed to be rectified.

On 24 January 2004 (as today), FIG does not belong to the ACANTHE DEVELOPPEMENT Group.

In order to implement the enforceable rulings of 28 September 2009, FIG was obliged to take decisions in order to re-establish the statu quo ante. Indeed, it was impossible for it to cancel the merger that took place in July 2005, after the invalidated General Meeting, with BALTIMORE (dissolved in the process) and following which it fully took over all real estate activities that were fully contributed to it by its sole partner at the time. On the date of the merger, in July 2005, FIG no longer had in fact any minority shareholders (and this since 24 February 2004) and was not involved in any proceedings since it was only in February 2007 (the day before prescription) that the minority shareholders applied for cancellation of the General Meeting of 24 February 2004.

As a result, there was a split-up in FIG's activities with a distribution of the totality of its real estate assets.

This split-up was carried out by paying an interim dividend on 9 December 2009 and reducing the capital on 10 December 2009. These amounts were paid out by TAMPICO to TAMPICO, followed by ACANTHE DÉVELOPPEMENT.

b/ Judgements of 14 January 2011

Two judgements delivered by the Commercial Court of Paris on 14 January 2011 (one judgement rendered in the Barthes & Ceuzin dossier and the other in the Noyer dossier) explicitly indicated that there was no need to call into question these distributions carried out in December 2009. These judgements rejected the demands of the former minority shareholders to invalidate all transactions conducted after the invalidated FIG General Meeting of 24 February 2004, and on the same grounds, equally nonsuited their claims against ACANTHE DEVELOPPEMENT. As these judgements have been appealed by the former minority shareholders, ACANTHE DEVELOPPEMENT continues to monitor the developments in these proceedings and is aware of the elements developed hereinafter.

The two judgements on 14 January 2011 ordered FIG and TAMPICO (who are no longer part of the Group) to pay the former minority shareholders *"the amount of their shareholdings in the capital of FIG and their share of dividend distributions and FIG's reserves, taking into account the change in their shareholdings following the different transactions having affected FIG's net assets since the combined annual and extraordinary shareholders' meeting of 24 February 2004".*

Mr KLING, an appraiser, was assigned the mission of assessing the damages charged to TAMPICO and FIG. TAMPICO made up for the insolvency of the former minority shareholders who refused to record the adjustment expenses charged to them. To date, TAMPICO has recorded a total amount of €58,076.

Mr Kling sent a preliminary report on 29 March 2012. This preliminary report was rendered in the framework of the expertise carried out in the Barthes et Ceuzin section of the dossier. As the mission of Mr Kling, such as set forth by the rulings of 14 January 2011 was the same in the Barthes et Ceuzin dossiers on the one hand and Noyer on the other hand, the preliminary report of 29 March 2012 is significant for the entire dossier.

This preliminary report indicates: "Consequently, the evaluation proposes to retain the share reverting to the minority shareholders at 0.093%, to be distributed, in particular to the benefit of the following shareholders:

- Mr BARTHES 65,296 / 89,887 X 0.093%, i.e. 0.071%
- Mr CEUZIN 15,764 / 89,887 X 0.093%, i.e. 0.016%
- Mr NOYER 7,824 / 89,887 X 0.093%, i.e. 0.008%".

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The parties had until 13 April 2012 to comment on this preliminary report.
M. Kling is to remit his final report in the upcoming weeks. If the final report confirms the preliminary report of 29 March 2012, the rights of all of the minority shareholders (including Messieurs. Barthes, Ceuzin et Noyer) *"in the payment and reserves carried out, taking into account the evolution of their contributions in the different transactions that affected FIG's net assets since the Ordinary and Extraordinary General Meeting of 24 February 2004"* would be about €151 thousand.

On 12 April 2012, the Paris Court of Appeal decided that the appeals against the judgements of 14 January 2011 were not in a position to be argued in light in particular of the absence of the final reports from Mr Kling. The next audience in the proceedings was set for 28 June 2012.

c/ Deconsolidation of FIG and TAMPICO from the scope of ACANTHE DEVELOPPEMENT
On 19 March 2010, FIG was sold to the company 19B S.A., acting on behalf of ALLIANCE DESIGNERS, majority shareholder at the general shareholders' meeting of 24 February 2004 which was invalidated. FIG is no longer part of the ACANTHE DÉVELOPPEMENT Group since then.

ACANTHE DEVELOPPEMENT sold its subsidiary TAMPICO which held 100 of FIG until 19 March 2010, to SLIVAM on 20 April 2010. TAMPICO is therefore no longer part of the ACANTHE DEVELOPPEMENT Group.

d/ Re-establishment of the minority shareholders of FIG
The new leader of FIG convened an Extraordinary General Meeting of the company on 1 September 2010.

All of the shareholders at 24 February 2004 or their legal beneficiaries were duly invited. This General Meeting noted that FIG's shareholders at 24 February 2004 had regained their rights at 24 February 2004 and therefore the share capital, the face value of the shares and the number of shares held by each of the shareholders were the same as those on the day of the invalidated General Meeting. The shareholders who had initiated the judgements of 28 September 2009 refused to attend the General Meeting of 1 September 2010.

e/ Liquidation proceeding filed against FIG
On 6 January 2011, FIG was served with a judicial liquidation order following a summons issued in particular by the three minority shareholders also at the initiative of the invalidation of the Annual General Meeting of Shareholders of 24 February 2004.

f/ Sequestrations
Through a summary order on 15 June 2010 issued at the request of Messrs BARTHES and CEUZIN, the president of the Commercial Court of Paris ordered the sequestration of 95,496 SNC VENUS shares belonging to ACANTHE DÉVELOPPEMENT, in the hands of the Bailiffs, SCP CHEVRIER de ZITTER-ASPERTI.
By an order following an uncontested petition, pronounced on 16 September 2010 at the request of Messrs BARTHES and CEUZIN, the President of the Commercial Court of Paris ordered the sequestration of the sum of €15,179,894.85 (representing the full amount of the dividend voted by the General Meeting of ACANTHE DÉVELOPPEMENT shareholders of 18 June 2010) in the hands of the Bailiffs, SCP CHEVRIER de ZITTER-ASPERTI.
On 8 October 2010, the President of the Court issued an interim order limiting this escrow to the sum of €1,700,000. This order which was confirmed by a decision from the Appeal Court of Paris on 8 December 2010 indicated in particular "mindful of the fact that there is no objection, as argued by ACANTHE DÉVELOPPEMENT, that Messrs Barthes and Ceuzin have no direct or indirect debts towards the said company".
As the judgement on the merits given by the Commercial Court of Paris on 14 January 2011 rendered the substance of these two escrows void, ACANTHE DEVELOPPEMENT requested that the three orders in question and the discharge of the said escrows be repealed.
On 29 March 2011, an interim order ruled against ACANTHE DEVELOPPEMENT with regard to its request concerning the order of 15 June 2010 and rejected the company's request regarding the orders of 16 September and 8 October 2010 (exclusive jurisdiction of the Paris Court of Appeal).
Through an order of 30 March 2012, the Paris Court of Appeal confirmed the order of 29 March 2011 in that it rejected ACANTHE DÉVELOPPEMENT's request concerning the order of 15 June 2010 (sequestration of VENUS shares). The Court of Appeal in particular held that as the judgements of 14 January 2011 have been appealed, they were not definitive in such a way that it did not put an end to the dispute between the parties.

A certain number of irregularities were detected in this order rendered by the Court of Appeal such as in particular that FIG … was bought out by the Acanthe Développement Group in 2002" although this error committed by the President during the outlining of the reasons had however been corrected by our lawyer who explained that FIG came into the consolidation scope of the Acanthe Group in 2005, after the removal of the minorities. Likewise, it is indicated that "through deliberation on 24 February 2004, the Annual General Shareholders' Meeting of FIG decided to cancel the shares held by Mr Barthes and Mr Ceuzin and to make SAS Tampico (company held 100% by the Acanthe Group) the sole shareholder of FIG". However, the agenda for this Annual General Shareholders' Meeting was obviously not to cancel the shares of Barthes and Ceuzin but to suggest to all shareholders – including Barthes and Ceuzin – that the company be recapitalised. They decided on their own account not to participate. Moreover, the Court indicated that "Through the judgement given on 14 January 2011, the Commercial Court of Paris rejected Mr Barthes and Mr Ceuzin (…) but recognised that these transactions had caused them prejudice and assigned an expert for the purposes of assessing the amount of the shares of Mr Barthes and Mr Ceuzin in the capital of FIG at 24 February 2004". However, the Commercial Court of Paris did not recognise that these transactions had caused prejudice to Barthes and Ceuzin. On the contrary, the Commercial Court rejected arguments from Barthes and Ceuzin, explicitly saying that as the decisions after the Annual General Shareholders' Meeting of 2004 were not invalidated, Barthes and Ceuzin were not able to exercise their rights as shareholders and decided that these rights should be resolved in the form of damages. Finally the Court also incorrectly indicated Acanthe's refusal to execute the sequestration of shares.

With regards to our application concerning the repealing and the release of the sequestration of the €1,700,000 (Court of Appeal of 8 December 2010), the closing is to occur in July 2012 and the arguments by the defence scheduled for September 2012.

- Application to extend the court liquidation proceeding of FIG to ACANTHE DEVELOPPEMENT The Commercial Court opened via judgement of 6 January 2011 a court liquidation proceeding against FIG on the summons of Madame Monique Richez and Mr Barthes, Mr Ceuzin and Mr Noyer.

Madame Richez was a creditor of FIG in virtue of a judgement from the enforcement judge of 29 June 2010 which had cleared a payment of an amount of €50.8 thousand ordered by an order of the Paris Court of Appeal on 9 June 2009.

The Paris Court of Appeal had requalified a service provision contract concluded between Madame Richez and FIG (then represented by François Barthes) in September 2002 and terminated in November 2005, as a labour contract and sentenced FIG in particular to remit the social documents to Madame Richez under penalty.

As FIG was not able to remit all of the social documents required, the penalty was cleared.

Through the order of 5 May 2011, Madame Monique Richez was appointed, at her request, as controller in the court liquidation proceeding of FIG.

In a letter dated 19 September 2011, Madame Monique Richez gave notice to Me Gorrias, liquidator of FIG, to act in extension of the court liquidation proceeding against ACANTHE DEVELOPPEMENT.

As Maître Gorrias did not, according to the latter, respond within the allotted timeframe to this notification, Madame Monique Richez, acting as controller, filed suit on 23 December 2011 against ACANTHE DEVELOPPEMENT in front of the Commercial Court of Paris for the purposes of extending the court liquidation proceeding of FIG for the payment of the liabilities of the latter.

Recall that the dispute opposing Madame Monique Richez and Mr Barthes, Mr Ceuzin and Mr Noyer against FIG has its source at a time when ACANTHE DEVELOPPEMENT was not a shareholder of FIG. The latter became a shareholder of FIG through the intermediary of one of its subsidiaries, TAMPICO, on 24 March 2005, and FIG left the consolidation scope of ACANTHE Group on 19 March 2010, which is prior to the judgement opening the court liquidation proceeding of FIG.

In an official letter of 9 March 2012 sent to the advisor of Madame Richez, ACANTHE DEVELOPPEMENT offered to repurchase the receivable of Madame Richez in order to protect its shareholders from the publicity effects of these proceedings.

Madame Richez refused this offer on 22 March 2012 and indicated that she could accept it only "in the hypothesis wherein ACANTHE DEVELOPPEMENT would purchase the full amount of the liabilities of FIG so that all of the creditors of the latter are satisfied. »

Notes to the annual financial statements at 31 December 2011

Subsequently, the former shareholder of FIG, TAMPICO, carried out this payment through a real offer of payment. This payment was presented in the form of a bank cheque. As Madame Richez again refused this payment, TAMPICO solicited the judicial officer who proceeded to record this amount with the Caisse des dépôts et consignations and informed Madame Richez of this. This procedure, in application of the provisions on the civil code, allows the debtor to be released.

It is under these circumstances that the Parties are called to the audience of 3 May 2012 in order to be heard by the Commercial Court in deliberating chamber.

In the framework of this action, ACANTHE DEVELOPPEMENT intends to question the Constitutional Council on the constitutionality of Article L 621-2 of the French Commercial Code via a “priority preliminary ruling on constitutionality”.

The action of Madame Richez is moreover contested concerning its admissibility as well as the merits.

Indeed, in order for an extended action to prosper, it is necessary to demonstrate the fictiveness of the company or the confusion of assets between the two companies.

In this case, neither of the two conditions seems to be satisfied and ACANTHE is contesting this application for extension.

Finally, Madame Richez is arguing for an amount of liabilities of FIG that today appears to be largely less than that put forth by the latter.

The amount of liabilities declared at the opening of the court liquidation proceeding of FIG, i.e. €113,609 thousand is currently being verified and should decrease substantially, especially for the following reasons:

- Receivables were written off for an amount of €1,364 thousand
- A “provisional” receivable of €42,411 thousand declared by the Trésor Public was reduced to €1,976 thousand through a final correction proposal on 19 January 2012. This receivable is contested. In addition its extinction is solicited, as the Trésor Public did not proceed with a final declaration within a period of one year from publication in the BODACC nor was this period extended at the Commercial Court,
- A receivable of €10,780 thousand from the Tax Authorities should be reduced to a maximum of €6,188 thousand in application of Article 1756 of the French General Tax Code (penalties are excluded in the case of a liquidation proceeding), an amount which in any case is also disputed and this, due to the fact that it concerns a discount that is questioned by the tax administration in the parent company-subsidiary system. Favourable decisions were obtained in similar proceedings by other companies in Group,
- Other receivables declared by the Trésor Public for €1,159 thousand were disputed as they all involve claims. One of them for €592 thousand has since been abandoned.
- Mr Barthes, Mr Ceuzin and Mr Noyer jointly declared a receivable of €22,502 thousand on FIG. This receivable would correspond to the rights that they held in the capital of FIG and their share of dividend distributions and FIG’s reserves carried out since the combined annual and extraordinary shareholders’ meeting of 24 February 2004 invalidated by the judgements on 28 September 2009. This receivable is disputed and Mr Kling, expert appointed by two judgements of 14 January 2011, having for mission to assess these rights, indicated in a preliminary report on 29 March 2012 that all of the minority shareholders including Mr Barthes, Mr Ceuzin and Mr Noyer would have a right to 0.093% which is approximately an amount of €151 thousand to date.
- Furthermore, Mr Barthes declared a receivable of €3,147 thousand. This liability is a joint and several liability between FIG, Alliance Designers, Dofirad and Mr Alain Duménil. This receivable is contested and an appeal has been filed against the order of 19 May 2009. The proceedings are still pending.
- Finally, Mr Barthes, former director of FIG, declared a receivable of €846 thousand for back wages, indemnities and damages. FIG has always considered that there was no labour contract as this person was a corporate officer. The proceedings are still pending with the Conseil des Prud’hommes (labour tribunal).

Finally, 19B S.A acting on behalf of the major shareholder on the day of the General Meeting on 24 February 2004, declared a receivable in current account of €31,226 thousand. This receivable is subordinated to the rest of the liabilities.

For all of these reasons, the Company feels that the absence of booking a provision for this dispute is justified.

- Request from PHRV to appoint a management expert

PHRV (Paris Hôtels Roissy Vaugirard SA), a minority shareholder holding more than 5% of the share capital and voting rights of ACANTHE DEVELOPPEMENT filed suit against the Company on 15 November 2011 for the purposes of designating a management expert. It was questioning the price for the sale of three properties carried out by ACANTHE DEVELOPPEMENT and located in Paris 8 as well as on the opportunity of the acquisition of an Alliance 95 company. On the sale of the three properties, PHRV was asserting that the motivations for the opportunity of the sale were doubtful and that the sale prices were less than those of the market. ACANTHE DEVELOPPEMENT firmly opposed these arguments, and transmitted all of the documents useful for the proceedings (appraisals, sales contracts).

Through an order of 26 January 2012, the Commercial Court of Paris followed the arguments of ACANTHE DEVELOPPEMENT, and rejected the claims of PHRV and sentenced it to pay ACANTHE DEVELOPPEMENT the amount of €5,000 in terms of Article 700 du Code of Civil Procedure as well as expenses.

In a statement of appeal on 23 February 2012, PHRV lodged an appeal against the order of 26 January 2012.

Note 7. Other information

At 31 December 2011, the company had three employees.

No advance or loan was granted to the directors during the financial year.

The Annual General Meeting of Shareholders set directors fees at €130 thousand (gross) to be shared between the directors.

Pension obligations were not significant and were not provisioned in the parent-company and financial statements.

Tax losses and their changes are as follows:

(In thousands of Euros)

Items	At 31/12/10	Year's losses	Included in the year's accounts - Carryback	Au 31/12/11
Ordinary losses	-	13,412	-	13,412
Long-term capital loss	-	-	-	-
TOTAL	**-**	**13,412**	**-**	**13,412**

Notes to the annual financial statements at 31 December 2011

Breakdown of the results of the period into current results and exceptional results

(In thousands of Euros)

Income	2011	IFA	Corporate Tax at 33.33%	Corporate Tax at 16.50%	Total
Operating results	-1,638				-1,638
Joint operations	0				0
Financial income	77				77
Total non-recurring items	-8,022				-8,022
Corporate Tax	0	0			0
Total	**-9,584**	**0**	**0**	**0**	**-9,584**

Consolidated Financial

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Comparative consolidated balance sheets

(in thousands of €)

	31/12/2011	31/12/2010
ASSETS		
Investment property	253,552	364,480
Tangible assets	6,130	6,096
Consolidated goodwill		
Intangible assets	2	4
Financial assets	7,608	7,421
Total non-current assets	**267,292**	**378,001**
Property inventories	10	25
Customers and related accounts	2,556	4,530
Other receivables	14,789	15,703
Other current assets	64	94
Current financial assets	1,362	2,193
Cash flow and cash equivalents	1,754	21,953
Total current assets	**20,534**	**44,499**
TOTAL ASSETS	**287,827**	**422,500**

(in thousands of €)

	31/12/2011	31/12/2010
LIABILITIES		
Capital	16,416	41,721
Reserves	173,292	255,918
Net consolidated result	(1,087)	(292)
Total Equity, group share	**188,622**	**297,348**
Minority interest reserves	8,153	8,022
Minority interest result	164	111
Total Equity	**196,939**	**305,481**
Non-current financial liabilities	75,492	87,736
Provisions for risks and expenses	4,101	56
Deferred taxes	-	-
Total non-current debt	**79,593**	**87,793**
Current financial liabilities	3,171	20,234
Deposits and guarantees	1,957	3,056
Suppliers	2,876	2,457
Fiscal and corporate debt	2,713	2,501
Other liabilities	578	829
Other current liabilities		150
Total current debt	**11,295**	**29,226**
Total debt	**90,888**	**117,019**
TOTAL LIABILITIES	**287,827**	**422,500**

Comparative consolidated income statement

(in thousands of €)	Restatement for transferred activities 31/12/2011	Restatement for transferred activities 31/12/2010
Rents	8,052	11,400
Rebilled occupancy expenses	1,916	1 944
Global occupancy expenses	(3,402)	(4,090)
Net revenue from property	**6,567**	**9,254**
Income from real property development		6,405
Expenses from real property development		(100)
Changes in real property stocks		(6,231)
Net income from real property development		**74**
Income from other activities		
Personal expenses	(2,489)	(3,397)
Other overhead costs	(2,607)	(2,777)
Other earnings and other expenses	312	(6)
Change in value of investment property.	7,059	790
New reserves for other depreciation and provisions	(4,241)	(827)
Renewed reserves for other depreciation and provisions	168	179
Pre-transfer earnings	**4,769**	**3,290**
Income from disposal of investment properties	(384)	(251)
Operating income	**4,385**	**3,040**
- Incoming cash flow and cash flow equivalents	(3,610)	13
- Cost of gross financial debt	(4,100)	(4,282)
Cost of net financial debt	**(7,711)**	**(4,269)**
Other financial earnings and expenses	558	963
Earnings before taxes	**(2,768)**	**(267)**
Tax on profits	(64)	(127)
Earnings after taxes from transferred activities	1,909	213
Net income	**(923)**	**(181)**
Minority interest	164	111
Group share of net profit and loss	**(1,087)**	**(292)**
Earnings per share		
Basic earnings per share (in €)	-0.010	-0.003
Diluted earnings per share (in €)	-0.010	-0.003
Earnings per share for operations		
Basic earnings per share (in €)	-0.028	-0.005
Diluted earnings per share (in €)	-0.028	-0.005
Other components of aggregate earnings		
Net profit and loss	(923)	(181)
Remeasurement of available-for-sale financial assets	(246)	2
Remeasurement of fixed assets	133	(196)
Taxes		
Total profits and losses recognised as equity	(113)	(195)
Aggregate profit and loss	(1,036)	(375)
(Net earnings and profits and losses recognised as equity)		
Aggregate earnings - Group share	(1,200)	(486)
Aggregate earnings - minority share	164	111

Consolidated financial statements 2011

Statement of changes in equity

	Group share						
	Capital	Reserves linked to capital	Treasury shares	Reserves and consolidated income	Equity – Group share	Equity – Minority share	Total equity
Equity on 31/12/2009	**38,247**	**26,822**	**-19,479**	**255,794**	**301,385**	**7,845**	**309,230**
Capital operations	1	4			5		5
Share-based transactions		2,338			2,338		2,338
Operations on treasury shares			-2,157		-2,157		-2,157
Dividends (payments and reinvestment)	3,473	7,003		-13,959	-3,483	177	-3,306
Net profit or loss for the period				-292	-292	111	-181
Profits and losses recognised directly as equity				-195	-195		-195
Net earnings and profits and losses recognised directly as equity	**0**	**0**	**0**	**-487**	**-487**	**111**	**-376**
Change in scope				-254	-254		-254
Equity on 31/12/2010	**41,721**	**36,167**	**-21,636**	**241,094**	**297,347**	**8,133**	**305,480**
Operations on capital (1)	778	9,054			9,832		9,832
Capital reduction	-26,722	26,722			0		0
Share-based transactions (2)		1,182	0		1,182		1,182
Operations on treasury shares (3)			10, 044	-13,519	-3,475		-3,475
Dividends (reinvested as shares)	638	4,294			4,932		4,932
Dividends				-119,934	-119,934		-119,934
Conversion difference (4)				162	162	20	182
Net profit or loss for the period				-1,087	-1,087	164	-923
Profits and losses recognised directly as equity (5)				-113	-113		-113
Net earnings and profits and losses recognised directly as equity	**0**	**0**	**0**	**-1,200**	**-1,200**	**164**	**-1,036**
Change in scope (6)				-226	-226		-226
Equity on 31/12/2011	**16,415**	**77,419**	**-11,592**	**106,377**	**188,622**	**8,317**	**196,939**

(1) Increase in capital following the exercise of stock warrants
(2) (2) Impact of the free share plan and results of the transfer generated for its implementation
(3) Restatement of the treasury shares with regards to the sale for the period
(4) Foreign exchange gain/loss on Hillgrove Investements Group, which entered and exiting the scope during the period
(5) Change in the value of the administrative building and non-current financial assets held for sale
(6) Correction of the distribution of minority interests in Sogeb after the legal invalidation of a capital increase, non-subscribed by the minorities

Statement of changes in cash flow (K€)

		31/12/2011	31/12/2010
Activity-based cash flows			
Consolidated net income		(923)	(181)
Derecognition of expenses and income with no impact on cash flow			
Depreciation and provisions		4,003	(70)
Change in fair value for property		(10,476)	(1,519)
Free shares and stock options		(6,848)	2,338
Other IFRS restatements		(1,145)	(440)
Other unpaid expenses and income			
Transfer profits/losses		281	843
Impact of changes in scope		(1,186)	(124)
Badwill			
Share of earnings for companies applying the equity method			
Self-financing ability after the cost of net financial debt and taxes		(16,294)	847
Cost of net debt		(4,811)	(5,056)
Taxes (including deferred taxes)			
Self-financing ability before the cost of net financial debt and taxes	**A**	**(11,483)**	**5,903**
Taxes paid	B		
Activity-based changes in working capital requirements (cf. comments (1) hereinbelow)	D	(4,014)	1,323
Changes in WCR linked to transferred activities		(5,594)	(519)
Net cash flow generated by operations	**E=A+B+C+D**	**(21,091)**	**6,707**
Cash flow relating to investment operations			
Acquisitions of fixed assets		(5,494)	(13,636)
Sales of fixed assets		78,596	45,947
Acquisitions of financial assets		(6,303)	(869)
Refunding of financial assets			180
Impact of changes in scope (other than discontinued activities)		102	(21,710)
Changes in loans and advance payments accorded			
Other flows relating to investment operations			
Change in investment cashflow for transferred activities			
Net cash flows relating to investment operations	**F**	**57,445**	**13 058**
Cash flow relating to financing operations			
Increase in capital			5
Paid by the shareholders of the parent company		14,765	
Paid by minority shareholders in consolidated companies			
Dividends paid		(51,262)	(3,305)
Acquisition or sale of self-held securities		2,733	(2,157)
Receipts relating to new loans		15,000	
Loan repayments		(13,965)	(12,604)
Net interest paid		(4,811)	(4,740)
Impact of changes in scope			
Other flows relating to financing operations		(899)	
Change in financing cashflow for transferred activities		(1,909)	(3,125)
Net cash flow relating to financing operations	**G**	**(40,349)**	**(25,927)**
Changes in net cash flow	**E+F+G**	**(3,995)**	**(6,161)**
Changes in net cash flow		**(3,995)**	**(6,161)**
Opening cash flow			
Available assets		3,035	2,647
Bank overdrafts		(16,204)	(359)
Securities		18,918	9,622
		5,749	**11,910**
Closing cash flow			
Available assets		677	3,034
Bank overdrafts		0	(16,203)
Securities (1)		1,077	18,918
		1,754	**5,749**

Notes

TO THE ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2011

Notes to the annual financial statements at 31 December 2011

Note 1. Notable facts for the period

General information

ACANTHE DEVELOPPEMENT is a Société Anonyme with a Board of Directors, governed by French law, with a capital of €16,416,399, whose head office is located at 2 rue de Bassano – 75116 PARIS, registered in the Company and Trade Registry of Paris under number 735 620 205. ACANTHE DEVELOPPEMENT shares are listed on the NYSE Euronext Paris stock market (Compartment C, ISIN FR 0000064602).

1.1. Restructuring of the real estate activity

During the financial period, ACANTHE DEVELOPPEMENT Group increased its specialisation in QCA (Central Business District) real estate by contributing their real estate property located in the Paris region, abroad and in the mountains to FIPP, listed in Paris on the NYSE Euronext stock exchange, compartment C and acquired during the financial period.

a) Acquisition of FIPP

ALCATEL-LUCENT and three minority shareholders sold, via two private contracts on 7 June 2011, to ACANTHE DEVELOPPEMENT and to three of its subsidiaries (VELO, BALDAVINE SA, BRUXYS) 85.4% of the share capital of FIPP, i.e. 92,795 shares at a unit price of €13.72.

Through this acquisition, ACANTHE DEVELOPPEMENT took control of the company. It then filed a simplified tender offer concerning the balance of the shares not yet held in the capital of FIPP, at a unit price of €13.72. The simplified tender offer took place from 22 July to 4 August 2011 and resulted in the acquisition on the market of 8,116 additional shares, which is an increase in the shareholding percentage of 7.48%.

ACANTHE DEVELOPPEMENT Group then held 100,911 shares out of a total of 108,648 which is a percentage of 92.88%.

b) Contributions to FIPP

In the simplified tender offer, ACANTHE DEVELOPPEMENT Group announced its intention to contribute to FIPP its real estate assets other than those that it held directly or indirectly, in the Central Business District and/or in the historical sections of Paris.

In this framework, a request was filed on 23 June 2011 by the group with the President of the Commercial Court of Paris for the purposes of designating contribution appraisers.

By order of 27 June, Mr Alain ABERGEL and Mr Antoine LEGOUX were designated as contribution appraisers in charge of assessing the value of the contribution. Their mission was then extended by order of 5 August in order to also assess the exchange ratio.

The asset transfer agreement was signed on 10 October 2011 subsequent to the issuing of their reports.

In parallel, a Prospectus was made available to the public by ACANTHE DEVELOPPEMENT on the occasion of the capital increase through the contribution of a set of real estate rights and property and investment securities, as well as receivables held by ACANTHE DEVELOPPEMENT and some of its subsidiaries to FIPP SA, and the admission of new FIPP SA shares for trading on the regulated market NYSE EURONEXT PARIS, as well as ii) the public offering of FIPP shares subsequent to the granting of these new FIPP SA shares which would be held by ACANTHE DEVELOPPEMENT benefitting the shareholders of ACANTHE DEVELOPPEMENT as dividends. This prospectus received approval from the securities commission under no. 11-504 on 3 November 2011.

Notes to the annual financial statements at 31 December 2011

The Contributions can be broken down as follows:

Building

Description	Address of the building
Land	Rue Jean Bouin – Verdun AN91 Section BP n° Plan 49 (88a49ca) and 110 (38a56ca)

Equity associates

Company	Number of units/ shares contributed	Percentage of capital contributed
SCI BRIAULX, with a capital of €1,000, registered in the Company and Trade Registry of Paris under number 438 099 921	1,000	100%
SCI LE ROUSSEAU, with a capital of €1,524, registered in the Company and Trade Registry of Paris under number 412 883 472	100	100%
SCI BRIHAM, with a capital of €1,000, registered in the Company and Trade Registry of Paris under number 438 099 897	439,600	100%
SCI LE VOLTAIRE, with a capital of €3,566.16, registered in the Company and Trade Registry of Paris under number 412 883 670	234	100%
FINANCE CONSULTING SA, governed by Belgian law, with a capital of €61,973.38, registered in the Company and Trade Registry of Brussels under number 0452016337	2,500	100%
SNC SAMRIF, with a capital of €15,244.90, registered in the Company and Trade Registry of Paris under number 389 164 617	2,000	100%
SAS ALLIANCE 1995, with a capital of €113,270.23, registered in the Company and Trade Registry of Nanterre under number 402 509 269	9,380	100%
SCI LE BREVENT, with a capital of €1,524.49, registered in the Company and Trade Registry of Paris under number 415 254 663	100	100%
SNC AXONNE, with a capital of €1,000, registered in the Company and Trade Registry of Paris under number 478 748 866	1,000	100%
SA KENTANA, governed by Luxembourg law, with a capital of €31,000, registered in the Company and Trade Registry of Luxembourg under number B 109516	310	100%
SAS SFIF, with a capital of €37,000, registered in the Company and Trade Registry of Paris under number 542 046 792	2,500	100%
SCI LES DAUPHINS, with a capital of €1,524.49, registered in the Company and Trade Registry of Paris under number 415 254 473	100	100%

All of the companies were contributed for 100% of their share capital; three of these have securities that provide control of a subsidiary:

Parent subsidiary of a sub-subsidiary	Name	Registration of the sub-subsidiary
AXONNE	SC ADEL	Company and Trade Registry of Paris no. 410.347.538
KENTANA	SA HILLGROVE INVEST. GROUP	Company and Trade Registry of Luxembourg no. B161514
FINANCE CONSULTING	SA TRENUBEL	Company and Trade Registry of Luxembourg no. B48444

The companies contributed either directly or indirectly hold the following real estate property:

Owning Company	Buildings				
Name	Location	Postal	City Code	Nature of the building	Building in m²
SCI BRIAULX	Résid. des Arcs (Le Varel, Bat. A1 and A2)	74000	Arcs 2000	Hotel	15,234
SCI LE ROUSSEAU	Le Rousseau - allée JJ Rousseau	77000	Lognes	Offices	2,697
SCI BRIHAM	Hôtel du parc des expositions	92000	Vanves	Hotel	2,250
SCI LE VOLTAIRE	Le Voltaire - allée Voltaire	77000	Lognes	Offices	2,697
FINANCE CONSULTING	Avenue Delleur 18	B	Brussels	Offices	3,043
SAMRIF	Centre Clos la Garenne	94000	Fresnes	Offices/Commercial	4,825
ALLIANCE 1995	Chalet Route du Planay	74120	Megève	Residential	939
SCI LE BREVENT	Cellars and reserves Res La Foret	74300	Flaine	Cellars and Reserves	113
SCI LE BREVENT	Hôtel Aujon	74300	Flaine	Hotel	6,347
SCI LE BREVENT	Hôtel Le Totem	74300	Flaine	Hotel	4,967
ADEL	88, Bd de Courcelles	75008	Paris	Commercial offices	428
HILLGROVE INVEST.GROUP	50, Charles Street	GB	London	Residential	505
SFIF	Terrain Villeneuve d'Asq	59491	Villeneuve D'Ascq	Land	
SCI LES DAUPHINS	Les Dauphins	01000	Ferney-Voltaire	Offices/Commercial	769
TOTAL					**44,814**

NB: The real estate of LE BREVENT was contributed internally at fair value by VENUS during this financial period and prior to this restructuring.

Notes to the annual financial statements at 31 December 2011

Partners' current accounts and receivables

Partners' current accounts and receivables	
Current account/receivable held by VENUS in ADT SIIC	€5,652 K
Current account/receivable held by VENUS in SCI BRIAULX (contributed 100%)	€1,519 K
Current account/receivable held by VENUS in FINANCE CONSULTING SA (contributed 100%)	€7,441 K
Current account/receivable held by VENUS in SCI BRIHAM (contributed 100%)	€1,340 K
Current account/receivable held by VENUS in SAMRIF SNC (contributed 100%)	€2,008 K
Current account/receivable held by VENUS in SCI Le ROUSSEAU (contributed 100%)	€1,404 K
Current account/receivable held by VENUS in SCI LE VOLTAIRE (contributed 100%)	€72 K
Current account/receivable held by VENUS in AXONNE SNC (contributed 100%)	€1,777 K
Current account/receivable held by VENUS in ALLIANCE 1995 (contributed 100%)	€(15,274) K
Current account/receivable held by VENUS in SFIF (contributed 100%)	€(2,284) K
Current account/receivable held by SOGEB in KENTANA SA (contributed 100%)	€7,506 K
TOTAL	**€11,162 K**

Investment securities

Contributing company: FINPLAT	Number of units/ shares contributed	Percentage of capital contributed
ORCO PROPERTY GROUP, (ISIN CODE LU0122624777)	300,000	2%

As compensation for the contributions for an actual value of €71,566,294, 119,972,650 new shares were issued and allocated to the contributing companies, i.e. ACANTHE DEVELOPPEMENT, BALDAVINE, VENUS, SOGEB and FINPLAT in the following way:

% of holdings of FIPP after the operation	Number at 13/09/11	Number at 20/10/11	Amount of contribution in actual value	Number after contributions	As a %
ACANTHE	89,170	2,057,396	300,000	2,560,311	2.09%
SOGEB	0	0	7,575,937	12,700,186	10.37%
VENUS	0	0	61,413,340	102,952,391	84.06%
FINPLAT	0	0	1,362,000	2,283,236	1.86%
BALDAVINE	3,741	86,043	915,018	1,619,965	1.32%
BRUXYS	4,000	92,000	0	92,000	0.08%
VELO	4,000	92,000	0	92,000	0.08%
Sub-Total	**100,911**	**2,327,439**	**71,566,295**	**122,300,089**	**99.85%**
Minorities	7,737	171,465	0	171,465	0.15%
Total	**108,648**	**2,498,904**	**71,566,295**	**122,471,554**	**100.00%**

c) Deconsolidation of FIPP

The FIPP shares received as compensation for contributions were then entirely reclassed by the subsidiaries in the parent company ACANTHE DEVELOPPEMENT then a distribution by ACANTHE DEVELOPPEMENT to its shareholders in terms of a dividend, (cf. § 1.2).

The distribution was based on an assessment of the FIPP share at €0.60 (evaluation stemming from the contributions) and with one share distributed for one ACANTHE DEVELOPPEMENT share held. Through this distribution, ACANTHE DEVELOPPEMENT group lost, on the date the dividend was paid, control of FIPP and retained a holding of only 1.20% which led to the deconsolidation of FIPP and of all of the companies contributed.

1.2. Distribution of dividends

On 15 April 2011, the Board of Directors decided, subject to certification by the Auditors of the provisional balance sheet drawn up on 1 April 2011 concerning the period ending 31 December 2010, to distribute an interim dividend of €15,454,908.70.
The interim dividend is therefore 0.14 euro per existing share at 31 December 2010.

On 23 May 2011, the Board of Directors, in light of the certification by the Auditors of the balance sheet drawn up on 27 April 2011 concerning the period ended 31 December 2010, decided that the coupon detachment date would be set to 26 May 2011 and that the interim dividend payment date for an amount of €15,454,908.70, i.e. a dividend of 0.14 euro per share existing at 31 December 2010, would be 31 May 2011.

On 30 June 2011, at the Annual Ordinary and Extraordinary General Meeting, it was proposed to allocate, as a dividend, an amount of €0.47 per share existing at 31 December 2010.
It was also specified that in order to comply with the overall mandatory distribution related to the REIT (French SIIC) status of the company, an additional exceptional dividend for a minimum amount of €65,156,685 would be paid before 31 December 2011.
The Chairman indicated that this exceptional dividend could be carried out via the remittance of FIPP shares, as an asset contribution operation was scheduled to the benefit of this company.

The Shareholders' Meeting, ruling under the quorum and majority conditions required for ordinary general meetings, as proposed by the Board of Directors, therefore decided to allocate the net accounting profit as follows:

Profits for the period ending 31 December 2010:	€226,190,289.04
Allocation to the legal reserves account:	€292,106.48
Credit carried forward on 31 December 2009:	€17,244.15
Giving a profit available for distribution of	€225,915,426.71
With appropriation as follows:	
To shares as dividends	€51,884,336.35
The "carried forward" balance	€174,031,090.36

The Shareholders' Meeting therefore decided that each of the 110,392,205 shares making up the authorised share capital at 31 December 2010 should receive a dividend of €0.47 per share which is eligible for the 40% rebate as stated in Article 158-3-2 of the French General Tax Code.

It was noted that in the text of a resolution of the Board of Directors on 15 April 2011, a decision was made to pay an interim dividend of €15,454,908.70, giving €0.14 per share, and consequently the balance of the dividends to be paid to shareholders is €36,429,427.65, giving €0.33 per existing share at 31 December 2010.

The Shareholders' Meeting proposed to allow shareholders the choice between payment of the whole dividend which is due for distribution to them in respect of their shareholding as cash, or as shares to be created by the Company; the payment date shall be determined by the Board of Directors, as is legally required. The prise for the share for reinvestment is €1.05.

Notes to the annual financial statements at 31 December 2011

On 29 September 2011, the Board of Directors noted that 16,747,099 coupons out of the 110,392,205 coupons send to holders of shares comprising the share capital on 31 December 2010 opted to reinvest the dividend.

Finally, in order to comply with its distribution obligations resulting from the SIIC system and in compliance with what was announced at the General Meeting of 30 June 2011, the Ordinary General Meeting of 23 November 2011 decided an exceptional distribution in kind in the form of allocating FIPP shares to the shareholders of ACANTHE DEVELOPPEMENT: one FIPP share for one ACANTHE DEVELOPPEMENT share.

It was also decided that "for the purposes of this decision, the FIPP shares allocated as such shall be evaluated at €0.60 per share, which is the value retained for the FIPP share in calculating the compensation for the contributions which took place on 10 November 2011, of which the fair nature was certified by the contribution appraisers in their report on the contribution of assets that they issued on 10 October 2011 and that the amount distributed as such, which is the product of the number of FIPP shares allocated multiplied by €0.60 shall be deducted in full from the "carry forward" account".

The payment date for this dividend was 28 November 2011.

1.3. Changes in capital

The share capital changed as follows:

- An increase of €778,397 via the creation of 5,727,513 new shares, subsequent to the exercise of 184,362,375 stock warrants (ISIN code FR 0000346975 maturing on 31 October 2011) on the conversion basis of 75 stock warrants for 2.33 new shares.
- A capital reduction of €26,721,597 carried out by reducing the par of each share, decided by the Annual Ordinary and Extraordinary General Meeting on 30 June 2011, which became effective following the Board of Directors of 1 August 2011 in the absence of opposition from creditors presented within a period of twenty days.
- An increase of €638,241.33 in the share capital by the creation of 4,697,152 new shares following the reinvesting of 16,747,099 coupons out of the 110,392,205 coupons send to holders of shares comprising the share capital on 31 December 2010.
- An increase in terms of the rounding of the share capital by incorporating a premium of €0.67 drawn from the "issue premium" account.

The result of these various operations at 31 December 2011 is a share capital of €16,416,399 divided into 120,816,870 shares.

1.4. Exercising of stock options

During the financial period Mr Alain DUMENIL exercised 5,040,000 stock options out of the total of 9,936,436 options that were granted to him via the decision of the Board of Directors of 28 August 2009, authorised by the Extraordinary General Meeting of 21 March 2007.
It was specified by the Board of Directors of 31 December 2009 that the options granted were firstly call/purchase options to the tune of the number of shares held by the company and subscription rights for the remaining options that cannot be serviced by the shares held by the company.
All of the options for the period were purchase options for which the exercise price was €1.24 per share in accordance with the conditions for granting.

Note 2. Accounting policies and methods

The société anonyme ACANTHE DÉVELOPPEMENT, whose head office is located at 2, rue Bassano in Paris, France, is the consolidating company for the ACANTHE DÉVELOPPEMENT group. The company is listed in Paris (EURONEXT) and uses the euro as its operating currency.
Group consolidated accounts are expressed in thousands of euros, unless indicated otherwise.

Year-end for consolidated accounts is defined as 31 December of each year. The individual accounts consolidated are issued at year-end for the consolidated accounts, i.e. on 31 December, and cover the same period.
Consolidated accounts were closed by the Executive board on 26 April 2012.
The Group marginally organises real estate development programmes, therefore the income statement includes a sub-total for net income from real estate development to indicate the revenue generated in this activity.

2.1. Preparation policies for financial statements

In application of European regulation 1606/2002 of 19 July 2002, the consolidated financial statements of the ACANTHE DÉVELOPPEMENT group at 31 December 2011 (available on the Group web site: www.acanthedeveloppement.com) were established in accordance with international accounting standards as approved by the European Union at year-end for these financial statements and which are enforced on this date (requirements available on http://ec.europa.eu/internal_market/accounting/ias_fr.htm).

International accounting standards include IFRS (International Financial Reporting Standards), IAS (International Accounting Standards), interpretations of the IFRIC (International Financial Reporting Interpretations Committee) and of the SIC (Standing Interpretations Committee).

The consolidated financial statements are drawn up in accordance with international accounting standards, including the following standards, which apply from the opening of the period:

- IAS 24 "Related Party Disclosures",
- IAS 24 R "Clarification of the definition and of the partial exemptions of information to be provided for jointly-controlled companies or under the influence of a State",
- IAS 32 amended "Classification of rights issues",
- Amendment IFRIC 14 "Prepayments of a Minimum Funding Requirement",
- IFRIC 19: "Extinguishing Financial Liabilities with Equity Instruments",
- IFRS 5: "Non-current assets held for sale and discontinued operations",

The Group failed to opt for the early application of standards and interpretations not enforced on 1 January 2011.

- IFRS 7 amended "Disclosures—Transfers of Financial Assets",
- IAS 1 "Presentation of Financial Statements",
- IFRS 9 "financial instruments",
- IFRS 13 "Fair Value Measurement",
- Amendments to IAS 19, to IFRS 1, to IAS 32, and to IAS 12.

The financial statements presented do take into account the drafts of standards and interpretations which, at the date of closing, are still in the status of exposure drafts at the IASB (International Accounting Standards Board) and at IFRIC.
The Group is currently examining the possible impacts on the financial statements of these new standards and interpretations.

2.2. Use of estimates

The Group must make estimates and assumptions in relation to the carrying value of assets and liabilities, income and expenses, and disclosure, to establish its accounts.
The main significant estimates made by the Group particularly apply to:

- the assessment of the fair value of investment property for which expertise or updated expertise is provided by independent experts using a

Notes to the annual financial statements at 31 December 2011

multi-criteria approach, and then checked by Group directors; generally, these assessments reflect changes to the different parameters used: real or potential rent, rate of return, occupancy, value for comparison purposes if available, works required, etc.
Special appraisals are required to take into account the particularities of some exceptional items.

- derivatives, which are valuated by the issuing banks;
- retirement commitments to employees, which are estimated in accordance with the projected unit credit method, as required by IAS 19 according to a model developed by the Group;
- payments based on shares (stock-options, free shares, ...) which are estimated by external experts;
- estimated provisions based on the type of litigation, judgements and Group experience.

The Group will make continuous appraisals based on its past experience and various other factors considered as reasonable, which will act as the basis for these appraisals. The amounts indicated in future financial statements may differ from these estimates depending on changes to these assumptions or changing conditions.

2.3. Consolidation policies

Subsidiaries which are exclusively controlled by the Group are consolidated according to the global consolidation method.

Companies in which the Group has considerable influence are consolidated using the equity method.

On 31 December 2011, all entities included in the consolidation scope of the Group were exclusively controlled by the Group.

All Group companies operate in the euro zone, therefore no conversion difference will occur in consolidation.

If the accounting policies applied by subsidiaries fail to comply with those adopted by the Group, the necessary modifications will be made to the accounts of these companies to ensure compatibility with the accounting policies adopted by the Group, as described in report 2.

Consolidated statements cover the period from 1 January to 31 December 2011. All consolidated companies have a year-end on 31 December.

2.4. Non-current asset held for sale and transferred activities

In compliance with the IFRS 5 standard, the assets or group of assets held for sale and discontinued operations satisfy such a classification if their book value is primarily covered by a sale rather than by continued use.
This condition is deemed to be fulfilled when the sale is highly likely and the asset is available for sale in its current state; moreover the management must be committed to a sales plan that is sufficiently advanced, and the sales is expected to take place within 12 months starting from the date of classification as an asset held for sale.
An entity must assess a non-current asset classed as held for sale at the lower amount between its book value and its fair value less the cost of sale. Starting from the date of such a classification, the asset is no longer depreciated.
A discontinued operation is a component for which the entity has abandoned or which is classed as an asset held for sale, and:

- which represents a line of activity or a main and distinct geographical area,
- is part of a single and coordinated plan to abandon a line of activity or a main and distinct geographical area,

or

- is a subsidiary acquired exclusively for the purposes of resale.

An entity must, in particular, present a single amount on the income statement including the total:

- of the profit or of the loss after taxes of the discontinued operations (or transferred in our case);
- of the recognised profit or loss after tax resulting from a fair value assessment less sales costs, or of the transfer of the assets intended for transfer comprising the transferred activity.

This amount must be analysed that provides details in particular on the income, expenses and the earnings before taxes on transferred activities; the specific tax burden; the result generated by the disposal of the transferred activity. Reclassification for transferred activities is carried out retrospectively for all of the financial periods presented.

The net cash flow from these transferred activities is also presented in specific sections of the cash flow table, including the flows generated by these activities until the date of transfer as well as the cash flow excluding tax generated by their transfer, for the current financial period and the comparative financial period presented.
All of the activities contributed to FIPP were treated according to this IFRS 5 standard.

2.5. Investment property

According to IAS 40 and its amendments, investment property is defined as real estate held by the owner or the lessee (in the context of a finance lease) to obtain rent or invest capital or both as opposed to:

- use of the property to produce or supply goods or services or for administrative purposes,
- sales in the context of ordinary transactions (trading goods).

All Group assets on 31 December 2011 are "investment property" except property located at 2 de rue Bassano, Paris, France, occupied by the Group, covering 389 m² (15.35% of the building) and recognised as "Tangible assets", and one plot from the unit sale programme (rue de Rome, Paris) recognised under the "Property inventory" heading.

After initial recognition and according to IAS 40, investment property is appraised:

- either at fair value (with recognition of changes in value as profit or loss),
- or at cost according to the procedures defined in IAS 16.

When switching to IFRS in 2005, the Group opted for the cost model in accordance with IAS 40 and IAS 16. According to this model, property was recognised at cost, integrating duties and expenses, and subject to depreciation using the component-based method. The share of the land was maintained at 10% of overall value. An impairment test was performed at the end of the period, in order to create a provision for any losses in value, in accordance with IAS 36.
The Group applies a demanding selection policy for its investment, whereby the Group only acquires or retains property with secure profitability levels, and with revaluation potential. On this basis, the Group decided, in accordance with IAS 40, to assess investment property at fair value from 1 January 2006. This option is intended to reflect market changes for investment property in consolidated accounts and to ensure assets are recognised at market value. This option will lead to the recognition of changes in fair value as profit or loss.
Fair value is defined as the "The estimated amount for which a property should exchange on the date of valuation between a willing buyer and willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion" (IVSC, IVA2, §3.2). In practice, for investment property, fair value is considered as monetary value.
The ACANTHE DÉVELOPPEMENT group delegated the task of updating expertise on its real estate assets to renowned external experts to determine fair value on 31 December 2011.
CB RICHARD ELLIS VALUATION valuates most goods. Two appraisals were carried out by Crédit Foncier Expertise in light of the specific character of the real estate concerned.

Notes to the annual financial statements at 31 December 2011

These valuations were carried out on the date of valuation of 31 December 2011, and took into account works required, the commerciality transferred and the occupancy of the property. Certain buildings used primarily for offices were vacant on the valuation date. The evaluator retained a more realistic hypothesis of change of use with the current market conditions and in line with the rentals of these buildings.
Real estate valuation was based on the following standards:

- Charte de l'Expertise en Evaluation Immobilière (French charter on real estate valuation expertise)
- The valuation standards of the Royal Institution of Chartered Surveyors (Red book)
- The COB (former French stock exchange) report of February 2000 (BARTHES DE RUYTHER report)

The valuation criteria defined in the "Charte de l'Expertise en Evaluation immobilière" are intended to determine monetary value excluding transfer expenses and duties. Monetary value is defined as indicated above, and appraised in the following conditions:

- the freedom of action of the seller and buyer,
- a reasonable period for negotiations in view of the nature of the asset and the market situation,
- sale conditions considered as normal, without reservations and with adequate means,
- the parties involved must not be influenced by convenience.

Monetary value is determined taking into account remaining works required, the commerciality transferred, the rental situation of the property and reasonable rent assumptions based on current market conditions. This value also takes into account the geographic location, the nature and standing of the buildings, the rental situation, in particular the occupancy rate, lease renewal dates, and particularly any exorbitant common law clauses attributable to tenants:

- property tax,
- property insurance,
- major repairs according to Article 606 of the Civil code and administration fees.

To determine the monetary value of the property in the context of the assumptions adopted for the remit, expertise firms used different approaches depending on the nature or usage of the premises.
These approaches were based on two main methods (based on revenue or a direct comparison), adapted to enable the valuation of most real estate.
These two main methods were adapted and two types of analysis (discounted cash flow method or mass sale / unit sale method) were particularly used to valuate the blocks of flats intended for unit sales.

<u>Revenue-based methods:</u>
These methods involve the application of a rate of return for revenue (and therefore the capitalisation of this revenue), for either recognised or actual revenue or theoretical / potential revenue (market rental value). Methods can be adapted in various manners depending on the type of revenue considered (actual rent, market rental value, net revenue), corresponding to different rates of return. The rates of return adopted depend on several parameters:

- the long-term cost of resources (investors generally adopt the French OAT TEC 10 index),
- the geographic location of the property,
- the nature and condition of the property,
- market liquidity, which depends on whether the property meets local requirements and modularity

- the status of the tenant,
- lease clauses and conditions, rent levels vs. market rental value and foreseeable developments,
- non-rental risks,

Revenue-based methods can be applied in many manners. Some methods are based on net revenue or projected revenue, updated over a future period.

Methods based on direct comparison: analysis of transactions for property as similar as possible (nature, location, etc.) and completed at a date as close as possible to the date of the expertise operation.

In accordance with the recommendations of the working group created by the COB (now the AMF), under the presidency of Georges BARTHES DE RUYTHER, the expertise operations carried out were based on a multi-criteria approach. However, revenue-based methods are generally considered by experts as the most pertinent type for the investment property making up the vast majority of group assets, as methods based on a direct comparison are generally used to valuate residential property.

The Group will make continuous appraisals based on its past experience and various other factors considered as reasonable, which will act as the basis for these appraisals. The amounts indicated in future financial statements may differ from these estimates depending on changes to these assumptions or changing conditions.

The rates of return adopted for the Central Business District offices vary between 5.1 and 5.6%.

Costing data for rates and values per m² per asset category are indicated in report 9.1.

2.6. Tangible and intangible assets

2.6.1. Property other than "investment property"

In accordance with IAS 40§57a, which requires that administrative premises used by the company be recognised according to the IAS 16 method, the property on the 3rd floor of a building located at 2 rue de Bassano, PARIS, 16 is recognised as a tangible asset. However, as allowed for by IAS 16§36-37, "Land" and "Constructions" headings are valuated according to the revaluation method, with expertise available on each statement date.

Changes in fair value are recognised in "Revaluation reserves" under equity in case of revaluation, or as a loss, after the use of the revaluation reserve if the property loses value.

2.6.2. Intangible assets, and other tangible assets

Tangible and intangible assets with a defined life cycle are recognised at their acquisition cost, less aggregate depreciation and any losses in value.

Depreciation is calculated using the straight-line method over the following estimated useful lives of the assets:

- office and IT equipment: 3 years
- transport equipment: 5 years
- software: 3 years

2.7.Lease agreements

2.7.1. Direct financing lease

Goods acquired through direct financing leases are fixed when leasing agreements are used to transfer to the Group nearly all the risks and rewards inherent in owning these goods. Appreciation criteria for these agreements are based on, in particular:

- the relationship between the duration of the leasing of assets and their life span,
- the total for future payments related to the fair value of the financed asset.

- the existence of a transfer of property at the conclusion of the leasing agreement,
- the existence of a favourable option to buy,
- the specific nature of the rented asset.

Assets held in virtue of direct financing leases are amortized over their useful life or, when this is shorter, over the duration of the corresponding lease agreement.

Such agreements do not exist in the Group.

2.7.2. Operating lease agreements

Lease agreements that do not have the characteristics of a direct financing lease are recorded as operating leases, and only the rent is recorded in the results (cf. note 2.18).

2.8. Property inventories

Property stock is valued at their lowest cost or at their market value. The cost of stock includes all acquisition costs, renovation costs and other incurred costs (including loan costs as described in note 2.9), needed to develop the properties to the condition in which they are found.
At each closure, a depreciation test is carried out in order to ensure the present market value is higher than the value of the stock. This net market value is equal to the estimated sale price minus the sale commission and the cost of any works still to be undertaken.
Included in the section "Property inventory" are goods undergoing major works before being placed on the market, or properties built with the aim of selling at the future state of renovation.

2.9. Loan costs

Loan costs directly related to the acquisition, construction or production of a qualifying asset are recorded in the cost of that asset, consequently the start date for their incorporation is the same or after 1 January 2009.
Before the 1 January 2009 loan costs were accounted for under financial charges for the year end to which they were attributable.

2.10. Asset depreciation

Other fixed assets undergo a depreciation test each time there is an indication of a loss in value.
The depreciation test consists in comparing the net accountable value of the asset with its recoverable value, which is the highest value between it's diminished fair value sale costs and its value-in-use.
Value-in-use corresponds to the value achieved from cash flow generated by the use of the asset (or group of assets) and from its possible sale.
The diminished fair value of costs of sale correspond to the amount that could be obtained upon the sale of the asset (or group of assets), under normal conditions of competition, less any costs directly linked to the sale.
When tests carried out show a loss in value, this is accounted for so that the net present value of these assets does not exceed the recoverable value.

2.11. Financial assets

Financial assets are classed under the following seven categories:

- financial assets held for trading;
- investments held until expiry;
- Loans and advances;
- assets available for sale.
- own stock
- cash and cash equivalents;
- derivative financial instruments.

The Group determines the classification of financial assets at the time they are initially recorded, depending on the reasons for which they were acquired.

2.11.1 Financial assets held for trading

A financial asset is classed as held for trading if it is:

- acquired mainly with the aim of being sold or re-purchased in the short term (UCITS, Unit Trusts);
- part of a portfolio of identified financial instruments that are managed together and that show indications of having taken profits in the short term;
- a derivative (with the exception of a derivative that is an instrument designed for hedging against a short term risk).

Derivatives traded by the Group are not documented within the framework of hedging and are, therefore, in this category.

These financial assets are valued at fair value with variations in fair value being recorded in the results.

Assets in this category are classed among current assets.

2.11.2. Investments held until expiry

Investments held until expiry are non-derivative financial assets, assortments of definite or definable payments and of a fixed expiry date that the company has the full intention and the ability to keep until its expiry, except for:

- those that the company has designated, at the time of initial accounting, as being at fair value by means of the profit and loss statement;
- those that the company designate as available for sale;
- those that come under the definition of loans and advances.

After their initial record in the accounts, investments held until expiry are valued at the amortised cost by using the effective interest rate method.

The amortised cost is calculated taking into account any discount or premiums at the time of acquisition for the period between acquisition and the redemption date. For investments recorded with amortised costs, profits or losses are included in the results when the investments are fully depreciated, when they have lost value, and through the process of amortisation.

They undergo depreciation tests if they show signs of lost value. A loss of value is accounted for if the book value is higher than the estimated recoverable value.

These assets are included in current assets, except for those whose expiry date is greater than 12 months after the closure date.

2.11.3. Loans and advances

Loans and advances are financial assets not derived from definite of definable payments that are not priced on an active market, with the exception of:

- those that the company has designated, at the time of initial accounting, as being at fair value by means of the profit and loss statement;
- those that the company designate as available for sale at the time of initial accounting;
- those for which the bearer cannot recover the entire value of the initial investment, for other reasons that the deterioration in credit value, that must be classed as available for sale.

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Loans and advances are valued according to the historical cost method (amortised cost) or of the effective interest rate method. Their balance sheet value corresponds to the remaining capital due, added to interest accrued. They undergo a recoverability test, carried out as soon as there are signs that this is lower than the balance sheet value for these assets, and as a minimum, at the end of each financial year. When the recoverable value is lower than the book value, a loss in value is recorded in the profit and loss statement.

These assets are included in current assets, except for those whose expiry date is greater than 12 months after the closure date.

2.11.4. Financial assets available for sale

Financial assets available for sale are non derivative financial assets that do not belong to any aforementioned categories. These assets are included in noncurrent assets, except if the Group plans on selling these within the 12 months following the date of closure.

These assets are valued according to their liquidation or quotation value depending on the nature of the instrument.

Variations in recorded fair value are accounted for in equity capital until they are sold, with the exception of losses in value which are recorded in profit and loss at the time this has been determined.

Losses and gains resulting from changes in assets held in foreign currencies are recorded in the profit and loss account for monetary credit, and in equity capital for non monetary credit.

This category mainly includes non consolidated stock certificates and transferable securities that do not relate to other definitions for financial assets. They are classed in other assets, current and noncurrent and in cash.

2.11.5. Treasury stocks

In conformity with standard IAS 32, all treasury stock held by the Group is recorded under reductions in shareholders' equity for their acquisition cost. Later sales are attributed directly to shareholders' equity and are not recorded in the profit and loss statement.

ACANTHE DEVELOPPEMENT treasury stocks are consequently removed in return for shareholders' equity.

2.11.6. Cash and cash equivalents

Cash is made up of liquid assets at bank and liquid assets held in petty cash. The AMF states in its recommendation no. 2011-16 of 7 November 2011 the criteria to satisfy in order for a financial instrument to be qualified as a cash equivalent. The latter are made up of short term deposits (initial expiry of less than three months), Unit Trusts and other transferable securities that present no serious risk of loss in value due to changes in interest rates. Certain instruments that initially have a longer maturity, and which have provisions for early redemption and capital guarantees can under certain conditions be classes as cash equivalents. The conditions are the existence, initially provided for in the contract, of options for redemption that can be exercised at any time or a maximum of every three months which can be exercised without penalty or significant risk of a change in value in the amount of cash received as redemption and there is no value risk linked to the minimum level of remuneration acquired.

2.11.7. Financial derivative instruments

The Group trades financial derivative instruments in order to reduce its exposure to the risk of changes in interest rates. These instruments are traded using reputable institutions. The use of hedge accounting requires, according to standard IAS 39, to demonstrate and document effectiveness in relation to hedging at the time it is put in place and for its duration.

The Group, not having documented and demonstrated effectiveness in relation to hedging for 'live' instruments to 31 December 2010 and 2011, variations in fair value for said instruments are accounted for in the financial statement.

Fair value is determined by the financial institution at which the instrument has been contracted.

2.11. Financial liabilities

Non derivative financial liabilities or those not identified as being at fair value in the financial statement, or that are not being held for trading are valued at amortised cost according to the effective interest rate method. Loan related fees are deducted from amounts borrowed at the time the financial liability was accounted for and constitute an interest expense as and when repayments are made.

2.13. Provisions

Standard IAS 37 states that a provision is recorded when the Group has a current obligation (legal or implicit) resulting from a past event, and when it is probable that an outflow of resources, without return of at least the equivalent value (to the profit of a third party) and which represents financial gain, is necessary to meet the obligation and that the obligated amount can be estimated reliably. The provision is estimated taking into consideration the most probable hypothesis at year end.

If the time value effect is significant, the provision is updated. The discount rate used to determine the updated value reflects current appreciations, by the market, in the value of the funds over time and the risks inherent in the obligation. The increase in amount of provision resulting from the update is recorded in financial expenses.

2.14. Corporate Income Tax

In 2005 the company ACANTHE DEVELOPPEMENT and some of its subsidiaries opted for the SIIC tax scheme. Because of this, the financial statement relating to real estate is exonerated from tax on the companies, the other parts of the profit and loss account being subject to it.

The tax expense is equal to the sum of the current tax and the deferred tax. The current tax is the tax due for the fiscal year.

Deferred taxes correspond to all temporary differences in the year end and fiscal accounts that appear when the accounting value of an asset or liability is different to it's fiscal value. These differences produce assets and liabilities that can be deferred, which are calculated using the liability method.

2.15. Advances to staff

Standard IAS 19 sets the terms for recording advances made to staff. It applies to all remuneration paid to staff in return for services rendered, with the exception of remuneration by share options which are part of standard IFRS 2.
According to standard IAS 19, all benefits paid to staff, monetary or in kind, short or long term, are placed into two categories as follows:

- short terms advances, such as salary and annual leave are recorded under business costs when the business has used the services rendered by staff in return for the benefits offered to them.
- long term advances such as retirement bonuses that are not due within the twelve months following the year end during which staff have rendered their services.

These advances must come under provisions.
For basic scheme and other schemes based on defined contributions, the Group records these under contribution costs payable, when they are payable, the Group not being committed beyond any paid-up contributions.
For defined benefits schemes, retirement costs are determined by an actuarial calculation, using the projected unit credit method. According to this method, each period of service results in an additional unit-based right to benefits, and each of these units is valued separately to determine the final obligation.
The final obligation is then updated. These calculations included the following main hypotheses:

- a discount rate,
- an inflation rate,
- a life table,
- a salary increase rate, and
- a staff turnover rate.

Notes to the annual financial statements at 31 December 2011

These valuations are carried out once per year, for each scheme.

Gains and losses are produced from changes in hypotheses, or differences in calculations (between projected and actual) for these obligations. Differences are recorded directly in the profit and loss statement.

2.16. Share based remuneration

Stock options plans and free shares are offered to directors of the Group. In conformity with standard IFRS 2 "Share based payment", these options are valued at their fair value on the date they are granted. This value is recorded under staff costs, linearly for the period of acquisition of the rights (the period between the date they are granted and the plan maturity date) with a direct counterpart in equity capital.

At each closure date, the Group re-examines the number of options due to be exercised. If necessary, the impact of any revisions in estimations is recorded in the profit and loss account as a counterpart with a corresponding adjustment in equity capital.

2.17. Earnings per share.

In conformity to standard IAS 33, the basic earnings per share is obtained by dividing the Group's net income by the weighed average number of shares in circulation over the financial year.

The weighed average number of shares in circulation is calculated on the basis of different changes in share capital, corrected, if necessary, according to the number of its own shares held by the Group.

The profit/loss diluted per share is calculated by dividing the net income by the number of weighed average number of shares in circulation increased by all ordinary shares that are potentially dilutive.

2.18. Property revenues

Lease income is recorded in a linear manner over the duration of the lease.

Re-invoiced lease costs and overall lease costs are recorded as at the time of the agreement.

Lease agreements signed between the group and its tenants are operating lease agreements with regards to IAS 17. In general, lease agreements include a renewal clause for the leasing period and an indexation clauses for rent, as well as other general clauses usually included in this type of agreement.

Information in addition to the standard IFRS 7 is shown in note 9.11.

Net income from property includes all products and costs directly related to the operating of these properties.

The net revenue from this type of operation is the difference between the sale price and the cost price (operating cost and variations in stock) for the properties concerned by this activity.

2.19. Profits from sales of investment property

Income resulting from the sale of investment property is obtained from the difference between, on one side, the sale price and allowances for depreciation, and on the other side, the consolidated net book value plus the cost of selling the property.

2.20. Operating segments

Standard IFRS 8 "Operating Segments" states that the presented segment information is established using the internal management database used to analyse the performance of activities and the allocation of resources by the main "Operating Decision Maker", which here is the Company's Executive Committee.

An operating segment is a distinct component of the Group that is involved in supplying different products and services, and is exposed to risks and to varying profitability for risks as well as to the profitability of other operating segments.
The operating segments in 2010 were as follows:

- Offices,
- Business premises,
- Hotels,
- Housing.

Furthermore, as the market fluctuates according to geographical location, a presentation for each area is also supplied, distinguishing the four following regions:

- Paris,
- The Paris region (outside Paris),
- The provinces,
- Abroad.

Results are presented for each segment. Investment properties, property inventories as well as current and noncurrent financial assets are also presented per segment.

Notes to the annual financial statements at 31 December 2011

Note 3. Scope of consolidation

3.1. List of consolidated companies

Company	2011 % of interest	2011 % of control	2011 Method of consolidation	2010 % of interest	2010 % of control	2010 Method of consolidation
Parent company						
SA ACANTHE DÉVELOPPEMENT						
Fully consolidated companies						
BALDAVINE SA	100%	100%	F C	100%	100%	F C
SC BASNO	97.34%	100%	F C	97.34%	100%	F C
SAS BRUXYS	100%	100%	F C	100%	100%	F C
SAS CEDRIANE	97.34%	100%	F C	97.34%	100%	F C
SC CHARRON	97.34%	100%	F C	97.34%	100%	F C
SC CORDYLIERE	97.34%	100%	F C	97.34%	100%	F C
SA FINPLAT	97.34%	100%	F C	97.34%	100%	F C
SC FONCIERE DU 17 RUE FRANCOIS 1ER	97.34%	100%	F C	97.34%	100%	F C
SCI FONCIERE DU ROCHER	97,34%	100%	F C	97.34%	100%	F C
SAS FONCIERE ROMAINE	100%	100%	F C	100%	100%	F C
C SCI FRANCOIS VII	97.34%	100%	F C	97.34%	100%	F C
SCI LA PLANCHE BRULEE	100%	100%	F C	100%	100%	F C
EURL LORGA	97.34%	100%	F C	97.34%	100%	F C
SNC PONT BOISSIERE	97.34%	100%	F C	97.34%	100%	F C
SA SAUMAN FINANCE	97.34%	100%	F C	97.34%	100%	F C
SAS SIF DEVELOPPEMENT	97.34%	100%	F C	97.34%	100%	F C
SAS SIN	100%	100%	F C	100%	100%	F C
SC SOGEB	88.89%	88.89%	F C	88.89%	88.89%	F C
SARL SURBAK	97.34%	100%	F C	97.34%	100%	F C
SAS VELO	100%	100%	F C	100%	100%	F C
SNC VENUS	97.34%	97.34%	F C	97.34%	97.34%	F C
EURL VOLPAR	97.34%	100%	F C	97.34%	100%	F C
SCI HALPYLLES	97.34%	100%	F C	97.34%	100%	F C
SCI HOTEL AMELOT	100%	100%	F C	100%	100%	F C
SA IMOGEST	100%	100%	F C	100%	100%	F C
Companies deconsolidated during the period						
SARL LA FRASSIENNE	-	-	-	97.34%	100%	F C
SCI LES MEUNIERS	-	-	-	97.34%	100%	F C
SC DFLI	-	-	-	97.4%	100%	F C
SCI CANDIDE	-	-	-	100%	100%	F C
SC ADEL	-	-	-	97.34%	100%	F C
SAS ALLIANCE 1995	-	-	-	97.34%	100%	F C
SNC AXONNE	-	-	-	97.34%	100%	F C
SCI BRIAULX	-	-	-	97.34%	100%	F C
SCI BRIHAM	-	-	-	97.34%	100%	F C
SA FINANCE CONSULTING	-	-	-	97.34%	100%	F C
SCI LE BREVENT	-	-		97.34%	100%	F C
SC SCI LE ROUSSEAU	-	-	-	97.34%	100%	F C
SIC LE VOLTAIRE	-	-	-	97.34%	100%	F C
SCI LES DAUPHINS	-	-	-	100%	100%	F C
SNC SAMRIF	-	-	-	97.34%	100%	F C
SAS SFIF	-	-	-	97.34%	100%	F C
SA TRENUBEL	-	-	-	97.34%	100%	F C
Consolidated and deconsolidated during the period						
SA FIPP						
SA KENTANA						
SA HILLGROVE INVEST.GROUP						

F C = Full Consolidation

The scope of consolidation, as at the current year end, 25 integrated companies overall, of which 10 are SCI's (Property Investment Partnerships/PIPs).

3.2. Changes in scope

The scope of consolidation has experienced the following changes over the financial year:

- Sales of SCI CANDIDE, SCI DFLI, SCI LES MEUNIERS;
- Sales of La FRASSIENNE;
- Acquisition of KENTANA;
- Acquisition of FIPP and restructuring of the activity.

3.2.1. Sale of SCI CANDIDE, SC DFLI, SCI LES MEUNIERS

SCI CANDIDE, SC DFLI, SCI LES MEUNIERS were sold in the first half of 2011 at their net book value of the company for respectively, €18 thousand, €40 thousand and €45 thousand.

These entities no longer had any real estate assets and, their consolidated net book value for the period sold was a total of €42 thousand.

3.2.2. Sale of La FRASSIENNE

On 22 August 2011 all of the securities and the current account of LA FRASSIENNE were sold to KOENIG FINANCE for €740 thousand in exchange for 540,000 Acanthe Développement shares at a price of €1.37.

Prior to this sale, it contributed via VENUS, at fair value (€700 thousand), co-ownership lots of the residence La Forêt (Flaine), except for the cellars and reserves, which were contributed to Le Brévent.

3.2.3. Acquisition of KENTANA

SOGEB acquired, on 20 May 2011, 100% of the securities of KENTANA SA, a company governed by Luxembourg law, for an amount of €20 thousand, financed from its equity.

The acquired company had a net financial situation of €21 thousand, as such badwill was booked for €1 thousand as income on the income statement.

KENTANA SA held in its assets, for a value of €7,410 thousand, 100% of the securities of HILLGROVE INVESTMENTS GROUP SA, a company governed by Luxembourg law, itself owner of a prestigious building at 50, Charles Street in London of a value of 9,000 KGBP, rented for an annual rent of 228.8 KGBP and with a loan with a principal of 2,450 KGBP.

KENTANA SA when it was acquired benefitted from a short-term loan of €7,410 thousand which was paid back immediately thanks to an advance on current account of SOGEB.

3.2.4. Acquisition of FIPP and restructuring of the real estate activity

Via two protocols dated 7 June 2011, ACANTHE DEVELOPPEMENT directly and indirectly acquired 85.4% of the securities of FIPP (Société Anonyme with a share capital of €244,458 registered at the Business Registry of Paris under the number 542 047 212) at a cost of €1,273 thousand, financed from equity.

FIPP is listed in Paris on the NYSE Euronext stock exchange, compartment C (ISIN code FR0000038184).

The acquired net financial situation amounted, on the date of acquisition, to €144 thousand and the only assets held by FIPP resided in marketable securities and in cash and cash equivalents for €147 thousand, as the company had cash management as its only activity.

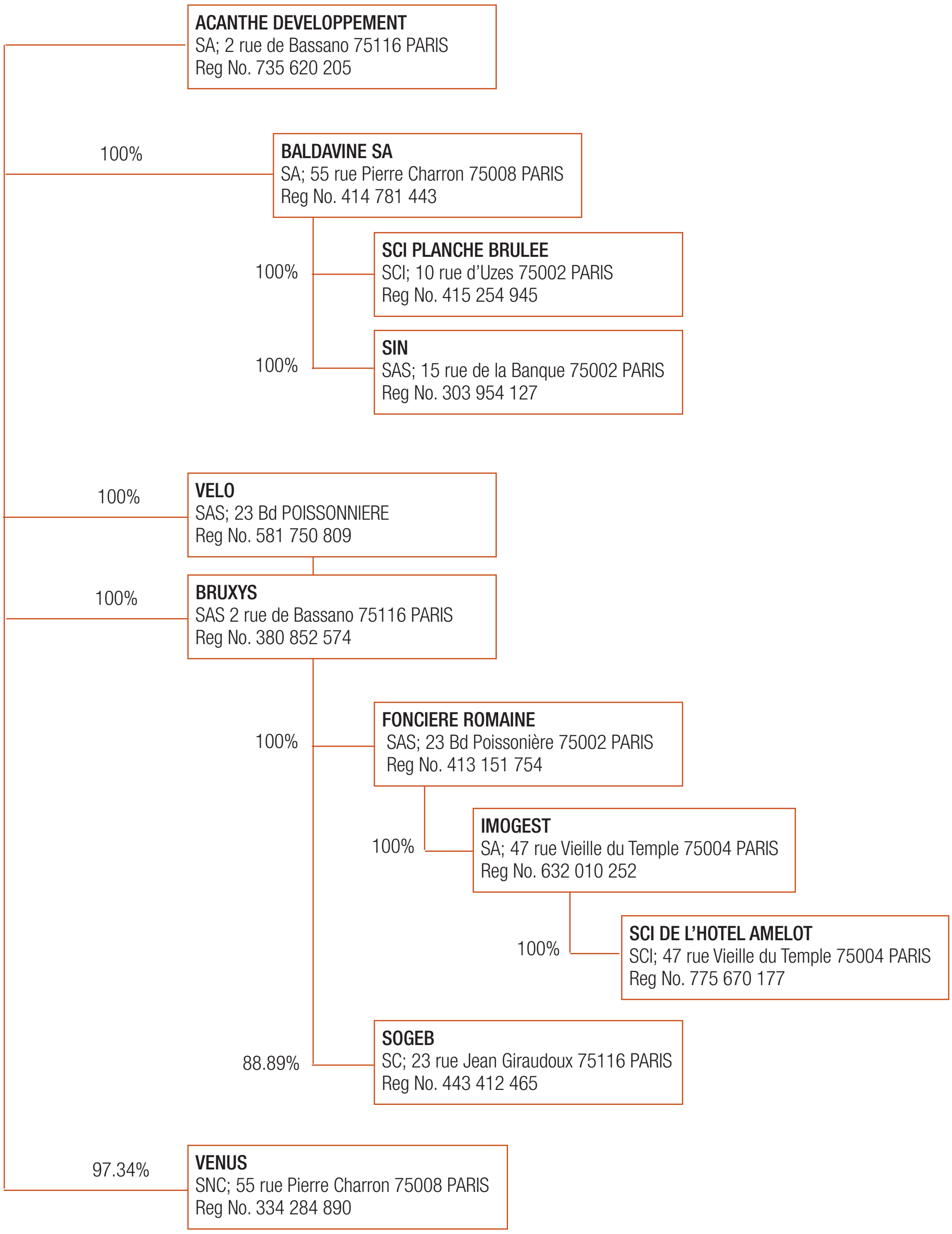
The difference between the acquisition price and the acquired net financial situation was analysed as goodwill of €1,151 thousand representing the value of its quality as a company listed on the stock exchange. This difference was fully depreciated over the financial period.

Notes to the annual financial statements at 31 December 2011

During the month of July 2011, ACANTHE DEVELOPPEMENT filed a simplified tender offer (OPAS) at a price of €13.72 per share (which is the same price as that paid per share for the controlling interest) on the balance of the capital of FIPP. The simplified tender offer resulted in the purchase in the market of 8,116 additional shares, representing 7.48% of the share capital of FIPP for an amount of €111 thousand; This additional acquisition generated goodwill of €101 thousand of the same nature as that of the first lot acquired.

Consecutive to the distribution in kind of FIPP shares, received as compensation for the contributions carried out by ACANTHE DEVELOPPEMENT and some of its subsidiaries (cf. §1.1b and 1.1c), the group lost control of FIPP as well as the companies for which the securities were contributed (cf. lists §1.1b securities). However, as this non-monetary distribution of assets, carried out by ACANTHE DEVELOPPEMENT to its shareholders, does not result in any change in the final control (FIPP remains controlled in fine by the same parties, RODRA INVESTISSEMENTS SCS, before and after distribution), it is explicitly excluded from the application scope of IFRIC 17. The Group decided to recognise the removal of the FIPP securities based on the assessment retained by the General Meeting of 23 November 2011 (€0.60 per share) that approved the distribution. This value corresponds to the evaluations carried out by the real estate experts external to our group, according to bases and methods that are identical to those retained in our IFRS financial statements for the assessment of investment property at fair value at 30 June 2011. It is also this value that was retained in the framework of the asset contribution transactions to FIPP and validated by the contribution appraisers appointed by the Commercial Court (report of 10 October 2011).

3.3. Organisational chart



VENUS
SNC; 55 rue Pierre Charron 75008 PARIS
Reg No. 334 284 890

- 100% — **SNC PONT BOISSIERE** SNC; 55 rue Pierre Charron 75008 PARIS
  Reg No. 444 224 141
- 100% — **SURBAK** SARL; 26 rue d'Athènes 75009 PARIS
  Reg No. 428 634 802
  - 100% — **FINPLAT** SA; 3 avenue Pasteur L2311 Luxembourg
    Reg No. B 46 611
  - 100% — **CEDRIANE** SAS; 2 rue de Bassano 75016 PARIS
    Reg No. 414 767 046
- 100% — **SAUMAN FINANCE** SAS; 18 avenue Delleur B1170 WATERMAEL-BOITSFORT Belgium
- 100% — **Société Civile CHARRON** SC; 2 rue de Bassano 75016 Business
  Registry of PARIS 410 384 879
- 100% — **LORGA** EURL; 7 rue d'Athènes 75008 PARIS
  Reg No. 428 668 511
- 100% — **BASNO** SC; 2 rue de Bassano 75008 PARIS
  Reg No. 399 349 984
  - 100% — **FONCIERE DU ROCHER** SCI; 15 rue de la Banque 75002 PARIS
    Reg No. 447 589 021
- 100% — **VOLPAR** EURL; 26 rue d'Athènes 75009 PARIS
  RCS 428 668 164
- 100% — **SIF DEVELOPPEMENT** SAS; 23 bd Poissonnière 75002 PARIS
  Reg No. 394 765 580
  - 100% — **SCI CORDYLIERE** SC; 55 rue Pierre Charron 75008 PARIS
    Reg No. 437 864 960
- 100% — **SCI FRANCOIS VII** SC; 16 place du Gal De Gaulle 59000 LILLE
  Reg No. 447 566 027
- 100% — **Foncière de 17 rue François 1er** SC; 16 place du Gal De Gaulle 59000 LILLE
  Reg No. 447 748 371
- 100% — **HALPYLLES** SCI; 6 allée des Cyclades 74960 CRAN GEVRIER
  Reg No. 438 758 231

Note 4. Additional notes: balance sheet

4.1. Non-current non-financial assets

4.1.1. Change in worth of investment property

At 31 December 2011:

The appraised value taxes excluded of the investment property at 31 December 2011 stands at €253,552 thousand.

In K€	Net book value 31/12/2010	Entries (New acquisitions) (1)	Entries (capitalised expenses) (2)	Disposals (3)	Contributed (4)	Change in fair value restated for activities	Change of fair value in discontinued activities	Other changes (5)	Value at 31/12/2011
Investment properties (IAS 40)	364,480	12,217	5,693	-64,213	-75,201	7,059	3,417	100	253,552

(1) Entry value for the building held by HILLGROVE (cf. note 3.2.3).

(2) The capitalised expenses represent the work carried out on the investment property, primarily:
- at 17 rue François 1er in Paris 8 for €4,549 thousand,
- at 21 Bd Poissonnière in Paris 2 for €162 thousand,
- at 23 Bd Poissonnière in Paris 2 for €496 thousand.

(3) The disposals include the property located:
- 23, Bd Poissonnière and 10, rue d'Uzès in Paris 2,
- the lot held at 8 de la rue de Marignan in Paris 8,
- the lot held in tour Atlantique at la Défense (92),
- the last lot in rue Le Marois in Paris 16,
- 7, rue des Guillemites in Paris 4,
- the lot held at 25, rue de La Boétie in Paris 8,
- 15-17 avenue Jean Jaurès in Ivry sur Seine,
- The building Planche Brulée in Fernay-Voltaire (01),
- The lots held at 21, Bd Poissonnière in Paris 2,
- the lots in the Résidence la Forêt (Flaine) (except for the cellars and reserves transferred to FIPP);
- A car park at the PARIS NORD Business Centre in Blanc Mesnil (93).

(4) details on buildings that were contributed to FIPP are provided in note "1.1.b)-contributed real estate assets"

(5) The other changes primarily cover the foreign exchange difference on the building located in London in the United Kingdom.

At 31 December 2010:

The appraised value taxes excluded of the investment property at 31 December 2010 stands at €364,480 thousand.

Notes to the annual financial statements at 31 December 2011

In € K	Net value 31/12/2009	Entries (New acquisitions) (1)	Entries (capitalised expenses) (2)	Entries (Mergers and acquisitions of companies) (3)	Value of transferred operations (4)	Change in transferred activities	Other	Value at 31/12/2010
Investment properties (IAS 40)	371,207	9,770	3,872	33,357	790	729		364,480

(1) A building of 930 m² located at 24 rue Georges Bizet in Paris 16 was acquired for €9,770 thousand (taxes included) by the company, BASNO. The building stands next to the property at 2 rue Bassano and provides unquestionable synergy for the housing complex thus constituted.

(2) The capitalised expenses represent the work carried out on the investment property, primarily:
- at 2-4 rue de Lisbonne Paris 8 for €1,245 thousand, representing an office establishment tax
- at the hotel Aujon in Flaine (74) for €793 thousand,
- at 17 rue François 1er in Paris 8 for €580 thousand,
- at the Tour Atlantique at La Défense for €492 thousand,
- at 23 Bd Poissonnière in Paris 8 for €272 thousand,
- at 7 rue de Surène in Paris 8 for €98 thousand.

(3) The increase in fixed assets generated from the mergers and acquisitions include:
- property located in Megève, acquired with the takeover of ALLIANCE 1995 (cf. § 3.2.1 of the notes to the consolidated financial statements for the period ended 31 December 2010),
- a housing complex in the Marais section of the city, Paris 4, acquired with the takeover of SOCIETE IMMOBILIERE ET DE GESTION - IMOGEST (cf. § 3.2.3 of the notes to the consolidated financial statements for the period ended 31 December 2010).

(4) The disposals over the period reviewed include real property located at:
- 55 rue de Lisbonne, Paris 9,
- 3 rue d'Edimbourg, Paris 8,
- 99 Bd Haussmann, Paris 8,
- Bois Candide in Ferney-Voltaire (01),
- Le Brévent in Ferney-Voltaire (01),
- Passage Dubail, Paris 10,

As well as condominiums in real property located at:
- 31 avenue de l'Opéra, Paris 2,
- 15 rue de Marignan, Paris 8,
- 30 rue Claude Terrasse, Paris 16,
- 27 rue de Rome, Paris 8.

4.1.2. Changes in the gross value of tangible assets excluding investment property

At 31 December 2011:

In € K	Net value 31/12/2010	Acquisitions	Disposals	Changes in scope of consolidation	Revaluation variance	Transfers between lines	Gross val. 31/12/2011
Land	647	-	-	-	13	-	660
Buildings & Fixtures	5,830	-	-	-	116	-	5,946
Tangible assets	294	33	-22	-6	-	-	299
TOTAL	**6,771**	**33**	**-22**	**-6**	**129**	**-**	**6,905**

In accordance with IAS 40§57a, which requires that administrative premises used by the company be recognised according to the IAS 16 method, the property on the 3rd floor of a building located at 2 rue de Bassano, PARIS 16 is recognised as a tangible asset. However, as allowed for by IAS 16§36-37, "Land" and "Constructions" headings are valuated according to the revaluation method, with expertise available on each statement date. The revaluation of the premises used as an administrative building posts a gross value of €-6,064 thousand for 2011, and finds its equivalent in equity capital in compliance with IAS 16§39.

At 31 December 2010:

In € K	Net value 31/12/2009	Acquisitions	Disposals	Changes in scope of consolidation	Revaluation variance	Transfers between lines	Gross val. 31/12/2010
Land	670	-	-	-	-23	-	647
Buildings & Fixtures	6,030	-	-	-	-200	-	5,830
Tangible assets	279	48	-16	-10	-	-7	294
TOTAL	**6,979**	**48**	**-16**	**-10**	**-223**	**-**	**6,771**

The revaluation of the premises used as an administrative building posts a gross value of €223 thousand for 2010, and finds its equivalent in equity capital in compliance with IAS 16§39.

4.1.3. Changes in depreciations and provisions for fixed assets excluding investment property

At 31 December 2011:

In K€	31/12/2010	Provisions	Change scope	Reversal following transfer and disposal	Revaluation adjustment	Transfers between lines	31/12/2011
Buildings & Fixtures	443	102	-	-	-3	-	542
Tangible assets	232	28	-4	-22	-	-	234
TOTAL	**675**	**130**	**-4**	**-22**	**-3**	**-**	**776**

Notes to the annual financial statements at 31 December 2011

At 31 December 2010:

In € K	31/12/2009	Provisions	Change in scope	Reversal following transfer and disposal	Revaluation adjustment	Transfers between lines	31/12/2010
Buildings & Fixtures	366	103	-	-	-26	-	443
Tangible assets	236	25	-6	-16	-	-7	232
TOTAL	**602**	**128**	**-6**	**-16**	**-26**	**-7**	**675**

4.1.4. Variation in net value of intangible assets

At 31 December 2011:

In € K	Net value 31/12/2010	Acquisitions	Change in scope	Amortisation and depreciation	Transfer	Net value 31/12/2011
Intangible assets	3	-	-	-1	-	3
Consolidated goodwill	-	-	-	-	-	-
TOTAL	**3**	**-**	**-**	**-1**	**-**	**3**

At 31 December 2010:

In € K	Net value 31/12/2009	Acquisitions	Change in scope	Amortisation and depreciation	Transfer	Net value 31/12/2010
Intangible assets	8	-	-	-5	-	3
Consolidated goodwill	-	-	-	17	-17	-
TOTAL	**8**	**-**	**-**	**12**	**-17**	**3**

4.2. Property inventories

At 31 December 2011:

In € K	31/12/2010	Acquisitions	Change in inventory	Change in scope	Depreciation	31/12/2011
Real property stocks	25	-	-	-	15	10
TOTAL	**25**	**-**	**-**	**-**	**15**	**10**

Remaining on the stock is a single lot still to be sold, situated at rue de Rome, valued at the sale price being regularised at the closing. This lot was sold at the beginning of 2012.

At 31 December 2010:

In compliance with the IAS 40 standard, real properties undergoing refurbishment or enhancement works with a view to being sold shall be classified under « Real Property Stocks » prior to beginning of the said works. These include the real properties located at 27, rue de Rome, Paris, and rue Claude Terrasse, Paris.

en € K	31/12/2009	Acquisitions	Change in inventory	Change in scope	Depreciation	31/12/2010
Stock d'immeubles	5,304	99	-6,331	-	953	25
TOTAL	**5,304**	**99**	**-6,331**	**-**	**953**	**25**

Following the completion of finishings to the tune of €99 thousand, all the lots situated at rue Claude Terrasse were sold out during the financial year generating a destocking with a gross value of €6,331 thousand and a related depreciation provision of €953 thousand. Remaining on the stock at year-end closing is a single lot still to be sold, situated at rue de Rome, the net worth of which did not change over the year.

4.3. Financial assets

The financial assets broken down into the various categories defined by IFRS 7 are as follows:

	31/12/2011				
Financial assets in € K	Assets held for the purposes of transaction	Assets held until maturity	Loans and advances	Assets held for sale	Total balance sheet
Non-current financial assets	5,178	-	867	1 563	7,608
Customers and related accounts	-	-	2,556	-	2,556
Other receivables	-	-	14,789	-	14,789
Other current assets	-	-	64	-	64
Current financial assets	1,362	-	-	-	1,362
Cash flow and cash equivalents	1,754	-	-	-	1,754

	31/12/2010				
Financial assets in € K	Assets held for the purposes of transaction	Assets held until maturity	Loans and advances	Assets held for sale	Total balance sheet
Non-current financial assets	35	-	5,908	1,477	7,420
Customers and related accounts	-	-	4,530	-	4,530
Other receivables	-	-	15,703	-	15,703
Other current assets	-	-	94	-	94
Current financial assets	2,193	-	-	-	2,193
Cash flow and cash equivalents	21,953	-	-	-	21,953

Notes to the annual financial statements at 31 December 2011

4.3.1. Non-current financial assets

At 31 December 2011:

Financial assets in € K	31/12/2010	Increases	Decreases	Change of scope	31/12/2011	Due date at one year at most	Maturing in more than one year and at less than 5 years
Pledged fixed term deposits (1)	719	6			725	210	515
Financial assets available for sale (2)	1,477	5,264			6,741	1,563	5,178
Deposits (working capital)(3)	17	4		-17	4	4	-
Loan (4)	5,160	492		-5,652	0	-	-
Trading financial assets	35		35		0	-	-
Other	12	126			138	138	-
Total	**7,420**	**5,892**	**35**	**-5,669**	**7,608**	**1,915**	**5,693**

(1) Fixed term deposits are pledged on behalf of the banking institutions that granted us loans, namely LANDESBANK SAAR for €515 thousand and DEUTSCHE PFANDBRIEFBANK for €210 thousand.

(2) Financial assets for sale are made up of pledged mutual funds used to secure a bank guarantee delivered for the benefit of Trésor (€1,488 thousand) and as a guarantee for minimum rent level (€75 thousand), and the securities of BASSANO DEVELOPPEMENT for €5,178 thousand and representing 15.01% of the share capital of the latter and the interest rate guarantee contract taken out to cover the interest rate risk of the loan contracted from LANDESBANK SAARL set out at €94 thousand at 31 December 2011.

(3) Deposits (working capital) include the amounts paid to the trustees of the properties exploited.

(4) These are Loans and advances granted to ADT for €5,652 thousand which were contributed to the FIPP group cf. note 1.1.

An interest rate guarantee contract was taken out with the LANDESBANK SAARLB bank on 17 May 2011 effective 30 June 2011 until 30 June 2016. This contract guarantees a ceiling for the 3-month Euribor rate at 3.65% on an annual basis.

Derivative instruments at 31/12/2011

Instruments	Due date	Notional at 31/12/2011 in K€	Valuation at 31/12/2010 en K€ Active	Valuation at 31/12/2011 in K€ Active	Change of valuation in K€
Swap CAP	30/06/2016	14,906		81	81
Swap CAP	14/05/2014	8,000	35	13	-22
Total		**22,906**	**35**	**94**	**59**

These derivatives are recorded individually and appraised at its fair value based on income without resorting to hedge accounting. Their fair value is determined each year end closing by the financial institution with which the agreement was concluded.

In € K	31/12/2010	
	Profit written to Equity	Loss transferred from Equity to Results
Financial assets available for sale	246	-2,936

At 31 December 2010:

Financial assets in € K	31/12/2009	Increases	Decreases	31/12/2010	Due date at one year at most	Due date at more than one year and less than 5 years	Maturing in more than 5 years
Pledged fixed term deposits (1)	577	216	74	719	210	509	
Financial assets available for sale (2)	1,650	3	176	1,477	1,477		-
Deposits (working capital)(3)	21		4	17	17	-	-
Loan (4)	4,376	484		5,160		5,160	
Trading financial assets (5)	103		68	35		35	
Other	9	3		12	10	2	-
TOTAL	**6,736**	**706**	**322**	**7,420**	**1,714**	**5,706**	**-**

(1) Fixed term deposits are pledged on behalf of the banking institutions that granted us loans, namely LANDESBANK SAAR for €509 thousand and DEUTSCHE PFANDBRIEFBANK for €210 thousand.
(2) Financial assets for sale are made up of pledged mutual funds (sicav monétaires nantis) used to secure a bank guarantee (€1,477 thousand).
(3) Deposits (working capital) include the amounts paid to the trustees of the properties exploited.
(4) Loan granted to the company, ADT, for €5,160 thousand and guaranteed by pledging the VENUS shares held by ADT SIIC;
(5) Interest rate guarantee contract taken out to cover the interest rate risk of the loan contracted from LANDESBANK SAARL set out at €35 thousand at 31 December 2010.

In € K	31/12/2010	
	Profit or loss written to Equity	Profit or loss transferred from Equity to Results
Financial assets available for sale	-2	-

Notes to the annual financial statements at 31 December 2011

4.3.2. Customers and related accounts, and other receivables

At 31 December 2011:

In € K	31/12/2011					
	Net value	Depreciation	Net value	Due date at one year at most	Due date at more than one year and less than 5 years	Maturing at more than 5 years
Customers and related accounts	3,179	623	2,556	2,556	-	-
Other receivables	14,914	125	14,789	8,084	6,705	-
TOTAL	**18,093**	**748**	**17,345**	**10,640**	**6,705**	**-**

Other receivables at 31 December 2011, basically include:

- VAT receivables worth €2,193 thousand,
- Funds held by notaries worth €556 thousand,
- Real property managers with €257 thousand,
- Revenue accruals: Revenue accruals: refundable corporate tax deposit (paid in advance) of €4,626 thousand,
- Staggering of rents as per IAS 17 worth €611 thousand: this accrual helps to spread out in a linear manner, and in keeping with IFRS standards, over the entire period of the lease agreements, the shift in rent payments deriving from the period of grace or progressivity of the amount representing the annual rents,
- Escrow with the BNP bank of €1,700 thousand: this escrow stemmed from the litigation mentioned in Note 9.3.4,
- Mortgage claims to be cashed from a court liquidation proceeding by the company, CEDRIANE worth €1,021 thousand,
- A claim on the company SEK HOLDING of €1,110 thousand (with an agreement on the payment).

Net income and expenses recognised in income statement on current receivables at the depreciated cost are as follows:

In € K	31/12/2011
	Net expenses recognised in income statement
Receivables	4

The net income or expenses on current receivables derive from the loss from bad debts, income on debts written off, new and renewed depreciation provisions for claims.

At 31 December 2010

In € K	31/12/2010					
	Net value	Depreciation	Net value	Due date at one year at most	Due date at more than one year and less than 5 years	Maturing at more than 5 years
Customers and related accounts	5,639	1,109	4,530	4,530	-	-
Other receivables	15,703	-	15,703	11,077	4,626	-
TOTAL	**21,342**	**1,109**	**20,233**	**15,607**	**4,626**	**-**

Other receivables at 31 December 2010, basically include:

- VAT receivables worth €987 thousand,
- Funds held by notaries worth €1,306 thousand,
- Real property managers with €437 thousand,
- Revenue accruals: Revenue accruals: refundable corporate tax deposit (paid in advance) of €4,626 thousand,
- Supplier advance payments of €107 thousand,
- Staggering of rents as per IAS 17 worth €1,360 thousand: this accrual helps to spread out in a linear manner, and in keeping with IFRS standards, over the entire period of the lease agreements, the shift in rent payments deriving from the period of grace or progressivity of the amount representing the annual rents,
- Escrow with the BNP bank of €1,700 thousand: This escrow stemmed from the litigation mentioned in Note 9.3.4,
- Mortgage claims to be cashed from a court liquidation proceeding by the company, CEDRIANE worth €902 thousand,
- A claim on the company SEK HOLDING of €1,098 thousand (with an agreement on the payment),
- A claims on HILLGROVE de €1,554 thousand (refunded in April 2011),

Net income and expenses recognised in income statement on current receivables at the depreciated cost are as follows:

In € K	31/12/2010
	Net expenses recognised in income statement
Receivables	873

The net income or expenses on current receivables derive from the loss from bad debts, income on debts written off, new and renewed depreciation provisions for claims.

4.3.3. Current financial assets

At 31 December 2011, the group held only 7,168,481 FIPP shares, received in the framework of the distribution in kind, out of a total of 122,471,554 shares i.e. 5.85% of the capital. These securities, held for transaction purposes, were assessed at their value at the last stock market price, which was €0.19 per share for a total of €1,362,011.39.

This asset is described as a financial asset held for trading purposes, the recognition and appraisal methods of which are set out in Note 2.11.1. With the closing price at 31 December 2011, the Group posted an income with a loss in fair value of €2,936 thousand.

The ORCO PROPERTY GROUP stock (listed on the NYSE Euronext Paris stock market), acquired in April 2010 via a capital increase subscription held at 31 December 2010 were contributed to FIPP (cf. note 1.1).

Notes to the annual financial statements at 31 December 2011

in thousands of € of exercise	Start	Acquisition	Change of fair value	Change of scope	Sale	End of exercise
Assets held for trading purposes	2,193	4,298	-2,936	-2,193		1,362

The movements hereinabove do not take into account the FIPP shares acquired and distributed during the period.

4.3.4. Cash and cash equivalents

in K€	Net value at 31/12/2011	Net value 31/12/2010
Mutual monetary funds	1,076	18,918
Cash in hand	678	3,035
Total financial assets for trading	**1,754**	**21,953**

4.3.5. Fair value of financial assets

The balance sheet value of trade receivables, other receivables and other current assets correspond to their fair value which is equal to their net book value. Actually, in the perception of depreciation indexes (customer receivables and other bad debts), a provision is set aside in order to adjust the amount of the receivable when entering potential resources.

4.4. Equity

At 31 December 2011, the share capital is made up of 120,816,870 shares for a global amount of €16,416,399. These are both nominal and bearer shares. To date, treasury stock accounts for 5,682,741 shares.
Moreover, the change in the share capital over the period is covered in §1.3.

4.4.1. Description of the capital structure

The structure of the capital is as follows:

Shareholding	Position at 31/12/2011			Situation at 31/12/2010:		Position at 31/12/2009	
	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	Number of shares	% of capital
A.Duménil and controlled companies							
A.Duménil	137,000	0.11%	0.12%	4,330,000	3.92%	4,330,000	4.28%
Ardor Capital	0	0.00%	0.00%	0	0.00%	48,154,812	47.58%
Rodra Investissement	59,437,076	49.20%	51.62%	45,723,360	41.42%	0	0.00%
Acanthe Group							
Acanthe Développement	1,532	0.00%	0.00%	123,560	0.11%	124,268	0.12%
Surbak	5,681,209	4.70%	0.00%	0	0.00%	0	0.00%
Finplat	0	0.00%	0.00%	0	0.00%	3,402,516	3.36%
Cedriane	0	0.00%	0.00%	0	0.00%	4,623,065	4.57%
Alliance 1995	0	0.00%	0.00%	9,081,578	8.23%		
Subtotal Acanthe Group	**5,682,741**	**4.70%**	**0.00%**	**9,205,138**	**8.34%**	**8,149,849**	**8.05%**
Sub-Total Alain Duménil and controlled companies (including Acanthe Group)	**65,256,817**	**54.01%**	**51.74%**	**59,258,498**	**53.68%**	**60,634,661**	**59.92%**
PUBLIC							
Public	55,560,053	45.99%	48.26%	51,133,707	46.32%	40,564,638	40.08%
of which PHRV (1)							
TOTAL	**120,816,870**	**100.00%**	**100.00%**	**110,392,205**	**100.00%**	**101,199,299**	**100.00%**

(1) In addition, in February 2008 the Paris Hôtels Roissy Vaugirard (P.H.R.V) SA, which is a subsidiary of the AGF and GMF groups and the company, COFITEM-COFIMUR, declared that it holds over 5% of the share capital and voting rights at General Meetings of Shareholders. This threshold was reached on 7 February 2008 upon its acquisition of 4,355,295 shares in the market. The latest certificates supplied by P.H.R.V (3/11/2011) show holdings of 6.35%. P.H.R.V.'s shareholding has not subsequently fallen below that threshold or risen further.

To the best of the Company's knowledge no other shareholder holds more than 5% of the share capital or voting rights.

4.4.2. Information on shareholder agreements

Obligations to report and publish shareholder pacts and agreements are governed by the provisions of Article L.233-11 of the general regulations of the AMF.

The Company has no knowledge of any pacts or agreements between the shareholders known and registered at the closing date of the financial year.

4.4.3. Specific disclosure if the Company is controlled

The Company is controlled as described hereinabove. However, the Company thinks there is no risk for the control to be exercised improperly.

4.4.4. Increases and decreases in capital for the period

During the course of 2011, the capital changed, via various movements, from €41,721,357 represented by 110,392,205 actions to €16,416,399 represented by 120,816,870 shares at 31 December 2011 (cf. § 1.3).

4.4.5. Share distributions

On 30 June 2011, the General Meeting retained a distribution of €0.47 per share with an option to pay with shares. This distribution generates a reduction in consolidated equity of €119,934 thousand. The gross distribution stood at €51,884 thousand and the reinvestment of shares proposed to shareholders generated an increase in capital and the issue premium of up to €4,932 thousand.
On 23 November 2011, the General Meeting decided to distribute €0.60 per share in the form of a distribution in kind of FIPP securities: one FIPP share for one ACANTHE DEVELOPPEMENT share held (cf. § 1.2).

4.4.6. Share-based payments

4.4.6.1. Board meeting decisions

The Board meeting of 25 July 2007 decided to offer free shares with stock options based on the following procedures:

- Decision to grant free shares to be issued (in keeping with the authorisation voted by more than 99% of shareholders present, based on the 2nd resolution of the Ordinary and Extraordinary General Meeting of 21 March 2007): allocation of 8,660,000 free shares (representing 9.99132% of the company's share capital issued so far) on behalf of Mr Alain DUMENIL in his capacity as Chairman and Managing Director of the Company, and broken down as follows: 4.99566%, representing 4,330,000 shares floated for an acquisition period of 2 years and a retention period of 2 years, and, 4.99566%, representing 4,330,000 shares floated for an acquisition period of 4 years with no retention period.
- Decision to grant free shares to be issued (in keeping with the authorisation voted by more than 99% of shareholders present, based on the 2nd resolution of the Ordinary and Extraordinary General Meeting of 21 March 2007): on behalf of Mr Alain DUMENIL in his capacity as Chairman and Managing Director of the Company for 8,667,520 Options. Stock option exercise price: €3.21 for subscription of a share and €3.22 for purchase of a share. The options will be exercisable after a 1 year acquisition period (i.e. as from 26 July 2008), and remain valid until 25 July 2017.

In keeping with the preamble to the stock option plan adopted at the Board meeting of 25 July 2007, the Board meeting of 18 July 2008 decided that, firstly, the options granted are stock options. Secondly, the Board of Directors adjusted the number and price of the stock options following the distribution of bonuses. Actually, the Company had to make such an adjustment for the total subscription price to remain constant, thereby protecting the interests of the stock option beneficiaries. This adjustment therefore resulted in a right to exercise 9,528,520 stock options at an exercise price of €2.92 (instead of 8,667,520 options at an exercise price of €3.21 prior to the adjustment).

The Board meeting of 28 August 2009:

- took note of Mr DUMENIL's letter of 3 August 2009, whereby he expressly relinquished the totality of the stock options granted to him by the Board of Directors at their meeting of 25 July 2007,
- decided, based on the authorisation granted at the joint General Meeting of 21 March 2007, to allocate 9,936,436 stock options at a fixed price of €1.24,
- decided, in keeping with Article L.225-185 of the Commercial Code, that Mr DUMENIL must keep 1% of the shares deriving from the option exercise until he quits his duties as Chairman and Managing Director, subject to this obligation not jeopardising the company's entitlement to the SIIC regime.

The Board meeting of 31 December 2009 (2h00 p.m.) pointed out that in case on the due date of the stock option(s) the company does not hold the volume of shares needed to exercise them, the options will firstly be call/purchase options to the tune of the number of shares actually held by the company and subscription rights for the remaining options that could not be exercised since the company lacked the number of shares required.

4.4.6.2. Valuation of cost of share-based payment

For 2011, the expense in terms of free shares granted in 2007 was recorded as personal expenses for the total amount of €1.3 million with the equivalent in equity.

The expense booked in the fiscal years in which the employees acquired their rights is based on the fair value of the options and shares on the plan allocation date. This remains fixed regardless of subsequent changes in prices, be they upwards or downwards. It is worth noting that the price used to set the value of the free shares was €3.29 (= closing price on the eve of the allocation date).

4.4.7. Minority interests

They include the shares of the company, ADT SIIC (i.e. 1.60% equivalent to €3,571 thousand in reserves and €64 thousand in income) and the company, ADC SIIC (i.e 1.07% equivalent to €2,388 thousand and €42 thousand in income) in the capital of the company VENUS following the contributions made on 23 November 2009.

The minority interests in the shareholding of SOGEB is 11.11%; these are being disputed as covered in § 9.3.2 and which led to the booking of a provision for risks for €3,984 thousand.

The of minority interest share in the results of 2011 is €58 thousand.

4.5. Provisions for risks and expenses

Provisions for risks and expenses include:

- The provision for retirement indemnities for an amount of €117 thousand and allocated during the period for €61 thousand;
- The provision relating to the dispute with the minority of SOGEB (cf. 9.3.2) allocated for this period for €3,984 thousand; this provision covers the risk of the reestablishment of the interests of this minority at levels that existed before the capital increase of 15 January 2009 that was cancelled by a first instance decision dated 13 October, for which an appeal was lodged.

4.6. Financial liabilities

4.6.1. Details of current and non-current financial liabilities

At 31 December 2011, the total amount of current and non-current financial liabilities with banking institutions stood at €78,663 thousand compared with €107,970 thousand at 31 December 2010.

The net debt calculated using the difference between the gross financial assets with banking institutions and the cash and cash equivalents, stood at €76,909 thousand at 31 December 2010 compared with €86,017 thousand at 31 December 2010.

Liabilities in thousands of €	31/12/2011	31/12/2010
Non-current financial liabilities		
Loans and debts with credit institutions > 1 year	75,492	86,689
Liability derivatives	0	1,047
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**75,492**	**87,736**
Current financial liabilities		
Loans and debts with credit institutions < 1 year	2,396	3,519
Bank overdrafts	0	16,204
Accrued interest	385	511
Liability derivatives	390	0
TOTAL CURRENT FINANCIAL LIABILITIES	**3,171**	**20,234**
TOTAL FINANCIAL LIABILITIES	**78,663**	**107,970**

The changes concern the following items:

In taking control of HILLGROVE INVESTMENTS GROUP SA, the company took over the loan of 2,450 KGPB that the latter had taken out with COUTTS BANK AG (Zurich, Switzerland), of which the repayment in fine is scheduled for October 2013 and for which the variable interest rate is GBP LIBOR plus 1.25%. This company (including the loan) was contributed to FIPP (see hereinbelow).

BALDAVINE took out a loan for an amount of €15 million, with a mortgage guarantee on the building located at 2/4 rue de Lisbonne in Paris 8 with MUNCHENER HYPOTHEKENBANK at the 3-month EURIBOR rate plus 1.85% for a period of 10 years.
The loan gave rise to the subscribing of a rate hedging instrument for a ceiling of 3.65% for a period of 5 years, and can be renewed once.

Moreover, the group repaid three loans early:
- With HYPO REAL ESTATE BANK INTERNATIONAL for €11,258 thousand, subsequent to the sale of a portion of the property financed by the loan on the buildings located at 21 and 23 boulevard Poissonnière and 10 rue d'Uzès in Paris 2;
- With CREDIT FONCIER for €831 thousand and €471 thousand pertaining to the buildings located in Flaine (74);
- With SADE for €85 thousand concerning the Fernay Voltaire building.

Finally, the loans on the balance sheet of the subsidiaries contributed to FIPP and deconsolidated due to this had remaining balances due of:
- €959 thousand contracted with CREDIT FONCIER by BRIAULX;
- €414 thousand contracted with CREDIT FONCIER by BRIHAM;
- €1,085 thousand contracted with Crédit Foncier by LE VOLTAIRE;
- 2,450 KGBP (i.e. €2,933 thousand) contracted with RBS COUTTS by HILLGROVE INVESTMENTS GROUP;
- €9,000 thousand contracted with CREDIT AGRICOLE LUXEMBOURG by ALLIANCE 1995;

The outstanding remaining capital of loans and debts with credit institutions stood at €77,888 thousand at 31 December 2011, broken down into:
- fixed rate loans for €15,743 thousand,
- fixed rate loans with an interest rate resetting deadline set at 5 years for the sum of €18,888 thousand,
- variable rate loans for €43,256 thousand (capped at €20,000 thousand, cf. details below).

The table below presents the due dates, interest rate resetting periods and loan debt extinction dates for all contracts take out at 31 December 2011.

Building	Loan	Nature	Date of the rate change	Date borrowed	Interest rate of in rate	Share <3 months	Share >3 months and <1 year	Share >1 year and <5 years	Share remaining +5 years	Capital remaining due at 31/12/11
56 rue Charron	ING Lease	FIXED RATE	NA	Nov-2023	6.550%	69	220	1,647	13,808	15,743
Sub-total Fixed rate						**69**	**220**	**1,647**	**13,808**	**15,743**
2-4 rue de Lisbonne	Munchener Hypo tenkenbank	EURIBOR 3 M+1.85%	Quar	May-2021	3.680%	91	280	1,722	12,368	14,461
rue François 1er	Crédit Foncier	EURIBOR 3 M+1.00%	Quar	Nov-2017	3.092%	39	117	622	8,191	8,969
rue François 1er	Crédit Foncier	EURIBOR 3 M+1.00%	Quar	Nov-2017	3.038%	17	51	273	3,514	3,856
77 rue Boissière	SAARLB	EURIBOR 3 M+2.20%	Quar	May-2019	3.967%	30	106	748	6,728	7,612
rue de Surène	Crédit Foncier	EURIBOR 3 M+1.00%	Quar	June-2022	2.540%	39	124	854	5,836	6,852
quai Malaquais	Deutsche Pfandbriefbank	EURIBOR 3 M+0.90%	Quar	Oct-2019	2.492%		188	753	565	1,506
Sub-total Euribor						**217**	**866**	**4,972**	**37,201**	**43,256**
26 rue d'Athènes	Deutsche Pfandbriefbank	5 YEAR PEX +0,85%	01/2011	Jul-2021	3.680%	( )	113	544	791	1,448
2 rue de Bassano	Deutsche Pfandbriefbank	5 YEAR PEX +1,05%	10/2008	Oct-2018	5.333%	204	613	4 225	11,196	16,238
7 rue d'Argenteuil	Deutsche Pfandbriefbank	5 YEAR PEX +0,85%	07/2011	Jul-2021	3.703%	( )	94	453	655	1,202
Sub-total 5 year PEX						**204**	**820**	**5,222**	**12,641**	**18,888**
GRAND TOTAL						**489**	**1,907**	**11,841**	**63,651**	**77,888**

The financial liabilities detailed on the table have been assessed based on the depreciated cost using the Effective Interest Rate (EIR) method. Should it be assessed based on fair value, the balance sheet amount of the non-current financial liabilities would be different for both the fixed rates and the 5 year PEX rates.

Notes to the annual financial statements at 31 December 2011

Derivative instruments at 31/12/2011

Instruments	Due date	Notional at 31/12/2011 in € K	Valuation At 31/12/2010 in € K Liabilities	Valuation At 31/12/2011 in € K Liabilities	Change of valuation in € K
Swap CAP on slope 0% - 6.94%	June 2012	20,000	1,048	390	-658

This derivative is recorded individually and appraised at its fair value based on income without resorting to hedge accounting. Its fair value is determined each year end closing by the financial institution with which the agreement was concluded.

4.6.2. Fair value of financial liabilities

As concerns overdrafts, supplier debts, deposits and guarantees, and tax and social security debts, most of which are current debts, the balance sheet values are expressed in terms of cost, which is virtually equivalent to their fair value.
As to liability derivatives, they are expressed in their fair value on the balance sheet.

4.7. Liability maturities

At 31 December 2011

in € K	TOTAL	Due date at one year at most	Due date at more than one year and less than 5 years	Maturing at more than 5 years
Financial loans and debts with credit institutions (1)	78,663	3,171	11,841	63,651
Deposits and guarantees	1,957	1,957	-	-
Supplier debts	2,876	2,876	-	-
Tax and social liabilities	2,713	2,713	-	-
Other liabilities	578	578	-	-
Other current liabilities	0	0	-	—
TOTAL	**86,787**	**11,295**	**11,841**	**63,651**

(1) including derivative financial instrument liability (€390 thousand) and accrued interest (€385 thousand) at 31 December 2011.
The item “Tax and social liabilities” is comprised of:

- Personal expenses worth €309 thousand,
- VAT payable upon cash receipt: €588 thousand,
- Liabilities on adjustment of office establishment tax for €1,234 thousand,
- Security acquisition taxes for €533 thousand,
- Other taxes worth €49 thousand.

The item “Other liabilities” is basically made up of:

- Accounts payable for €279 thousand (this items contains mostly prepayments from customers and guarantee deposits and advances on occupancy expenses owed to customers at the end of their lease),
- Credits to be established of €204 thousand, deriving from submission of accounts for tenants.

At 31 December 2010:

in € K	TOTAL	Due date at one year at most	Due date at more than one year and less than 5 years	Maturing at more than 5 years
Financial loans and debts with credit institutions (1)	107,970	20,234	23,697	64,039
Deposits and guarantees	3,056	3,056	-	-
Supplier debts	2,457	2,457	-	-
Tax and social liabilities	2,374	2,374	-	-
Other liabilities	829	829	-	-
Other current liabilities	150	150	-	—
TOTAL	**116,836**	**29,100**	**23,697**	**64,039**

(1) including bank overdraft (€16,204 thousand) and accrued interest (€511 thousand) at 31 December 2010.

The item "Tax and social liabilities" is basically made of the following:

- Personal expenses worth €286 thousand,
- VAT payable upon cash receipt: €776 thousand,
- Liabilities on adjustment of office establishment tax for €1,234 thousand,
- Other taxes worth €78 thousand.

The item "Other liabilities" is basically made up of:

- Accounts payable for €595 thousand (this items contains mostly prepayments from customers and guarantee deposits and advances on occupancy expenses owed to customers at the end of their lease),
- Credits to be established of €45 thousand, deriving from submission of accounts for tenants.

Notes to the annual financial statements at 31 December 2011

Note 5. Additional notes: income statement

5.1. Net property revenue

Net income from property includes all products and costs directly related to the operating of these properties.

The table below presents the breakdown of net income from property showing the impact on the income and expense accounts of the property sold during the period. Likewise, net income from financial year 2010 was restated in the same way in order to allow for a comparison on a like for like basis.

in € K	31/12/2011 Before Restatement of operations sold	31/12/2011 Restatement of operations sold	31/12/2011 After restatement of operations sold	31/12/2010 Restatement of operations sold	31/12/2010 History
Rents	9,916	1,864	8,052	11,400	12,980
Rebilled occupancy expenses	2,269	353	1,916	1,944	2,388
Global occupancy expenses	-4,761	-1,359	-3,402	-4,090	-5,224
Net income from real properties	**7,424**	**857**	**6,567**	**9,254**	**10,144**

Turnover on a like for like basis is defined as turnover generated by the leasing of real properties held at 31 December 2011 and that had already been existing at the previous year end closing. Consequently, turnover generated by real properties acquired and those sold over the financial year are not taken into account.

The change in rents on a like for like basis, concerning buildings already owned by the group at the previous year end closing, is:

	31/12/2011	31/12/2010	Change	Change in %
Rents	6,972	6,600	+372	+5.64%

The effect of the global indexing of rents at 31 December 2011 stood at 3.45% compared to 0.3% at 31 December 2010.

5.2. Net income from real property development

Net income from real property development was made up of:
- in terms of earnings: disposal of real properties recognised in stocks and renewed depreciation provisions,
- in terms of expenses: works and expenses made on the real properties held in stock and depreciation provisions deriving from the comparison between the final production cost of the stock and its selling price, minus sales costs,
- changes in real property stocks.

The ACANTHE DEVELOPPEMENT group did not carry out any development projects in 2011. Therefore, net revenues for development projects are zero, whether for remaining activities or for activities transferred during the period.

in € K	31/12/2010	31/12/2009
Income from real property development		6,405
Expenses from real property development		-100
Changes in real property stocks		-6,231
Net income from real property development	**0**	**74**

In 2010, the net income from real property development was generated by the sale of apartments for €5,452 thousand, plus the renewed depreciation provision earlier set aside of €953 thousand, upon deduction of works carried out over the period worth €100 thousand and a change in stock of €6,231 thousand giving a positive result of €74 thousand (entirely obtained from the programme at rue Claude Terrasse).

5.3. Operating income

Operating income is defined as the difference obtained from all expenses and earnings not deriving from financial transactions of the companies consolidated by the equity accounting method, negative goodwill, transferred activities and taxes.

The table below presents the breakdown of operating income showing the impact on the income and expense accounts of the property sold during the period. Likewise, operating income from financial year 2010 was restated in the same way in order to allow for a comparison on a like for like basis.

in € K	31/12/2011 Before Restatement of operations sold	31/12/2011 Restatement of operations sold	31/12/2011 After restatement of operations sold	31/12/2010 Restatement of operations sold	31/12/2010 History
Personal expenses	-2,489	0	-2,489	-3,397	-3,397
Other overhead costs	-3,047	-440	-2,607	-2,777	-2,846
Other earnings and other expenses	398	86	312	-6	-40
Changes in value of investment properties	10,476	3,417	7,059	790	1,519
New reserves for other depreciation and provisions	-4,355	-114	-4,241	-827	-1,032
Renewed reserves for other depreciations and provisions	170	1	168	179	220
Operating expenses	**1,153**	**2,950**	**-1,798**	**-6,038**	**-5,576**
Operating income before disposals	**8,576**	**3,807**	**4,769**	**3,290**	**4,642**
Income from disposal of investment properties	-384	0	-384	-251	-1,127
Operating income	**8,192**	**3,807**	**4,385**	**3,040**	**3,515**

Notes to the annual financial statements at 31 December 2011

The comments concern the accounts after restatement for transferred activities. The “restatement for transferred activities” column indicates the breakdown of the impact on the financial statements of the transferred activities by type of expense.

At December 2011 ending, operating income excluding income from disposal of investment properties stood at €4,769 thousand compared to €-3,290 thousand in 2010, representing a growth in operating income of €1,479 thousand. The main factors for this growth lie in the change in fair value of the investment properties, which posted a rise of €7,059 thousand in 2011 compared with an increase of €790 thousand in 2010, i.e. a variance of €6,269 thousand and in the drop in personal expenses of €908 thousand, which made it possible to offset the decrease in net income from property of €2,687 thousand.

The other overhead costs for the financial year are primarily comprised of legal, accounting and management fees. Legal fees include in addition to current expenses the fees linked to the dispute between the company and the minority shareholders of the former subsidiary, FIG.

In keeping with IFRS 2 requirements, personal expenses mainly took into account expenses for the allocation of free shares in 2007, for which the acquisition period was set at 4 years for the sum of €1.3 million.

For the expense recorded, an equivalent was set aside with the consolidated reserves (cf. note 9.8).

In comparison, the expense recorded in 2010, the equivalent of which had been entered under the reserves item (cf. note 9.8 of the appendix to the consolidated financial statement at 31 December 2010), included free shares granted in 2007, the acquisition period of which was set at 4 years, an expense of €2.3 million.

Reserves for other depreciations and provisions mainly recorded the booking of a of €3,984 thousand covering the risk stemming from the dispute with the minority shareholders of SOGEB which is described in § 9.32.

The results from sales of investment property is a loss of €384 thousand. Details of the result from the disposals are provided in note 5.5 below.

5.4. Net income

in € K	31/12/2011 Before Restatement of operations sold	31/12/2011 Restatement of operations sold	31/12/2011 After restatement of operations sold	31/12/2010 Restatement of operations sold	31/12/2010 History
Operating income	**8,192**	**3,807**	**4,385**	**3,040**	**3,515**
Cash flow and cash equivalents	-5,824	-2,214	-3,610	13	13
Cost of gross financial debt	-4,427	-327	-4,100	-4,282	-4,599
Cost of net financial debt	**-10,252**	**-2,541**	**-7,711**	**-4,269**	**-4,586**
Other financial earnings and expenses	576	18	558	963	1,016
Earnings before taxes	**-1,484**	**1,284**	**-2,768**	**-266**	**-54**
Negative goodwill	0	0	0	0	0
Tax expense	-64	0	-64	-127	-127
Net revenue from transferred activities	624	-1,284	1,909	213	0
Net income	**-923**	**0**	**-923**	**-181**	**-181**
Group share	-1,087	0	-1,087	-292	-292
Share of minority shareholders	164	0	164	111	111

The "Incoming cash flow and cash flow equivalents" item recorded in particular for €-2,936 thousand, the change in value of the FIPP shares held by the group between their entry value on the books when they became a part of the company's assets and their latest stock market price for the year 2011.

"Other financial income and expenses" recorded in particular for this financial period:
- for €63 thousand the results of subsidiary transfers: LA FRASSIENNE and the SCI CANDIDE, LES MEUNIERS, DFLI (cf. § 3.2.1 and 3.2.2);
- for €185 thousand the interest on receivables and loans granted to ADT before their contribution to FIPP (cf. §1.1 b) Partners' current accounts and receivables);
- for €150 thousand interest on miscellaneous receivables.

The Group share in the net result is a loss of €1,087 thousand at 31 December 2011 compared to a loss of €292 thousand at 31 December 2010.

5.5. Profits from sales of investment property

2011 financial year:

Disposal of properties located at:
- 23, Bd Poissonnière and 10, rue d'Uzès in Paris 2,
- 7, rue des Guillemites in Paris 4,
- 15-17 avenue Jean Jaurès in Ivry sur Seine,
- The building Planche Brulée in Fernay-Voltaire (01),

As well as condominiums in real property located at:
- the lot held at 8 de la rue de Marignan in Paris 8,
- the lot held in tour Atlantique at la Défense (92),
- the last lot in rue Le Marois in Paris 16,
- the lot held at 25, rue de La Boétie in Paris 8,
- The lots held at 21, Bd Poissonnière in Paris 2,
- A car park at the PARIS NORD Business Centre in Blanc Mesnil (93).

Generated as disposal results, a capital loss of €384 thousand. These results take into account all expenses and earnings deriving from the disposals, particularly selling fees and legal fees.

2010 financial year:

Disposal of properties located at:
- 55 rue de Lisbonne, Paris 9,
- 3 rue d'Edimbourg, Paris 8,
- 99 Bd Haussmann, Paris 8,
- Bois Candide in Ferney-Voltaire (01),
- Le Brévent in Ferney-Voltaire (01),
- Passage Dubail, Paris 10,

As well as condominiums in real property located at:
- 31 avenue de l'Opéra, Paris 2,
- 15 rue de Marignan, Paris 8,
- 30 rue Claude Terrasse, Paris 16,
- 27 rue de Rome, Paris 8.

Generated as disposal results, a capital loss of €1,127 thousand.

These results take into account all expenses and earnings deriving from the disposals, particularly selling fees (€180 thousand) and legal fees (€52 thousand).

5.6. Verification of tax expense

in € K	31/12/2011	31/12/2010
Consolidated net income	**-923**	**-181**
Corporate income tax	-64	-127
Earnings before taxes	**-859**	**-54**
French taxation rate	0	0
Notional tax revenue or expense	**286**	**-18**
Restatement of foreign company accounts	-386	174
Other restatements and slippages	5,871	2,067
Untaxed income (SIIC regime)	4,238	-854
Debits: Creation of transferable deficits	-10,073	-1,242
Tax revenue or expense in the results	**-64**	**127**

The corporate income tax expense is virtually zero by virtue of the SIIC regime option taken in 2005, which provides for a full exemption of capital gains and earnings generated from real estate activities for all transparent consolidated French companies or those that chose this option. The taxable earnings are those falling outside the framework of this activity.

5.7. Revenue from transferred activities

The specialisation of the ACANTHE DEVELOPPEMENT group in Central Business district real estate and the contribution during the financial year to FIPP of other property characterise a discontinued operation in terms of IFRS 5.
Net revenue from transferred activities amounts to €1,909 thousand and can be broken down as follows:

In € K	31/12/2011	31/12/2010
Revenue after tax from transferred activities	1,284	213
Tax on income from transferred activities		
Income from the sale of transferred activities	625	
Tax on income from the sale of transferred activities		
Earnings after taxes from transferred activities	**1,909**	**213**

Income from transferred activities can be broken down as follows:

In € K	31/12/2011	31/12/2010
Rents	1,864	1,580
Rebilled occupancy expenses	353	445
Global occupancy expenses	-1,359	-1,134
Net revenue from property	**857**	**891**
Personal expenses	-	-
Other overhead costs	-440	-69
Other earnings and expenses	86	-34
Change in value of investment property	3,417	729
Allowances for depreciation of investment property		
Loss in value of investment property		
New reserves for other depreciation and provisions	-114	-206
Reversals for other depreciations and provisions	1	40
Pre-transfer earnings	**3,807**	**1,351**
Income from disposal of investment properties	-	-876
Operating income	**3,807**	**475**
• Income or Expense from Cash flow and cash equivalents	-2,214	-
• Cost of gross financial debt	-327	-317
Cost of net financial debt	-2,541	-317
Other financial earnings and expenses	18	54
Other non-operating earnings and expenses	-	-
Net revenue from transferred activities	**1,284**	**213**

Notes to the annual financial statements at 31 December 2011

Note 6. Operating segments

The Group generated all of its turnover in the Euro zone from the real estate sector.
At 31 December 2011, the Group had real property holdings spanning a total surface area of 24,005 m² (87,073 m² at 31 December 2010) broken down as follows:

Type of asset	31/12/2011	31/12/2010
Offices	15,392 m²	41,162 m²
Residential hotels	0 m²	28,798 m²
Housing	1,246 m²	3,324 m²
Business premises	5,649 m²	12,071 m²
Others (1)	1,718 m²	1,718 m²
Total	**24,004 m²**	**87,073 m²**

Geographical location Breakdown in % according to m²	31/12/2011	31/12/2010
Paris	93%	38%
Paris region (outside Paris) (2)	7%	26%
Province	0%	33%
Abroad	0%	3%
Total	**100%**	**100%**

(1) This is a building acquired in October 2010 and which will be restructured. The rearrangement of the building into offices, business and housing spaces is not yet final.

(2) The only property still held in the Paris area is the land located on avenue Joffre in Nanterre (under a same commitment).

Real property holdings (by geographical location) in K€	
Paris	258,515
Paris region	1,100
	259,615
Other non-chargeable assets (a)	28,227
Total assets	**287,842**

(a) These are non-real estate assets.

These are addressed in notes 4.1.2 and 4.2

At 31 December 2011:

Income statement by line of business at 31 December 2011

in € K	Offices	Business premises	Hotels	Housing	Non-chargeable	TOTAL
Rents	6,068	1,141	80	763	-	8,052
Rebilled occupancy expenses	1,461	180	130	145		1,916
Global occupancy expenses	(2,382)	(439)	(128)	(454)	-	(3,402)
Net income from real properties	**5,147**	**882**	**82**	**454**	**-**	**6,567**
Income from real property development	-	-	-	-	-	-
Expenses from real property development	-	-	-	-	-	-
Changes in real property stocks	-	-	-	-	-	-
Net income from real property development	**-**	**-**	**-**	**-**	**-**	**-**
Income from other activities	-	-	-	-	-	-
Personal expenses (1)	(1,596)	(586)	-	(129)	(178)	(2,489)
Other overhead costs (2)	(1,671)	(613)	-	(135)	(187)	(2,607)
Other earnings and expenses	(67)	-	-	518	(138)	312
Change in value of investment properties (3)	4,815	487	-	128	1,628	7,059
New reserves for other depreciations and provisions	(136)	(4)	(1)	(32)	(4,069)	(4,241)
Renewed reserves for other depreciations and provisions	58	4	-	-	106	168
Income from disposal of investment properties	(2,585)	(102)	(69)	461	1,910	(384)
Cash income	(2,315)	(850)	-	(187)	(258)	(3,610)
Cost of gross financial debt	(2,629)	(965)	-	(213)	(293)	(4,100)
Other financial earnings and expenses	313	115	-	25	105	558
Earnings before taxes	**(666)**	**(1,632)**	**12**	**890**	**(1,374)**	**(2,768)**
Corporate income tax	-	-	-	-	(64)	(64)
Income from the sale of transferred subsidiaries (4)	-	-	-	-	1,909	1,909
Net income	**(666)**	**(1,632)**	**12**	**890**	**471**	**(923)**

(1) Personal expenses, excluding expenses from free shares and other overhead costs, are broken down per m².

(2) The other overhead costs mainly comprise the Group's overall management expenses.

(3) The changes in value of non-chargeable investment properties derive from land as well as investment property of which the characteristics do not correspond to an identified operating segment.

(4) Income from the sale of subsidiary transfers is explained in §5.7.

Notes to the annual financial statements at 31 December 2011

Balance sheet data by line of business at 31 December 2011

in € K	Offices	Business premises	Hotels	Housing	Non-chargeable	TOTAL
Assets						
Investment property	146,492	71,791	-	15,730	19,538	253,552
Tangible assets: Bassano QP Administrative offices	6,064	-	-	-	-	6,064
Real property stocks	-	-	-	25	-	25
Liabilities						
Non-current financial liabilities	52,229	20,194	-	3,069	-	75,492
Current financial liabilities	2,017	509	-	256	390	3,171

The non-chargeable items in the assets are mainly made up of land.

The non-chargeable items in the liabilities are bank overdrafts and related items, and the fair value of the derivative.

Acquisition of identifiable assets at 31/12/2011

in € K	Offices	Business premises	Hotels	Housing	Non-chargeable	TOTAL
Investment properties	-	-	-	-	-	-

The acquisitions for the financial period were transferred during the period so their value in the consolidated financial statement for the period ended 31 December 2011 is zero (cf. note 4.1.1).

Financial statement by geographical sector at 31 December 2011

in € K	Paris	Paris Region outside Paris	Province	Abroad	Non-chargeable	TOTAL
Rents	7,706	253	98	(4)	-	8,052
Rebilled occupancy expenses	1,660	119	134	4	-	1,916
Global occupancy expenses	(2,997)	(167)	(238)	-	-	(3,402)
Net income from real properties	**6,369**	**205**	**(6)**	**-**	**-**	**6,567**
Income from real property development	-	-	-	-	-	-
Expenses from real property development	-	-	-	-	-	-
Changes in real property stocks	-	-	-	-	-	-
Net income from real property development	**-**	**-**	**-**	**-**	**-**	**-**
Income from other activities	-	-	-	-	-	-
Personal expenses (1)	(2,314)	(175)	-	-	-	(2,489)
Other overhead costs (2)	(2,424)	(183)	-	-	-	(2,607)
Other earnings and expenses	520	(49)	(21)	-	(138)	312
Changes in value of investment properties	7,059	-	-	-	-	7,059
New reserves for other depreciation and provisions	(170)	(2)	-	-	(4,069)	(4,241)
Renewed reserves for other depreciations and provisions	11	47	4	-	106	168
Income from disposal of investment properties	20	(1)	(391)	-	(12)	(384)
Cash income	(3,357)	(253)	-	-	-	(3,610)
Cost of gross financial debt	(3,813)	(288)	-	-	-	(4,100)
Other financial earnings and expenses	453	34	-	-	70	558
Earnings before taxes	**2,354**	**(665)**	**(414)**	**-**	**(4,043)**	**(2,768)**
Corporate income tax	-	-	-	-	(64)	(64)
Income from the sale of transferred subsidiaries (3)	15	710	1,053	132		1,909
Net income	**2,369**	**45**	**639**	**132**	**(4,107)**	**(923)**

(1) Personal expenses, excluding expenses from free shares and other overhead costs, are broken down per m².

(2) The other overhead costs mainly comprise the Group's overall management expenses.

(3) Income from the sale of subsidiary transfers is explained in §5.7.

Notes to the annual financial statements at 31 December 2011

Balance sheet data by geographical location at 31 December 2011

in € K	Paris	Paris Region outside Paris	Province	Abroad	Non-chargeable	TOTAL BALANCE SHEET
Assets						
Investment property	252,422	1,100	-	-	-	253,522
Tangible assets: Bassano QP Administrative offices	6,064	-	-	-	-	6,064
Real property stocks	25	-	-	-	-	25
Liabilities						
Non-current financial liabilities	75,492	-	-	-	-	75,492
Current financial liabilities	2,781	-	-	-	390	3,171

The non-chargeable items in the liabilities are bank overdrafts and related items, and the fair value of the derivative.

Acquisition of identifiable assets at 31/12/2011

in € K	Paris	Paris Region outside Paris	Province	Abroad	TOTAL
Investment properties	-	-	-	-	-

The acquisitions for the financial period were transferred during the period so their value in the consolidated financial statement for the period ended 31 December 2011 is zero (cf. note 4.1.1).

At 31 December 2010:

in € K	Offices	Business premises	Hotels	Housing	Non-chargeable	TOTAL
Rents	7,899	1,599	1,164	738	-	11,400
Rebilled occupancy expenses	1,473	252	76	144	-	1,944
Global occupancy expenses	(2,810)	(457)	(468)	(355)	-	(4,090)
Net income from real properties	**6,562**	**1,394**	**772**	**527**	**-**	**9,254**
Income from real property development	-	-	-	6,405	-	6,405
Expenses from real property development	-	-	-	(100)	-	(100)
Changes in real property stocks	-	-	-	(6,231)	-	(6,231)
Net income from real property development	**-**	**-**	**-**	**74**	**-**	**74**
Income from other activities	-	-	-	-	-	-
Personal expenses (1)	(501)	(147)	(350)	(40)	(2,359)	(3,397)
Other overhead costs (2)	(1,334)	(387)	(940)	(72)	(44)	(2,777)
Other earnings and expenses	(32)	(11)	144	(12)	(95)	(6)
Change in value of investment properties (3)	1,004	(2,868)	594	633	1,427	790
New reserves for other depreciation and provisions	(602)	(57)	-		(168)	(827)
Renewed reserves for other depreciations and provisions	37	15	-	-	127	179
Income from disposal of investment properties	-	162	(56)	(289)	(68)	(251)
Cash income	6	2	4	1	-	13
Cost of gross financial debt	(2,050)	(634)	(1,475)	(32)	(91)	(4,282)
Other financial earnings and expenses	426	141	337	39	20	963
Earnings before taxes	**3,516**	**(2,390)**	**(970)**	**829**	**(1,251)**	**(268)**
Corporate income tax	-	-	-	-	(127)	(127)
Net revenue from transferred activities					213	213
Net income	**3,516**	**(2,390)**	**(970)**	**829**	**(1,165)**	**(181)**

(1) Personal expenses, excluding expenses from free shares and other overhead costs, are broken down per m².

(2) The other overhead costs mainly comprise the Group's overall management expenses.

(3) The changes in value of non-chargeable investment properties derive from land as well as

investment property of which the characteristics do not correspond to an identified operating segment.

Notes to the annual financial statements at 31 December 2011

Balance sheet data by line of business at 31 December 2010

in € K	Offices	Business premises	Hotels	Housing	Non-chargeable	TOTAL
Assets						
Investment properties	200,586	79,549	33,587	35,402	21,394	370,518
Tangible assets: Bassano QP Administrative offices	6,034	-	-	-	-	6,034
Real property stocks	-	-	-	25	-	25
Liabilities						
Non-current financial liabilities	48,725	22,935	2,388	12,640	1,048	87,736
Current financial liabilities	2,322	680	690	337	16,205	20,234

The non-chargeable items in the assets are mainly made up of land.

The non-chargeable items in the liabilities are bank overdrafts and related items, and the fair value of the derivative.

Acquisition of identifiable assets at 31/12/2010

in € K	Offices	Business premises	Hotel	Residential	Non-chargeable	TOTAL
Investment property	9,820	-	-	17,470	17,180	44,470

The acquisitions are detailed in note 4.1.1.

Financial statement by geographical location at 31 December 2010

in € K	Paris	Paris area	Province	Abroad	Non-chargeable	TOTAL
Rents	10,176	225	999	-	-	11,400
Rebilled occupancy expenses	1,738	104	101	-	-	1,944
Global occupancy expenses	(3,236)	(331)	(523)	-	-	(4,090)
Net income from real properties	**8,678**	**(2)**	**577**	**-**	**-**	**9,255**
Income from real property development	6,405	-	-	-	-	6,405
Expenses from real property development	(100)	-	-	-	-	(100)
Changes in real property stocks	(6,231)	-	-	-	-	(6,231)
Net income from real property development	**74**	**-**	**-**	**-**	**-**	**74**
Income from other activities	-	-	-	-	-	-
Personal expenses (1)	(393)	(277)	(352)	(37)	(2,338)	(3,397)
Other overhead costs (2)	(1,047)	(740)	(909)	(93)	12	(2,777)
Other earnings and expenses	(43)	(13)	143	-	(95)	(6)
Changes in value of investment properties	(953)	1,108	635	-	-	790
New reserves for other depreciation and provisions	(657)	-	(2)	-	(168)	(827)
Renewed reserves for other depreciations and provisions	25	-	27	-	127	179
Income from disposal of investment properties	(178)	-	(73)	-	-	(251)
Cash income	5	3	4	1	-	13
Cost of gross financial debt	(1,611)	(1,157)	(1,353)	(161)	-	(4,282)
Other financial earnings and expenses	377	265	338	(18)	-	963
Earnings before taxes	**4,277**	**(813)**	**(965)**	**(308)**	**(2,462)**	**(267)**
Corporate income tax	-	-	-	-	(127)	(127)
Earnings after taxes from transferred activities					213	213
Net income	**4,277**	**(813)**	**(965)**	**(308)**	**(2,376)**	**(181)**

(1) Personal expenses, excluding expenses from free shares and other overhead costs, are broken down per m².
(2) The other overhead costs mainly comprise the Group's overall management expenses.

Notes to the annual financial statements at 31 December 2011

Balance sheet data by geographical location at 31 December 2010

in € K	Paris	Paris Region outside Paris	Province	Abroad	Non-chargeable	TOTAL BALANCE SHEET
Assets						
Investment property	292,042	20,961	45,277	6,200	-	364,480
Tangible assets: Bassano QP Administrative offices	6,034	-	-	-	-	6,034
Real property stocks	25	-	-	-	-	25
Liabilities						
Non-current financial liabilities	74,214	1,498	10,976	-	1,048	87,736
Current financial liabilities	19,206	285	558	-	185	20,234

The non-chargeable items in the liabilities are bank overdrafts and related items, and the fair value of the derivative.

Acquisition of identifiable assets at 31/12/2010

in € K	Paris	Paris Region outside Paris	Province	Abroad	TOTAL
Investment property	32,820	-	11,650	-	44,470

The acquisitions are detailed in note 4.1.1.

Note 7. Off-balance sheet commitments

The Group's internal or external commitments were as follows:

7.1. Off-balance sheet commitments relating to the scope of the consolidated group

7.1.1. Off-balance sheet liabilities

Off-balance sheet liabilities deriving from the Group's scope of consolidation	Key features (type, date, equivalent)	31/12/2011 amount in € K	31/12/2010 amount in € K
Share acquisition commitments	None	None	None
Commitments on ad hoc entities not consolidated but likely to have a substantial effect on the financial statements	None	None	None
Other	None	None	None

7.1.2.Off-balance sheet assets

Off-balance sheet assets deriving from the Group's scope of consolidation	Key features (type, date, equivalent)	31/12/2011 amount in € K	31/12/2010 amount in € K
Off-balance sheet assets from specific transactions	None	None	None

7.2. Off-balance sheet commitments from financing transactions

7.2.1.Commitments given

The commitments will only be exercisable to the tune of the actual outstanding amounts to be repaid at the exercise date of the guarantee, plus fees, charges and additional costs capped at 20% of the said amount. The real impact of these commitments for the Group on the year-end closing date is shown below. The commitments listed hereinbelow concern liabilities included in the consolidated balance sheet, and are not in addition to the latter.

in € K	31/12/2011	31/12/2010
Guarantees provided for financial institutions	56,501	58,043
Mortgage registrations on real properties acquired Amount of outstanding loan plus a coefficient 1.2	94,548	109,345
Collateral for commercial rents	78,790	82,121

NB: The sureties comprise a joint and several guarantee set up in favour of the subsidiary AD INVEST in July 2003 within the scope of the financial leasing of office premises. AD INVEST was sold to the ADT SIIC Group in 2005. The commitment amounted to €868 thousand on 31 December 2011.
This surety was cancelled on 30 March 2012.

Period of commitments

in € K	Total at 31/12/11	at less than 1 year	from 1 to 5 years	+ 5 years
Guarantees provided	56,501	3,098	10,234	43,169
Mortgages	94,548	3,030	15,182	76,336
Collateral for commercial rents	78,790	2,525	12,652	63,613

The commitment periods are aligned with the loan periods.

Notes to the annual financial statements at 31 December 2011

Collateral, Guarantees and Sureties:

Companies with guaranteed shares or stock	Name	Beneficiary	Starting date	Due date or stock	Number of guaranteed shares guaranteed	% of capital
BASNO	VENUS	DEUTSCHEPFANDBRIEFBANK	13/08/03	1/10/18	100	100%
BASNO pledged the FONCIERE DU ROCHER securities	VENUS	DEUTSCHEPFANDBRIEFBANK	29/09/03	1/10/18	2,801,000	100%
PONT BOISSIERE	ACANTHE DÉVELOPPEMENT & VENUS	LANDESBANK SAAR	14/05/09	15/05/19	10,000	100%
BALDAVINE	ACANTHE DÉVELOPPEMENT & VELO	MUNCHENERHYPOTHEKEN BANK	20/05/2011	19/05/2021	4,676	100%

Collateral is provided for the securities to the tune of the outstanding capital due on the loans concerned.

OTHER OFF-BALANCE SHEET LIABILITIES (in € K)		
TYPE	31/12/2011	31/12/2010
Collateral for mutual monetary funds or financial instrument accounts on behalf of banks	1,563	1,477
Collateral for fixed term deposits and interest-bearing accounts on behalf of banks	725	719

Other commitments

A commitment to transfer the professional receivable of the interest rate hedging contract taken out with LANDESBANK SAAR (cf. note 4.3.1) and insurance indemnities was made by BALDAVINE benefitting MUNCHENER HYPOTHEKEN BANK.

In addition, with regards to the same loan BALDAVINE made the following commitments:

- to not sell the building that it holds without approval from the lender,
- maintain an interest coverage ratio (ICR ratio) at a level greater than or equal to 145% for the first 5 years of the loan and 165% for the remaining duration,
- maintain an interest coverage ratio and amortisation (Debt Service Cover Ratio, or DSCR) at a level greater than or equal to 101% during the entire duration of the loan,
- maintain a loan to property value ratio (LTV ratio) at a level less than or equal to 80% during the first year of the loan and to reduce it linearly over the remaining duration of the loan.

Commitments to maintain the share ownership were made with the following loans contracted by the Group:

- BASNO loan taken out with DEUTSCHE PFANDBRIEFBANK,
- FONCIERE DU 17 RUE FRANCOIS 1er loan taken out with CREDIT FONCIER,
- FRANCOIS VII loan taken out with CREDIT FONCIER,
- SC CHARRON loan taken out with ING LEASE FRANCE.

On the other hand, the Group refrained from granting the unused credit lines ("drawdown letters",…) to any third party and has no take-out commitments for assets loaned out or deposited as collateral.

7.2.2. Off-balance sheet assets

Guarantee by Mr Alain DUMENIL for the loan contracted one of the Group's subsidiaries (CEDRIANE) to finance the acquisition of a property on behalf of DEUTSCHE PFANDBRIFBANK to the tune of €1,506 thousand.

7.3. Off-balance sheet commitments from the Group's core operations

7.3.1. Commitments given

The Group has chosen EIFFAGE for the rehabilitation of the building on Rue François 1er. The outstanding commitment at 31 December 2011 amounts to €2.4 million. The work was initially expected to cost €6.2 million. Additional work is required for an amount of €0.7 million. The amount of the work already completed amounts to €4.5 million.

Registrations of "Treasury preferential rights" were made against a number of companies belonging to the ACANTHE DEVELOPPEMENT Group to guarantee contentious taxes amounting to €13,415 thousand at 31 December 2011 (cf. note 9.3.1).

On the other hand, the following mortgages were taken out as an interim measure by the Government Treasury (cf. note 9.3.1):

in € K	31/12/2011	31/12/2010
Mortgage registrations on real properties (1)	38,505	38,675

The breakdown of mortgage amounts is as follows:

in € K	Total at 31/12/11	at less than 1 year	from 1 to 5 years	+ 5 years
Mortgages	38,505	0	30	38,475

(1) Including €35.575 thousand on properties previously owned by the companies, ADC SIIC, TAMPICO and FIG, and, which, following the capital contribution agreement, have been taken over by SNC VENUS that owes no outstanding debt to the Tax Authorities. The Trésor Public gave the releases on two mortgages on 6 and 27 March 2012 for a total amount of €14,357 thousand.

7.3.2. Off-balance sheet assets

Bank sureties were granted by SOCIETE GENERALE in favour of the French tax authorities, against a SICAV pledge of €1.4 million (for a tax payment pursuant to the creation of office space at 2/4, Rue de Lisbonne in Paris).

Under a debt buyback transaction at the Treasury by ACANTHE DÉVELOPPEMENT from its former subsidiary, TAMPICO, a price revision clause was provided for between the companies, on behalf of ACANTHE DÉVELOPPEMENT amounting to the share that may subsequently not be paid by the Treasury.

Notes to the annual financial statements at 31 December 2011

Note 8. Risk exposure

The exposure to risks and to uncertainty factors and the management of the latter are explained in notes 2.3 and 2.4 of the 2011 management report.

Note 9. Other information

9.1. Net assets remeasured

The Acanthe Développement Group decided to adopt the IAS 40 standard for the valuation of investment properties at their fair value from 1 January 2006. The objective of this option is to reflect market changes in respect of "investment properties" in the consolidated accounts and to value assets at their market value.

The financial and economic crisis that has affected the global economy, from the second half of 2008 onwards, has further increased the careful attention that the Group has paid to the estimates of the fair value of its properties, as this is the Group's core business activity and therefore has a significant impact on the accounts.

In an economic context with an uncertain outlook, the year 2011 had irregular activity, with in particular a loss of confidence in the second quarter. Growth is up very slightly (+1.6% versus +1.4 in 2010) and suggests that growth in 2012 will probably not exceed +0.4%.

- **The Investment Market in 2011:**

The investment market for corporate real estate was up 50% compared to 2010 and 112% compared to 2009. Several factors made it possible to sustain the activity in the French market all throughout 2011.

The abrogation of certain tax benefits, announced on the last day of 2011, in particular favoured investors selling assets in order to reduced their taxes. The market in metropolitan France especially benefitted from the dynamism in demand from users and from the status as a safe haven of stone, to the detriment of the more volatile stock markets. To the role of an engine played by certain traditional stakeholders in the French market is added a few newcomers with substantial investment capacities, confirming the attractiveness of the French market on the international stage.

Companies also invested more in 2011 than in 2010. But the drop in their investments observed in the 3rd quarter of 2011 could however continue at least until the 1st half of 2012 in light of the stiffening conditions concerning financing and an uncertain economic outlook.

The Ile de France market concentrates 76% of all amounts invested in France. It remains dominated by office acquisitions which represented 87% of investment in 2011.

And from a residential standpoint, activity in the high-end market is continuing its good dynamics and does not appear to be affected much by the ups and downs in the economic situation. Interest from wealthy clientele is still increasing, despite the very sharp increases in price in the extremely tight "premium" markets. Paris continues to attract a large number of French buyers for high-end property, as well as foreign buyers, especially for prestigious or exceptional property located in the beautiful sections in the centre and West of Paris, sold at over €20,000/m² and even €30,000/m².

- **The Rental Market in 2011:**

In 2011, Ile de France rentals achieved amount to more than 2.4 million m², up 14% compared to 2010. This good level of activity can be explained primarily by the completing of major transactions. However, volume in the 4th quarter was not as high due to the low amount of large movements initiated with a total of 496,000 m² sold.

In Paris, the increased tension on quality offerings, combined with sustained demand, is resulting in an increase in nominal rental values which range in particular from an average of €446 in South Paris to €541 in West Central Paris. Rent is going down on the outskirts.

The "premium" average rent for West Central Paris recorded a turnaround over the quarter (+ 7%) following the reappearance of flagship transactions for which the values reach €830, as such raising the "premium" to €748.

- **2012 prospects:**

2011 was a satisfactory year but even so was marked by economic and financial turbulence. In 2012, uncertainties will probably continue to bear down on the morale and therefore on the behaviour of companies and could again call real estate strategies into question.

The first half of the year should be marked by the decline in major transactions. The major users will be playing the wait-and-see game for a few months until the outcome of the presidential elections is known.

The Paris market should be characterised by a stock of offerings that is decreasing in volume as well as in the range of products offered (little or no low rents and a significant lack of quality and "premium" surfaces.

(Source: CBRE – Cushman & Wakefield)

- **The Group's property assets:**

The year 2011 was, for the group, a real turning point.

Indeed, thanks to the contributions during the year benefitting its subsidiary FIPP, the ACANTHE DEVELOPPEMENT Group was able to split its development poles in terms of distributing its property holdings.

ACANTHE DEVELOPPEMENT as such contributed to FIPP the real estate assets that it held, either directly or indirectly in the Paris area, to Mountains (Alpes) and abroad as well as a Parisian asset for a value less than €2.5 million.

This split-up of assets, followed by the distribution benefitting its shareholders of FIPP securities, allowed ACANTHE DEVELOPPEMENT to further assert its specific character as a real estate company specialising in the Central Business District and in prestigious Parisian buildings.

CB RICHARD ELLIS VALUATION has valued the majority of the properties. Some expert valuations were, however, carried out by another well known expert valuation firm (FONCIER EXPERTISE) because of their specific nature.

As in previous years, the appraisals were carried out based on criteria set out in the Charte de l'Expertise en Evaluation Immobilière (real estate appraisal charter) and applied by all listed real estate companies.

For any properties which, at 31 December, were the subject of sales agreements or accepted offers signed by the Group, the sale price was taken as their value.

In addition to the property contributed to FIPP, the group again this year proceeded with the following sales: a building complex located on Boulevard Poissonnière and rue d'Uzès (Paris 2), a residential building located in Paris 4, an industrial building in Ivry-sur-Seine (94), a plot of land in Fernay Voltaire (01). The land in Nanterre was retained in the group but is under offer, signed in February 2011, and this should take place in 2012. Various co-ownership lots that the group held in buildings located in Paris, La Défense and Flaine were also sold. Another building located on boulevard Poissonnière is undergoing a split-sale.

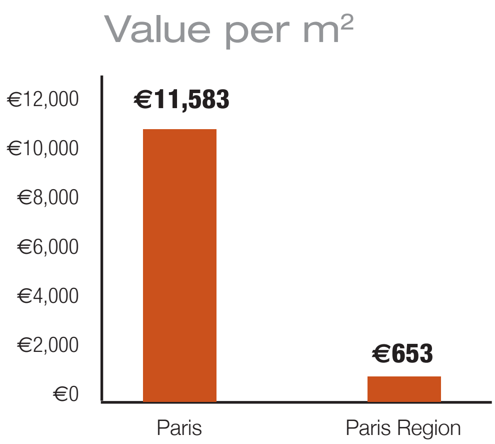
With regards to investment during the year, the group acquired prestigious real estate in London but then contributed it to FIPP.

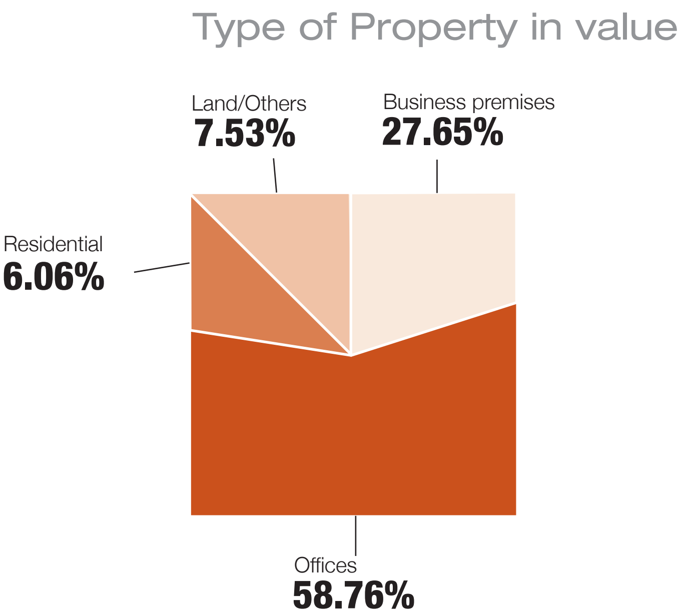
Notes to the annual financial statements at 31 December 2011

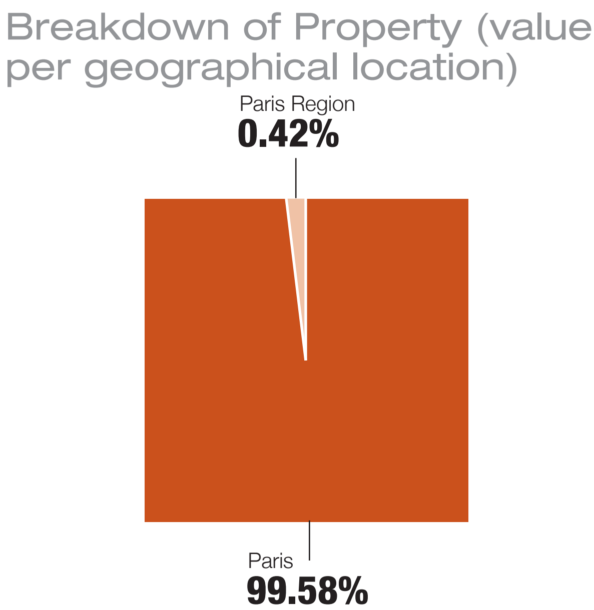
The estimated value of the Group's property assets at 31 December 2011 totals €259,615 thousand, after deduction of building work estimated at €4,710 thousand and inclusion of of €4,700 thousand of commercial use permits for disposal. It is made up for €152,555 thousand of office space, €71,791 thousand in business premises, €15,730 thousand in residential properties and €640 thousand in parking lots plus €18,898 thousand deriving from the private mansion at rue Vieille du Temple acquired in October 2010 and that will be transformed into office space, business premises and possibly residential premises. In terms of surface area, offices represent 15,392 m², commercial premises represent 5,649 m² and the residential sector represents 1,245 m². The building undergoing restructuring represents 1,718 m².

The appraisals of the ACANTHE DÉVELOPPEMENT Group's property holdings, compared with 31 December 2010, taken on a like-for-like basis, generated a growth of 2.84%. As indicated hereinabove, the property holdings are exclusively in Paris except for the land in Nanterre which is to be sold in 2012.

The following average values per m² emerge from these appraisals:







In view of this fact, the Group's net financial situation, therefore amounts to €188,622 thousand. In calculating the Revalued Net Asset (RNA), the treasury stock amount (shares) has been added for which the acquisition value has been deducted from the equity in consolidation assessed at their fair value. The Revalued Net Assets, excluding fees, was thus determined at 31 December 2011:

In € K	
Consolidated equity	188,622
Treasury stock:	
- 5,682,741 shares	9,310
Revalued Net Assets at 31/12/2011	**197,932**

Number of shares at 31/12/11	120,816,870
- RNA:	€1.638 per share

There are no longer any dilutive instruments as of 31 December 2011. Indeed, the second envelope of bonus shares was acquired in July 2011. The share subscription warrants that may still be in circulation matured on 31 October 2011.

There are still 4,896,436 stock options granted in August 2009 at a subscription price of €1.24 per share.

The exercising of these has not been taken into account due to the little interest that this exercise holds for the beneficiary considering the market price (closing date at 31 December 2011: 0.50 €).

In comparison, the Revalued Net Assets at 31 December 2010 stood as follows:

In € K	
Consolidated equity	297,347
Treasury stock:	
- 182,771,558 stock warrants	1,828
- 9,205,138 shares	19,798
Unrealised capital gains from treasury stock	7,418
Revalued Net Assets	**326,391**

Number of shares (at 31/12/2010)	101,392,205
- RNA:	€2,957 per share
- Diluted RNA after issuance of free 4 year shares still to be issued:	€2,845 per share
- Diluted RNA resulting from the issue of 4 year bonus shares, remaining to be issued and the exercise of BSA share subscription warrants:	€2,850 per share

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9.2. Tax status

The Group is not fiscally integrated. However, there is a sub-group (comprised of three companies) that are consolidated from a tax standpoint, of which the group head is FONCIERE ROMAINE.

Its fiscal deficits, particularly the portion under the (non-SIIC) taxable regime is broken down as follows:

	31/12/2011 In € K	Change in scope In € K	31/12/2010 in € K
Allowable loss carry-forwards	44,304	-4,526	20,573
Long-term capital losses	-	-	-
Total	**44,304**	**-4,526**	**20,573**

The fiscal deficits indicated hereinabove do not take into account the fiscal adjustment proposals received by various companies in the Group as explained in the next paragraph. The fiscal deficits shall be charged to the non-SIIC results. The latter will be marginal in light of the Group's real estate activity. Furthermore, the government has taken ceiling measures for the charging of prior deficits on future profits. Tax deficits will therefore be cleared over a long period of time. Consequently, no deferred tax debit was recorded as a precautionary measure.

9.3. Disputes

9.3.1. Tax disputes

Following numerous tax audits, most of which reviewed the 2002 to 2005 financial years, the Tax Authorities made a number of adjustment proposals to companies in the Group, including ACANTHE DÉVELOPPEMENT, for a total principal tax amount of €9,27 M (excluding interest of €0.92 million and an additional charge of €3.81 million).

These amounts should be reduced to €5.22 million (excluding interest of €0.45 million and surcharges of €0.94 million) in light of the discharge of a portion of the disputed taxes delivered by the Paris Administrative Court (see hereinafter).

These adjustment proposals notified by the tax authorities mainly challenged - for the sum of €6.04 million (excluding interest of €0.56 million and additional charges of €2.99 million) - the principle of non-taxation of dividends under the parent-daughter system, and hence the right to pay out dividends received under the parent company system.

It is due to a fraction of the taxes mentioned in the previous paragraph that, via a ruling on 5 July 2011, the Paris Administrative Court – taking its decision in a plenary session and on the same day rending four identical and clearly motivated decisions – upheld the application of ACANTHE DEVELOPPEMENT and discharged it from the disputed additional tax as well as from the related penalties charged to it by confirming the eligibility of the dividends received for the tax exemption provided for under the parent company-subsidiary system.

The Paris Administrative Court also sentenced the State to pay €1,500 to ACANTHE DEVELOPPEMENT in terms of Article L. 761-1 of the Code of Administrative Justice, which underlines the weight given to the analysis defended by the company. The tax authorities lodged an appeal against this ruling with the Paris Administrative Court of Appeal. However, the ruling of the Administrative Court is immediately enforceable and the tax authorities have already relieved a portion of the taxes for which the Administrative Court has pronounced discharge.

The administration should also start to release the guarantees taken for the taxes involved except for re-allocating them to the guarantee for the taxes still in dispute.

For information, as this position of the French tax authorities, which can result in a company's profits being taxed twice and which has been heavily criticised, concerns companies established within the European Union, it will be subject to the censure of the Court of Justice of the European Union.

The position of the French tax authorities seems likely to be seriously undermined in view of recent French tax case law and, in particular, recent judgements of the French Council of State in the cases of JANFIN (judgement of 27 September 2006 that restricted the conditions under which the tax authorities can challenge, on the grounds of abuse of law, certain financial transactions involving dividend distribution) and the cases of GOLDFARB and AXA (judgements of 07 September 2009 that also went against the claims of the French tax authorities that challenged similar financial transactions. These cases concerned the validity of applying tax credits, attached to received dividends, to corporation tax owed by the applicants, Of course, the corrections of which ACANTHE DEVELOPPEMENT or its subsidiaries were advised do not concern the application of tax credits but the tax exemption of the dividends due to the option of the tax system of parent companies; however, in either case, it concerns the possible double taxation of profits, first levied on the subsidiary, then on the shareholder. For this reason, as regards tax credits, in the GOLDFARB and AXA cases, the French Council of State validated the transactions criticised by the tax authorities from the point of view of objective criteria that the ACANTHE group considers, as regards the situations that concern it, to have met.

As regards the decisions of the Comité de l'abus de droit fiscal [consultative committee against abuse of process], they do not prejudge any decisions that could be made by the competent courts in so far as they find that (i) contrary to the intention of the legislator the fact of having undertaken to keep the acquired investments in associate companies for two years in order to benefit from the tax system relating to the subsidiaries of parent companies; and (ii) that the investments in question are inactive, whereas the tax system relating to the subsidiaries of parent companies is not subject to such limitations and that the fact of the companies of the ACANTHE DEVELOPPEMENT Group being shareholders could not be challenged.

Furthermore, it is important to consider the importance of these decisions in the light of a decision taken by the French Council of State on 29 September 2010 by which, regarding penalties, it stipulated that the burden of proof still lay with the French tax authorities regardless of the view of the committee.

Thus, on the grounds of the decisions of the Council of State, the Company - with counsel from CMS Bureau Francis Lefebvre - contests at all stages of the proceedings (including the collection of taxes) the additional taxes that the tax authorities are claiming.

Moreover, ACANTHE DEVELOPPEMENT received a correction proposal that challenges the valuation of the AD CAPITAL shares distributed as dividends in the amount of €15.6 million, a portion of which is taxed as long-term capital gains thus giving rise to a tax adjustment in the principal amount of €3.4 million. ACANTHE DEVELOPPEMENT had valued these shares on the basis of the revalued net asset (RNA). The authorities proposed other methods, which were challenged by the Company and its counsel CMS Bureau Francis Lefebvre in their response to the correction proposal.

On 7 July 2008, the local representative of the tax authorities met with the company's consultant, CMS Bureau Francis Lefebvre, and at the end of the meeting, although the authorities confirmed the questioning of the initial valuation method, it retained part of the valuation items presented and reduced the amount of the adjustment accordingly to a base amount of €11.8 million representing a tax adjustment in principal of €2 million.

Pursuing its challenge of the adjustment, the company requested, in particular, that it be submitted to the departmental committee of direct taxes and taxes on sales. The committee examined the company's case on 30 June 2010 and took into account the elements submitted for the company with the purpose of demonstrating the exaggerated nature of the valuation performed by the authorities. Following this decision, the amount of the adjustment was again reduced to €10.4 million, that is, a tax adjustment of €2.15 million (excluding interest of €0.34 million and surcharges of €0.82 million).

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Here again, upon receipt of demands for payment of the corresponding tax, the company submitted a claim, which is currently being heard, in order to have all the submitted arguments taken into account.

Following the rejection of this claim, the matter was referred on 7 September 2011 to the Administrative Court of Paris.

The tax authorities equally made an adjustment proposal to one of the Group's subsidiary companies, concerning an objection to the exemption of dividends of subsidiaries (as mentioned earlier) and concerning an increase in a capital gain posted by the company when opting for the SIIC regime (€4.4 million). Following consultations at the different levels of authority, this gave rise to an additional tax assessment for the 2005 financial year to the tune of €1.08 million (excluding interest of €0.02 million).

The valuation method retained by the tax authorities is likely to be challenged considering the information held by the Group, which led the company to file a claim against the said taxation in August 2009, with assistance from its consultant, CMS Bureau Francis Lefebvre, which objection was accompanied by an application for deferment of payment.

Following the rejection of this claim, the matter was referred in December 2009 to the Administrative Court of Paris. The latter rejected the claim of the Company in a judgement rendered on 25 October 2011. The Company lodged an appeal against this judgement on 16 January 2012.

Finally, the tax authorities equally made an adjustment proposal to another one of the Group's companies (principal €0.51 million and €21 thousand in interest) questioning the application of the SIIC regime by the subsidiary and on the qualification of this company's activity. The administration in fact considers that the company acted as a trader if goods, which the company is disputing under consideration of the conditions for acquiring and managing the buildings involved and the prior duration of retention (between 2 and 10 years according to the lots) to their transfer.

For all of these motives, and with regards to all of the information provided and the opinions of its experts and jurisprudence, the Company intends to obtain relief on all of these disputes, which justifies the absence of a provision on the books.

The other tax claims are insignificant.

9.3.2. SOGEB minority shares

a/ Following the summons of BRUXYS and the managers of SOGEB by a minority partner of SOGEB in August 2009, a judgement from the Regional Court of Paris of 13 October 2011 pronouncing the nullity of the deliberations of the General Meeting of 15 January 2009 of SOGEB that had decided to increase the capital, sentenced the three successive managers to pay the minority partner a total amount of €100 thousand in proportion to the duration of their functions and in terms of personal prejudice.

This judgement rejected the additional demands of the minority partner (in particular judging as null the meeting of 16 March 2009 that modified the articles of association, declaring the company deprived of any legal representation, declare as null the meeting of 30 June 2009, observing the fulfilment of the corporate purpose and the absence of any affectio societatis, pronouncing the liquidation of SOGEB, declaring and judging that the sale of the building on rue Clément Marot took place in violation of the articles of association, that the income from financial year 2009 has to be distributed to the partners).

SOGEB, BRUXYS and the managers lodged an appeal against this judgement that bears a provisional execution order on 13 December 2011.

b/ The minority partner also summoned SOGEB and LAILA TWO (purchaser of the building on rue Clément Marot) on 8 June 2011 for the purposes of invalidating the sale of this building, judging LAILA TWO without the right to occupy the building and order it to pack its bags. At the session of 29 February 2012, SOGEB filed conclusions of a stay of proceedings. The case has been sent to the session of the procedure for 16 May 2012 for conclusions of the other parties concerning our request.

9.3.3. Real estate disputes

The company, GERY DUTHEIL, was supposed to deliver the project at 30 rue Claude Terrasse in July 2008, which was postponed October 2008. Due to the delays, the company requested a firm commitment on the delivery date.

Since no firm commitment had been made on the delivery date of this project, the company, VELO, stopped settling the charges of GERY DUTHEIL. It is in these circumstances that VELO was sued by GERY DUTHEIL to settle bills to the tune of €927 thousand, with €404 thousand being settled directly by VELO to the sub-contractors.

In our latest correspondence filed on 6 May 2011, we asked the court to declare and judge that the cancellation of the work contract occurred exclusively as the wrongdoing of DUTHEIL.

Consequently, VELO is asking the court to sentence DUTHEIL to pay it the following amounts:

- €502 thousand (incl. VAT) for the extra costs in resuming the work,
- €227 thousand representing the lawful interest for a period of one year on the amount of €5,995 thousand representing the cost of immobilising the investment of VELO for the period of one additional year.
- The loss it suffered due to the delivery delay caused by the slowdown in real estate activities, i.e. €1,408 thousand.
- €20 thousand in terms of Article 700 of the Code of Civil Procedure.

We are also asking for compensation for the amounts respectively owed by each of the parties and the removal of the consignment of the amount of €393 thousand that was consigned with President of the Bar Association of Paris in terms of the decision of the Enforcement Judge of the Regional Court of Paris of 15 April 2010 benefitting VELO.

At the session of 28 October 2011, the court reverted the case without a date to the role of the parties for correction in the procedure by Géry Dutheil, as the latter was under receivership proceedings.

We have moreover declared our receivable on the liabilities of Géry Dutheil in accordance with the amount of the sentence that we are claiming in our correspondence.

At 27 December 2011, no date for arguments for the defence has been set.

9.3.5.Other disputes

FIG

Although FIG has not been part of the ACANTHE DEVELOPPEMENT group since 19 March 2010, certain disputes of FIG still concern ACANTHE DEVELOPPEMENT.

a/ Judgements of 28 September 2009

By three judgements of the Commercial Court of Paris on 28 September 2009, the Ordinary and Extraordinary General Meeting of FIG held on 24 February 2004 was invalidated together with all of the resolutions and decisions related thereto, and the subsequent instruments pertaining thereto. The main purpose of this Meeting was to write off the losses by reducing the capital to zero, to be followed immediately by an increase in the share capital.

FIG and its shareholder, the société anonyme TAMPICO which was not part of the proceedings, considered that the purpose of these rulings was to put it back (as well as its shareholders), in all aspects, to the situation that it was in before the General Meeting of 24 February 2004 and as such cancelled all of the transactions carried out since 24 January 2004, since these constituted acts that were related or subsequent, which needed to be rectified.

On 24 January 2004 (as today), FIG does not belong to the ACANTHE DEVELOPPEMENT Group.

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In order to implement the enforceable rulings of 28 September 2009, FIG was obliged to take decisions in order to re-establish the statu quo ante. Indeed, it was impossible for it to cancel the merger that took place in July 2005, after the invalidated General Meeting, with BALTIMORE (dissolved in the process) and following which it fully took over all real estate activities that were fully contributed to it by its sole partner at the time. On the date of the merger, in July 2005, FIG no longer had in fact any minority shareholders (and this since 24 February 2004) and was not involved in any proceedings since it was only in February 2007 (the day before prescription) that the minority shareholders applied for cancellation of the General Meeting of 24 February 2004.
As a result, there was a split-up in FIG's activities with a distribution of the totality of its real estate assets.

This split-up was carried out by paying an interim dividend on 9 December 2009 and reducing the capital on 10 December 2009. These amounts were paid out by TAMPICO to TAMPICO, followed by ACANTHE DÉVELOPPEMENT.

b/ Judgements of 14 January 2011
Two judgements delivered by the Commercial Court of Paris on 14 January 2011 (one judgement rendered in the Barthes & Ceuzin dossier and the other in the Noyer dossier) explicitly indicated that there was no need to call into question these distributions carried out in December 2009. These judgements in fact rejected the demands of the former minority shareholders to invalidate all transactions conducted after the invalidated FIG General Meeting of 24 February 2004, and on the same grounds, equally nonsuited their claims against ACANTHE DEVELOPPEMENT. As these judgements have been appealed by the former minority shareholders, ACANTHE DEVELOPPEMENT continues to monitor the developments in these proceedings and is aware of the elements developed hereinafter.

The two judgements on 14 January 2011 ordered FIG and TAMPICO (who are no longer part of the Group) to pay the former minority shareholders "the amount of their shareholdings in the capital of FIG and their share of dividend distributions and FIG's reserves, taking into account the change in their shareholdings following the different transactions having affected FIG's net assets since the combined annual and extraordinary shareholders' meeting of 24 February 2004".

Mr KLING, an appraiser, was assigned the mission of assessing the damages charged to TAMPICO and FIG. TAMPICO made up for the insolvency of the former minority shareholders who refused to record the adjustment expenses charged to them. To date, TAMPICO has recorded a total amount of €58,076.

Mr Kling sent a preliminary report on 29 March 2012. This preliminary report was rendered in the framework of the expertise carried out in the Barthes and Ceuzin section of the dossier. As the mission of Mr Kling, such as set forth by the rulings of 14 January 2011 was the same in the Barthes and Ceuzin dossiers on the one hand and Noyer on the other hand, the preliminary report of 29 March 2012 is significant for the entire dossier.
This preliminary report indicates: "Consequently, the evaluation proposes to retain the share reverting to the minority shareholders at 0.093%, to be distributed, in particular to the benefit of the following shareholders:

- Mr BARTHES 65,296 / 89,887 X 0.093%, or 0.071%
- Mr CEUZIN 15,764 / 89,887 X 0.093% or 0.016%
- Mr NOYER 7,824 / 89,887 X 0.093%, or 0.008%".

The parties had until 13 April 2012 to comment on this preliminary report.
M. Kling is to remit his final report in the upcoming weeks. If the final report confirms the preliminary report of 29 March 2012, the rights of all of the minority shareholders (including Messieurs. Barthes, Ceuzin and Noyer) *"in the payment and reserves carried out, taking into account the evolution of their contributions in the different transactions that affected FIG's net assets since the Ordinary and Extraordinary General Meeting of 24 February 2004" would be about €151 thousand.*

On 12 April 2012, the Paris Court of Appeal decided that the appeals against the judgements of 14 January 2011 were not in a position to be argued in light in particular of the absence of the final reports from Mr Kling. The next audience in the proceedings was set for 28 June 2012.

c/ deconsolidation of FIG and TAMPICO from the scope of ACANTHE DEVELOPPEMENT

On 19 March 2010, FIG was sold to the company 19B S.A., acting on behalf of ALLIANCE DESIGNERS, majority shareholder at the general shareholders' meeting of 24 February 2004 which was invalidated. FIG is therefore no longer part of the ACANTHE DÉVELOPPEMENT Group since then.

ACANTHE DEVELOPPEMENT sold its subsidiary TAMPICO which held 100 of FIG until 19 March 2010, to SLIVAM on 20 April 2010. TAMPICO is therefore no longer part of the ACANTHE DEVELOPPEMENT Group.

d/ re-establishment of the minority shareholders of FIG

The new leader of FIG convened an Extraordinary General Meeting of the company on 1 September 2010.

All of the shareholders at 24 February 2004 or their legal beneficiaries were duly invited. This General Meeting noted that FIG's shareholders at 24 February 2004 had regained their rights at 24 February 2004 and therefore the share capital, the face value of the shares and the number of shares held by each of the shareholders were the same as those on the day of the invalidated General Meeting. The shareholders who had initiated the judgements of 28 September 2009 refused to attend the General Meeting of 1 September 2010.

e/ Liquidation proceeding filed against FIG

On 6 January 2011, FIG was served with a judicial liquidation order following a summons issued in particular by the three minority shareholders also at the initiative of the invalidation of the Annual General Meeting of Shareholders of the 24 February 2004.

f/ Sequestrations

Through a summary order on 15 June 2010 issued at the request of Messrs BARTHES and CEUZIN, the president of the Commercial Court of Paris ordered the sequestration of 95,496 SNC VENUS shares belonging to ACANTHE DÉVELOPPEMENT, in the hands of the Bailiffs, SCP CHEVRIER de ZITTER-ASPERTI.

By an order following an uncontested petition, pronounced on 16 September 2010 at the request of Messrs BARTHES and CEUZIN, the President of the Commercial Court of Paris ordered the sequestration of the sum of €15,179,894.85 (representing the full amount of the dividend voted by the General Meeting of ACANTHE DÉVELOPPEMENT shareholders of 18 June 2010) in the hands of the Bailiffs, SCP CHEVRIER de ZITTER-ASPERTI.

On 8 October 2010, the President of the Court issued an interim order limiting this escrow to the sum of €1,700,000. This order which was confirmed by a decision from the Appeal Court of Paris on 8 December 2010 indicated in particular "mindful of the fact that there is no objection, as argued by ACANTHE DÉVELOPPEMENT, that Messrs Barthes and Ceuzin have no direct or indirect debts towards the said company".

As the judgement on the merits given by the Commercial Court of Paris on 14 January 2011 rendered the substance of these two escrows void, ACANTHE DEVELOPPEMENT requested that the three orders in question and the discharge of the said escrows be repealed.

On 29 March 2011, an interim order ruled against ACANTHE DEVELOPPEMENT with regard to its request concerning the order of 15 June 2010 and rejected the company's request regarding the orders of 16 September and 8 October 2010 (exclusive jurisdiction of the Paris Court of Appeal).

Through an order of 30 March 2012, the Paris Court of Appeal confirmed the order of 29 March 2011 in that it rejected ACANTHE DÉVELOPPEMENT's request concerning the order of 15 June 2010 (sequestration of VENUS shares). The Court of Appeal in particular held that as the judgements of 14 January 2011 have been appealed, they were not definitive in such a way that it did not put an end to the dispute between the parties.

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A certain number of irregularities were detected in this order rendered by the Court of Appeal such as in particular that FIG … was bought out by the Acanthe Développement Group in 2002" although this error committed by the President during the outlining of the reasons had however been corrected by our lawyer who explained that FIG came into the consolidation scope of the Acanthe Group in 2005, after the removal of the minorities. Likewise, it is indicated that "through deliberation on 24 February 2004, the Annual General Shareholders' Meeting of FIG decided to cancel the shares held by Mr Barthes and Mr Ceuzin and to make SAS Tampico (company held 100% by the Acanthe Group) the sole shareholder of FIG". However, the agenda for this Annual General Shareholders' Meeting was obviously not to cancel the shares of Barthes and Ceuzin but to suggest to all shareholders – including Barthes and Ceuzin – that the company be recapitalised. They decided on their own account not to participate. Moreover, the Court indicated that "Through the judgement given on 14 January 2011, the Commercial Court of Paris rejected Mr Barthes and Mr Ceuzin (…) but recognised that these transactions had caused them prejudice and assigned an expert for the purposes of assessing the amount of the shares of Mr Barthes and Mr Ceuzin in the capital of FIG at 24 February 2004". However, the Commercial Court of Paris did not recognise that these transactions had caused prejudice to Barthes and Ceuzin. On the contrary, the Commercial Court rejected arguments from Barthes and Ceuzin, explicitly saying that as the decisions after the Annual General Shareholders' Meeting of 2004 were not invalidated, Barthes and Ceuzin were not able to exercise their rights as shareholders and decided that these rights should be resolved in the form of damages. Finally the Court also incorrectly indicated Acanthe's refusal to execute the sequestration of shares.

With regards to our application concerning the repealing and the release of the sequestration of the €1,700,000 (Court of Appeal of 8 December 2010), the closing is to occur in July 2012 and the arguments by the defence scheduled for September 2012.

<u>Application to extend the court liquidation proceeding of FIG to ACANTHE DEVELOPPEMENT</u>
The Commercial Court opened via judgement of 6 January 2011 a court liquidation proceeding against FIG on the summons of Madame Monique Richez and Mr Barthes, Mr Ceuzin and Mr Noyer.

Madame Richez was a creditor of FIG in virtue of a judgement from the enforcement judge of 29 June 2010 which had cleared a payment of an amount of €50.8 thousand ordered by an order of the Paris Court of Appeal on 9 June 2009.

The Paris Court of Appeal had requalified a service provision contract concluded between Madame Richez and FIG (then represented by François Barthes) in September 2002 and terminated in November 2005, as a labour contract and sentenced FIG in particular to remit the social documents to Madame Richez under penalty.

As FIG was not able to remit all of the social documents required, the penalty was cleared.

Through the order of 5 May 2011, Madame Monique Richez was appointed, at her request, as controller in the court liquidation proceeding of FIG.

In a letter dated 19 September 2011, Madame Monique Richez gave notice to Me Gorrias, liquidator of FIG, to act in extension of the court liquidation proceeding against ACANTHE DEVELOPPEMENT.

As Maître Gorrias did not, according to the latter, respond within the allotted timeframe to this notification, Madame Monique Richez, acting as controller, filed suit on 23 December 2011 against ACANTHE DEVELOPPEMENT in front of the Commercial Court of Paris for the purposes of extending the court liquidation proceeding of FIG for the payment of the liabilities of the latter.

Recall that the dispute opposing Madame Monique Richez and Mr Barthes, Mr Ceuzin and Mr Noyer against FIG has its source at a time when ACANTHE DEVELOPPEMENT was not a shareholder of FIG. The latter became a shareholder of FIG through the intermediary of one of its subsidiaries, TAMPICO, on 24 March 2005, and FIG left the consolidation scope of ACANTHE Group on 19 March 2010, which is prior to the judgement opening the court liquidation proceeding of FIG.

In an official letter of 9 March 2012 sent to the advisor of Madame Richez, ACANTHE DEVELOPPEMENT offered to repurchase the receivable of Madame Richez in order to protect its shareholders from the publicity effects of these proceedings.

Madame Richez refused this offer on 22 March 2012 and indicated that she could accept it only "in the hypothesis wherein ACANTHE DEVELOPPEMENT would purchase the full amount of the liabilities of FIG so that all of the creditors of the latter are satisfied."

Subsequently, the former shareholder of FIG, TAMPICO, carried out this payment through a real offer of payment. This payment was presented in the form of a bank cheque. As Madame Richez again refused this payment, TAMPICO solicited the judicial officer who proceeded to record this amount with the Caisse des dépôts et consignations and informed Madame Richez of this. This procedure, in application of the provisions on the civil code, allows the debtor to be released.

It is under these circumstances that the Parties are called to the audience of 3 May 2012 in order to be heard by the Commercial Court in deliberating chamber.

In the framework of this action, ACANTHE DEVELOPPEMENT intends to question the Constitutional Council on the constitutionality of Article L 621-2 of the French Commercial Code via a "priority preliminary ruling on constitutionality".

The action of Madame Richez is moreover contested concerning its admissibility as well as the merits.

Indeed, in order for an extended action to prosper, it is necessary to demonstrate the fictiveness of the company or the confusion of assets between the two companies.

In this case, neither of the two conditions seems to be satisfied and ACANTHE is contesting this application for extension.

Finally, Madame Richez is arguing for an amount of liabilities of FIG that today appears to be largely less than that put forth by the latter.

The amount of liabilities declared at the opening of the court liquidation proceeding of FIG, i.e. €113,609 thousand is currently being verified and should decrease substantially, especially for the following reasons:

- Receivables were written off for an amount of €1,364 thousand
- A "provisional" receivable of €42,411 thousand declared by the Trésor Public was reduced to €1,976 thousand through a final correction proposal on 19 January 2012. This receivable is contested. In addition its extinction is solicited, as the Trésor Public did not proceed with a final declaration within a period of one year from publication in the BODACC nor was this period extended at the Commercial Court,
- A receivable of €10,780 thousand from the Tax Authorities should be reduced to a maximum of €6,188 thousand in application of Article 1756 of the French General Tax Code (penalties are excluded in the case of a liquidation proceeding), an amount which in any case is also disputed and this, due to the fact that it concerns a discount that is questioned by the tax administration in the parent company-subsidiary system. Favourable decisions were obtained in similar proceedings by other companies in Group,
- Other receivables declared by the Trésor Public for €1,159 thousand were disputed as they all involve claims. One of them for €592 thousand has since been abandoned.
- Mr Barthes, Mr Ceuzin and Mr Noyer jointly declared a receivable of €22,502 thousand on FIG. This receivable would correspond to the rights that they held in the capital of FIG and their share of dividend distributions and FIG's reserves carried out since the combined annual and extraordinary shareholders' meeting of 24 February 2004 invalidated by the judgements on 28 September 2009. This receivable is disputed and Mr Kling, expert appointed by two judgements of 14 January 2011, having for mission to assess these rights, indicated in a preliminary report on 29 March 2012 that all of the minority shareholders including Mr Barthes, Mr Ceuzin and Mr Noyer would have a right to 0.093% which is approximately an amount of €151 thousand to date.
- Furthermore, Mr Barthes declared a receivable of €3,147 thousand. This liability is a joint and several liability between FIG, Alliance Designers, Dofirad and Mr Alain Duménil. This receivable is contested and an appeal has been filed against the order of 19 May 2009. The proceedings are still pending.

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- Finally, Mr Barthes, former director of FIG, declared a receivable of €846 thousand for back wages, indemnities and damages. FIG has always considered that there was no labour contract as this person was a corporate officer. The proceedings are still pending with the Conseil des Prud'hommes (labour tribunal).

Finally, 19B S.A acting on behalf of the major shareholder on the day of the General Meeting on 24 February 2004, declared a receivable in current account of €31,226 thousand. This receivable is subordinated to the rest of the liabilities.

For all of these reasons, the Group feels that the absence of booking a provision for this dispute is justified.

Request from PHRV to appoint a management expert
PHRV (Paris Hôtels Roissy Vaugirard SA), a minority shareholder holding more than 5% of the share capital and voting rights of ACANTHE DEVELOPPEMENT filed suit against the Company on 15 November 2011 for the purposes of designating a management expert. It was questioning the price for the sale of three properties carried out by ACANTHE DEVELOPPEMENT and located in Paris 8 as well as on the opportunity of the acquisition of an Alliance 95 company. On the sale of the three properties, PHRV was asserting that the motivations for the opportunity of the sale were doubtful and that the sale prices were less than those of the market. ACANTHE DEVELOPPEMENT firmly opposed these arguments, and transmitted all of the documents useful for the proceedings (appraisals, sales contracts).

Through an order of 26 January 2012, the Commercial Court of Paris followed the arguments of ACANTHE DEVELOPPEMENT, and rejected the claims of PHRV and sentenced it to pay ACANTHE DEVELOPPEMENT the amount of €5,000 in terms of Article 700 du Code of Civil Procedure as well as expenses.

In a statement of appeal on 23 February 2012, PHRV lodged an appeal against the order of 26 January 2012.

9.4. Ad hoc entities
The Group does not conduct any transactions through ad hoc entities.

9.5.Binding parties
ACANTHE DEVELOPPEMENT Group has carried out transactions with ARDOR CAPITAL, a company controlled indirectly by Mr Alain DUMENIL.

In addition, ACANTHE DEVELOPPEMENT Group has carried out transactions with ADC SIIC and FIPP, listed groups and various companies which have shared managers and/or directors.

On the other hand, ACANTHE DÉVELOPPEMENT Group as carried out operations with FIPP, a listed group, with which it shared the same board members at the closing of the 2011 financial year.

Current related transactions were as follows:
a) The parent company:

In € K Nature of service	Related Counterparty Name	Related Counterparty Affiliation	Balance sheet bottom-line income (1)	Impact on results (2)
Management fees paid to	ARDOR CAPITAL	Reference shareholder of ACANTHE DÉVELOPPEMENT	-100	-200
Provision of personal	ARDOR CAPITAL	Reference shareholder of ACANTHE DÉVELOPPEMENT	82	43

(1) A positive amount indicates a receivable and a negative amount a debt.
(2) A positive amount indicates an income and a negative amount a debt.

The above transactions neither gave rise to the entry of a provision for depreciation of receivables, nor to any expenses in this regard for the period, besides those mentioned. They are not accompanied by any specific guarantees.

b) Entities that exercise a joint control or a significant influence on the entity: None

c) Subsidiaries:
All of the transactions carried out between companies of the ACANTHE DÉVELOPPEMENT Group (including €9,149 thousand in interest from current accounts, €960 thousand in salaries and €947 thousand in rents and rental expenses) were cancelled in the process of consolidation adjustments.

d) Partner companies: None

e) Joint ventures in which the entity is a partner: None

Notes to the annual financial statements at 31 December 2011

f) Key leaders of the entity or its parent company:

In K€ Type of service	Name	Affiliation	on the balance sheet (1)	results (2)
Provision of personal	ADC SIIC	Shared Leaders/board members	222	186
Rents and rental expenses	ADC SIIC	Shared Leaders/board members	4	132
Security deposit	ADC SIIC	Shared Leaders/board members	-26	0
Management fees	MEP	Shared Board members	-20	-204
Provision of personal	FIPP	Shared Board members	54	48
Loans and Current Account	FIPP	Shared Board members	7 0	
Rents and rental expenses	SMALTO	Shared Leaders/board members	323	792
Security deposit	SMALTO	Shared Leaders/board members	-158	0
Provision of personal	SMALTO	Shared Leaders/board members	55	42
Sundry receivables	SEK	Shared Leaders/board members	1,110	12
Provision of personal	SEK	Shared Leaders/board members	-1	-16
Rents and rental expenses	JACQUES FATH	Shared Leaders/board members	0	16
Provision of personal	RUE DES MARQUES	Shared Leaders/board members	4	0
Rents and rental expenses	POIRAY	Shared Leaders/board members	51	178
Security deposit	POIRAY	Shared Leaders/board members	-31	0
Provision of personal	POIRAY	Shared Leaders/board members	34	33
Rents and rental expenses	FERAUD	Shared Leaders/board members	0	41
Security deposit	FERAUD	Shared Leaders/board members	-32	0
Provision of personal	FERAUD	Shared Leaders/board members	12	16
Provision of personal	AD INDUSTRIE	Shared Leaders/board members	14	11
Misc. debt	FINANCE CONSULTING	Shared Leaders/board members	95	0

(1) A positive amount indicates a receivable and a negative amount a debt.
(2) A positive amount indicates an income and a negative amount a debt.

The above transactions neither gave rise to the entry of a provision for depreciation of receivables, nor to any expenses in this regard for the period, besides those mentioned. They are not accompanied by any specific guarantees. They are not accompanied by any specific guarantee, except for the company, SEK Holding, which has an agreement on the settlement of its debts to the Group.

g) Other related parties.

NA

9.6. Staff headcounts

The Group's headcounts, excluding property employees, stood at 16,5 (excluding leaders), broken down at 31 December 2011(18 at 31 December 2010 into:

- Senior staff: 10
- Non-senior staff: 6.5

Some employees are equally leaders of subsidiaries. They equally have an employment contract for their salaried activities. They are included in the two previous items.

9.7. Compensation/salaries

All information on the compensation of company managers are available in the management report. The most relevant information is provided here below:

In keeping with IFRS 2 requirements, the free shares granted to Mr Alain DUMENIL in the 2007 financial year (cf. note 9.8) give rise to a personal expenses for 2011 of €1.3 million, representing free shares with an acquisition period of 4 years. These 4,330,000 free shares were delivered in the month of July 2011.

Moreover, the Annual General Meeting of Shareholders set directors fees at €130 thousand (gross) to be shared between the directors. These were distributed as follows to the various directors:

Mr Patrick Engler:	€59 K
Mr Pierre Berneau:	€43 K
Mr Bernard Tixier:	€23 K
Mr Philippe Mamez:	€5 K

The gross salaries paid to the other leaders (non-representatives of ACANTHE DÉVELOPPEMENT) stood at €18 thousand for the positions of responsibility in the subsidiaries.

No advance or loan was granted to the individual leaders over the period.

a) Short-term benefits	None
b) Post-job benefits	None
c) Other long-term benefits	None
d) Termination payments	None
e) Payment in shares	None

9.8. Payment in shares

The Board meeting of 25 July 2007 decided to offer free shares with stock options based on the following procedures:

- Decision to grant free shares to be issued (in keeping with the authorisation voted by more than 99% of shareholders present, based on the 2nd resolution of the Ordinary and Extraordinary General Meeting of 21 March 2007): allocation of 8,660,000 free shares (representing 9.99132% of the company's share capital issued so far) on behalf of Mr Alain DUMENIL in his capacity as Chairman and Managing Director of the Company, and broken down as follows: 4.99566%, representing 4,330,000 shares floated for an acquisition period of 2 years and a retention period of 2 years, and, 4.99566%, representing 4,330,000 shares floated for an acquisition period of 4 years with no retention period.

- Decision to grant free shares to be issued (in keeping with the authorisation voted by more than 99% of shareholders present, based on the 2nd resolution of the Ordinary and Extraordinary General Meeting of 21 March 2007): on behalf of Mr Alain DUMENIL in his capacity as Chairman and Managing Director of the Company for 8,667,520 Options. Stock option exercise price: €3.21 for subscription of a share and €3.22 for purchase of a share. The options will be exercisable after a 1 year acquisition period (i.e. as from 26 July 2008), and remain valid until 25 July 2017.

In keeping with the preamble to the stock option plan adopted at the Board meeting of 25 July 2007, the Board meeting of 18 July 2008 decided that, firstly, the options granted are stock options. Secondly, the Board of Directors adjusted the number and price of the stock options following the distribution of bonuses. Actually, the Company had to make such an adjustment for the total subscription price to remain constant, thereby protecting the interests of the stock option beneficiaries. This adjustment therefore resulted in a right to exercise 9,528,520 stock options at an exercise price of €2.92 (instead of 8,667,520 options at an exercise price of €3.21 prior to the adjustment).

The Board meeting of 28 August 2009:

- took note of Mr DUMENIL's letter of 3 August 2009, whereby he expressly relinquished the totality of the stock options granted to him by the Board of Directors at their meeting of 25 July 2007,
- decided, based on the authorisation granted at the joint General Assembly meeting of 21 March 2007, to allocate 9,936,436 stock options at a fixed price of €1.24,
- decided, in keeping with Article L.225-185 of the Commercial Code, that Mr DUMENIL must keep 1% of the shares deriving from the option exercise until he quits his duties as Chairman and Managing Director, subject to this obligation not jeopardising the company's entitlement to the SIIC regime.

The Board meeting of 31 December 2009 (2h00 p.m.) pointed out that in case on the due date of the stock option(s) the company does not hold the volume of shares needed to exercise them, the options will firstly be call/purchase options to the tune of the number of shares actually held by the company and subscription rights for the remaining options that could not be exercised since the company lacked the number of shares required.

At 31 December 2011 there were 4,896,436 stock options which can be exercised. However, at 31 December 2011 the exercise price for the options (€1.24) is largely higher than the market price of 31 December 2011 (€0.50).

9.8.1. Appraisal methods for free shares and stock options

The assessment of the free shares and stock options was carried out in compliance with IFRS 2 requirements.

For the free share plans, the following specifications were retained:

- underlying value: €3.29 (this is the closing price of ACANTHE DÉVELOPPEMENT stock at 24 July 2007, on the eve of the share allocation);
- Annual dividend rate: 8%;
- Loan-borrowing margin (difference between the rate to be received in case of investment of the stock value and what will be paid for a loan of the same amount - or REPO margin): 2%;
- number of outstanding stock at the time of allocation: 86,675,203 shares.

The allocation of free shares were both assessed using the Black-Scholes model with the following specifications:

Features specific to free shares with 2 year acquisition period:

- volatility: 24.10%;
- Risk-free rate: 4.52%;
- Borrowing rate during period of unassignability (2 years): 6%.

Features specific to free shares with 4 year acquisition period:

- volatility: 25%;
- Risk-free rate: 4.54%.

For the new share plan, the following specifications were retained:

- exercise price: €1.24 (representing 95% of the average price for 20 trading sessions prior to the issuing date of the options, 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 to be received in case of investment of the stock value and what will be paid for a loan of the same amount - or REPO margin): 2%;
- number of outstanding stock at the time of allocation: 99,985,905 shares;
- other dilutive instruments taken into account: free shares and stock warrants.

The stocks options were assessed using the Cox, Ross & Rubinstein model based on binomial trees with the following specifications:

- exercise price: €1.24 ;
- volatility: 35%;
- Risk-free rate: 2.76%.

9.8.2. Valuation of stock options and free shares

The valuations were carried out at the allocation using reports by independent experts (namely the actuarial consultants, Valoria Conseil (1) and a financial company (2)).

Designation	Allocation date	Interest payment date	End of exercise period	Number of stocks or options allocated	Cost retained in financial statements for stocks or options
Free 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)
Stock purchase warrants	28/08/2009	31/12/2009	28/08/2019	9,936,436	€0,21 (2)

The data on costs are a result of the application of IFRS 2 requirements that is mandatory for companies governed by the IAS-IFRS requirements, determined using the Black-Scholes and Cox, Ross & Rubinstein models, and are solely used for this purpose. Note that these costs are not an indicator of prices given by the company.

Notes to the annual financial statements at 31 December 2011

The expense recorded as personal costs, with the equivalent being the issue premium item, is spread out as follows:

Year	Amounts recognised in € M	Options	Free shares in 2 years	Free shares in 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	1.3			1.3

The expense booked in the fiscal years in which the employees acquired their rights is based on the fair value of the options and shares on the plan allocation date. This remains fixed regardless of subsequent changes in prices, be they upwards or downwards. It is worth noting that the price used to set the value of the free shares was €3.29 (= closing price on the eve of the allocation date). The price used to determine the value of the options granted in 2009 after the beneficiary relinquished the previous ones was €1.31.

9.9. Retirement provision

To perform a valuation of the retirement provision, the following assumptions were retained:

Salary growth rate: 2% per year;

Discount rate: 4.05% (TMO 1st half-year 2011 + 0.25%);
he turnover rate retained was determined based on resignations and compared with the staff headcounts in service at 1 January of the year. The final rate represents the average over the last 3 years adjusted to discard any statistical abnormalities. On the other hand, the headcounts are broken down into 3 age groups (-40 years, -55 years, and +55 years) and two socio-professional categories (senior staff and non-senior staff); the life expectancy has been determined using new mortality tables for the years 2007-2009 provided by INSEE.

The provision at 31 December 2011 stood at €117 thousand compared to €56 thousand at 31 December 2010.

The change in laws on the pension plan, which has led to an extension of the period of contribution and a higher full-rate retirement age, had no specific incidence, however, on the level of the provision. Actually, in the calculation, the 65 year retirement age had already been taken into consideration.

9.10. Earnings per share.

The basic earnings per share stood at €-0.025 at 31 December 2011 (with the weighted average number of shares being 112,181,363).
The diluted result per share is identical to the base result per share.
The granting of purchase options such as described in note 9.8 may subsequently dilute the basic result per share (if the number of treasury shares held by the group were to fall below the number of options that remain to be exercised contrary to the situation at the closing of the period) although it is not included in calculating the diluted result per share below.

Earnings per share at 31 December 2011

Numerator		
Net earnings - Group share at 31 December 2011 (in €K)	2,800	
Denominator		
Weighted average number of shares before dilutive effect	112,181,363	
Net earnings - Group share per undiluted share (in €)		**0.0250**

9.11. Information on rents at 31 December 2011

The amounts for minimum future payments to be received within the framework of simple, signed and firm contracts in total and for each of the following periods are provided here below:

In € K	Total	Due date at =1 year	Due date at > 1 year or < 5 years	Due date at > 5 years
Rents outstanding	34,590	7,648	22,986	3,956
	34,590	**7,648**	**22,986**	**3,956**

The table includes the provisional schedules for collecting rents based on the continuation of leases until their term, however, for commercial leases, they can be interrupted at the end if each three-year period.
The Group did not record any contingent rentals over the 2011 financial year.

The global description of recognising the lease contracts is provided in note 2.18.

9.12. Key events since 31 December 2011

Acquisition of FINANCE CONSULTING:

ACANTHE DEVELOPPEMENT acquired the securities of the Belgian company FINANCE CONSULTING for 1 euro from FIPP, as well as the current account for a value of €6 million in light of the value of the building estimated at €6 million.

Report

AUDITOR'S REPORT

AUDITOR'S REPORT
ON THE ANNUAL FINANCIAL STATEMENTS AT
YEAR ENDED 31 DECEMBER 2011

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ACANTHE DÉVELOPPEMENT

AUDITOR'S REPORT ON THE ANNUAL FINANCIAL STATEMENTS
Year ended 31 December 2011

To the Shareholders,

In discharging the mission assigned to us by your General Assembly, we are hereby submitting our report on the financial year ended 31 December 2011 on:

- the auditing of the annual financial statements of the company, ACANTHE DÉVELOPPEMENT, as attached herewith;
- Justifications for our assessments;
- The specific verifications and information required by the law.

The annual financial statements were approved by the Board of Directors On the basis of our audit, the onus is on us to express our views on the said financial statements.

I. Opinion on the annual financial statements

We carried out our audit following the professional standards applicable in France. These standards require the implementation of due diligence and checks needed to reasonably ascertain that the annual financial statements do not contain any substantial abnormalities. An audit consists in checking, by sampling and using other selective methods, the items used to justify the figures and information mentioned on the annual financial statements. It equally consists in assessing the accounting principles used, the substantial estimations retained and the global presentation of the financial statements. In our reckoning, the information we have collected is adequate and appropriate for us to form our opinion.

We hereby certify that, in view of French accounting rules and principles, the annual financial statements are genuine and in order, and provide a true and fair view of operating results for the financial year ended as well as of the state of the finances and assets of the company at the close of the said financial year.

Without questioning the conclusion expressed hereinafter, we are hereby drawing your attention to the point set out in note 6 of the appendix to the financial statements concerning tax litigation and other litigation in which the company is involved, and which states the reasons why provisions were not set aside for the purpose.

II. Justifications for assessments

In keeping with the terms of Article L.823-9 of the Commercial Code as concerns justification of our assessments, we wish to bring the following to your attention:

- On the basis of the information we have collected, we have made sure that note 6 "Litigation" provided appropriate information on the company's situation considering the disputes pending.
- Note 3.2 – "Long-term investments" describes the principles and procedures used to assess investments and their related receivables. Our deliberations consisted in conducting a thorough appraisal of these investments and their related receivables in view of the value of the properties held by the companies, and on the basis of the appraisal reports and their financial situations, in keeping with the accounting principles in force, making sure that the information on the note to the appendix was appropriate.

The assessments thus made are in line with our financial audit method, taken as a whole, and therefore enabled us to form our opinion as expressed in the first part of the report.

III. Specific verifications and information

In keeping with the standard professional practice in France, we equally performed the specific audits required by the law.

We have no comments as to the fact that the information provided in the report of the Board of Directors and the documents submitted to the shareholders on the financial situation and the annual financial statements are genuine and consistent with the annual financial statements.

As concerns the information provided in keeping with Article L.225-102-1 of the Commercial Code on salaries and benefits paid to company managers as well as the commitments made on their behalf, we checked to make sure they matched with the financial statements or the data used to draw up the said financial statements, and where needed with the information collected by your company from the companies controlling your company or controlled by your company. On the basis of these deliberations, we hereby certify the accuracy and genuineness of the said information.

In keeping with the law, we made sure that the different information on the acquisition of shares and control of companies, and the identity of the holders of capital and voting rights were duly provided in the management report.

Done at Paris and Neuilly-sur-Seine, on 27 April 2012
The Auditors

AUDIT AND CONSULTING FIRM

Jean-Marc FLEURY

DELOITTE & PARTNERS

Albert AIDAN

Auditor's report

AUDITOR'S REPORT ON THE ANNUAL FINANCIAL STATEMENTS AT YEAR ENDED 31 DECEMBER 2011

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ACANTHE DÉVELOPPEMENT

AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2011

To the Shareholders,

In discharging the mission assigned to us by your General Assembly, we are hereby submitting our report on the financial year ended 31 December 2011 on:

- the auditing of the consolidated financial statements of the company, ACANTHE DÉVELOPPEMENT, as attached herewith;
- Justifications for our assessments;
- Specific audit required by the law.

The consolidated financial statements were approved by the Board of Directors On the basis of our audit, the onus is on us to express our views on the said financial statements.

I. Opinion on the consolidated financial statements

We carried out our audit following the professional standards applicable in France. These standards require the implementation of due diligence and checks needed to reasonably ascertain that the consolidated financial statements do not contain any substantial abnormalities. An audit consists in checking, by sampling and using other selective methods, the items used to justify the figures and information mentioned on the consolidated financial statements. It equally consists in assessing the accounting principles used, the substantial estimations retained and the global presentation of the financial statements. In our reckoning, the information we have collected is adequate and appropriate for us to form our opinion.

We hereby certify that, in view of the IFRS requirements as adopted by the European Union, the consolidated financial statements are genuine and in order, and provide a true and fair view of the financial situation, the global results generated by the persons and entities included in the consolidation.

Without questioning the conclusion expressed hereinafter, we are hereby drawing your attention to:

- notes 2.4 and 5.7 of the notes to the financial statements which mention the methods for applying IFRS 5 to the assets contributed to FIPP and the impact on the consolidated financial statements.

• note 3.2.4 of the notes to the financial statements concerning the distribution of FIPP securities.

• note 9.3 of the notes to the financial statements which mentions the tax disputes and other disputes that the Group is involved in, and which states the reasons as to why provisions were not booked.

II. Justifications for assessments

In keeping with the terms of Article L.823-9 of the Commercial Code as concerns justification of our assessments, we wish to bring the following to your attention:

• Note 2.5 - "Investment Properties" describes the principles and procedures used to assess the Group's property holdings.
We examined the assessment methodology used by the experts and made sure that the fair value of the investment properties was assessed based on internal appraisals and that the note to the appendix provides appropriate information.

• On the basis of our work and the information we have collected, we have made sure that note 9.3 "Litigation" provides appropriate information on the Group's situation considering the disputes pending.

The assessments thus made are in line with the methods we used to audit the consolidated financial statements, taken as a whole, and therefore enabled us to form our opinion as expressed in the first part of the report.

III. Specific audit

In keeping with the standard professional practices in France, we equally conducted the specific audit required by the law concerning the information on the Group as provided in the management report.

We have no comments as to their genuineness and their consistency with the consolidated financial statements.

Done at Paris and Neuilly-sur-Seine, on 27 April 2012
The Auditors

Audit and Consulting Firm

Jean-Marc FLEURY

DELOITTE & PARTNERS

Albert AIDAN

Special Auditor's Report

ON REGULATED AGREEMENTS AND COMMITMENTS

SPECIAL AUDITOR'S REPORT ON REGULATED AGREEMENTS AND COMMITMENTS FOR YEAR ENDED 31 DECEMBER 2011

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ACANTHE DÉVELOPPEMENT

SPECIAL AUDITOR'S REPORT ON
REGULATED AGREEMENTS AND COMMITMENTS
General Meeting to approve the financial statements for the year ended 31 December 2011

To the Shareholders,

In our capacity as auditors of your company, we are hereby presenting our report on regulated agreements and commitments.

It is our duty to present to you, on the basis of the information received, the key characteristics and procedures of the agreements and commitments disclosed to us or that we would have discovered in the process of discharging our mission, while refraining from making any comments as to their relevance and validity, and searching to know whether any other agreements and commitment actually exist. Pursuant to Article R.225-31 of the Commercial Code, it is your duty to assess the rationale for concluding these agreements and commitments in view of their approval.

Moreover, where the need arises, the onus is on you to provide the information required in Article R.225-31 of the Commercial Code on the implementation, over the year ended, of the agreements and commitments already approved by the General Assembly.

We carried out all the due diligence we deemed necessary in view of the professional policy of the national association of auditors (Compagnie nationale des commissaires aux comptes) with regard to this mission. These due diligence operations consisted in ensuring that the information provided to us matched with the source documents from which they emanate.

AGREEMENTS AND COMMITMENT SUBMITTED TO THE GENERAL ASSEMBLY FOR APPROVAL

Agreements and commitments authorised over the financial year ended

Pursuant to Article L. 225-40 of the Commercial Code, we were informed on the agreements and commitments that had received prior authorisation from your Board of Directors.

With MEP CONSULTANTS:

Mr Philippe MAMEZ, Executive Managing Director and Board member of your company is equally a manager of the company, MEP CONSULTANTS.

Following a Board meeting held on 24 March 2011, your company authorised the signing of a rider to the service agreement concluded with the company, MEP CONSULTANTS, extending the said agreement to 31 December 2011 and setting the payment at €15,000 per month excl. taxes.

Following a Board meeting held on 16 December 2011, your company authorised the signing of a rider to the service agreement concluded with the company, MEP CONSULTANTS, extending the said agreement to 31 December 2012.

With BALDAVINE SA:

BALDAVINE SA is a sub-subsidiary of your company.

Via a Board meeting on 12 May 2011, your company gave an joint and several guarantee for an amount of €15,000,000, benefitting BALDAVINE SA, with MÜNCHENER HYPOTHEKEN BANK.

With VENUS:

VENUS is a sub-subsidiary of your company.

Via a Board meeting on 22 March 2011, your company gave an joint and several guarantee for an amount of €816,598.41, within the framework of a loan dated 18 September 2001 for an amount of €3,048,980 granted by ENTENIAL, which became CREDIT FONCIER DE France benefitting AUJON which was absorbed by TAMPICO, which in turn contributed the Aujon building located in ARACHES-LA-FRASSE and the related loan to VENUS. Your company also made the commitment to not transfer the shares of VENUS and reiterated its commitment of a joint and several guarantee for an amount of €6,995,955, within the framework of a loan dated 19 June 2007 for an amount of €7,800,000 granted by CREDIT FONCIER DE France benefitting ADC SIIC which contributed the building located at 7 rue de Surène – 75008 PARIS and the related loan to VENUS.

With FIPP:

FIPP is a subsidiary of your company.

Via a Board meeting on 10 October 2011, your company authorised the signing of a contribution contract via which ACANTHE DEVELOPPEMENT, and its subsidiaries VENUS, FINPLAT, BALDAVINE SA and SOGEB contribute in kind to FIPP a plot of land, investment securities, receivables (including receivables on partners' current accounts).

In terms of this contribution contract, ACANTHE DEVELOPPEMENT contributed to FIPP a plot of land in VERDUN appraised at €300,000 compensated by the creation of 502,915 new FIPP shares.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL ASSEMBLY

Agreements and commitment approved in previous financial years and that continued into the financial year ended

Pursuant to Article R. 225-30 of Commercial Code, we were informed that the following agreements and commitments, already approved by the General Assembly in previous financial years, were continued over the financial year ended.

Auditors' special report on regulated agreements and commitments

With related companies:

In financing the acquisition of properties, your company made commitments to various banking institutions in the form of sureties, guarantees and/or collateral. On the summary table appended hereto, we are presenting the companies, on whose behalf ACANTHE DÉVELOPPEMENT has pledged its responsibility, the nature of the commitment and the limits of the commitments.

Done at Paris and Neuilly-sur-Seine, on 29 April 2011
The Auditors

AUDIT AND CONSULTING FIRM

Jean-Marc FLEURY

DELOITTE & PARTNERS

Albert AIDAN

APPENDIX TO THE SPECIAL AUDITOR'S REPORT

RELATED COMPANIES	Lending organisations	Joint surety without compensation	
		Initial amount in €	Amount at 31/12/11 in €
SC BASNO	HYPO REAL ESTATE BANK INTERNATIONAL	On-demand guarantee 21,000,000	16,380,000
SCI BRIAULX	Crédit Foncier	2,286,735	958,845
SCI BRIHAM	Crédit Foncier	1,969,641	414,104
SARL LORGA	ANTHURIUM	On-demand guarantee 250,000	
SNC VENUS formerly SA TAMPICO	HYPO REAL ESTATE BANK INTERNATIONAL	1,905,613	1,210,064
SNC VENUS formerly SA TAMPICO	Crédit Foncier	3,048,980	Repaid at 30 June 2011
SNC VENUS formerly SA TAMPICO	Deutsche PFANDBRIEFBANK	16,769,392	Repaid at 17/05/2011
SNC PONT BOISSIERE	LANDESBANK SAAR	8,000,000	7,710,000
FONCIERE DU 17 RUE FRANCOIS 1ER	Crédit Foncier	14,000,000	9,212,000
SCI FRANCOIS VII	Crédit Foncier	6,000,000	3,948,000

ACANTHE DÉVELOPPEMENT

ACANTHE DEVELOPPEMENT

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