A REAL ESTATE PORTFOLIO OF HIGH-END OFFICES EXPANDED TO EUROPEAN CAPITALS IN ORDER TO CONSOLIDATE CONSISTENT PROFITABILITY

ACANTHE DEVELOPPEMENT

2012 ANNUAL REPORT

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ACANTHE DEVELOPPEMENT

ACTIVITY REPORT

FINANCIAL REPORT

COMPANY PROFILE

ACANTHE DÉVELOPPEMENT HAS A REAL ESTATE PORTFOLIO OF HIGH-END PARIS OFFICES AND IS EXPANDING ITS HORIZONS TO EUROPEAN CAPITALS

Acanthe Développement, a property company eligible for the SIIC status, is now a European company of which the head office remains in Paris.

The acquisition strategy is expanding its horizons to the Central Business Districts of the European capitals in order to combine consistent profitability and assessment potential for the assets of these highly-sought areas.

Acanthe Développement's know-how is to rigorously manage exceptional buildings sought by top-rated clients in order to secure a return on the assets.

Acanthe Développement is listed in compartment C of NYSE Euronext Paris and is part of the IEIF SIIC-REITS index.

ASSETS

86.44%
in value comprised of office space and shops at 31/12/2012

80%
in value in the Central Business District and historical centre of Paris

24,510 M²
of total surface area at 31/12/2012

17
buildings at 31/12/2012

265.08
million euros at 31/12/2012

196.8
million euros Shareholders' equity

Dividend proposal per share for the financial year 2012
0.06
million euros

AN ACQUISITION STRATEGY DIRECTED AT THE CENTRAL BUSINESS DISTRICTS OF THE MAJOR EUROPEAN CAPITALS

CHAIRMAN'S MESSAGE

"In an economic situation and a real estate context that is still marked with uncertainty,
Acanthe Développement is forging ahead and is becoming a European Company (SE).

This entails facilitating the representation of our company in all of the European countries in which it has assets or wants to acquire assets. The acquisition strategy targets the central districts of the major European capitals, in coherence with the strategy implemented in Paris.

Recentring the assets on the Paris Central Business District (QCA) has led our company to continue with the transfers, for an amount of €22.6 million, generating a capital gain of €2.5 million.

On a like-for-like basis, in light of the disposal of buildings and assets sold or contributed to FIPP, revenues are up 11% at €8.7 million.

The appraised value of the portfolio is €265 million, up 5.54% on a like-for-like basis.

Our debt is down €8.2 million this year at €70.5 million, which is a decline of 3 points at 27% of the value of the property assets, which further confirms the solidity of Acanthe Développement and increases our acquisition capacity in the European markets that we are targeting.

Moreover, restated net assets stand at €197 million, which is €1.555 per share.

Loyal to its performance objectives, Acanthe Développement paid €329 million in dividends to its shareholders over the period 2004-2012, excluding the distribution scheduled for 2013."

Alain Duménil
Chairman of the Board of Directors

MANAGEMENT & ORGANISATION

The Board of Directors met 13 times in 2012. 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 of the Board of Directors **Alain Duménil**		
Deputy Managing Director **Philippe Mamez**	Administrative and Financial Director **Florence SOUCÉMARIANADIN**	Legal Affairs Director **Nicolas Boucheron**

Board of Directors

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

Members

Alain DUMÉNIL
Chairman of the Board of Directors

Philippe MAMEZ
Director and Deputy Managing Director

Patrick ENGLER
Director and Managing Director

Pierre BERNEAU
Independent Director

Bernard TIXIER
Independent Director

Auditors for the year 2012

REGULAR

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

ACE AUDIT
5, avenue Franklin Roosevelt
75008 Paris
RCS Paris 380 623 868

SUBSTITUTE

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

M. François SHOUKRY
5, avenue Franklin Roosevelt
75008 Paris

Consulting firm

Crédit Foncier expertise, 24 rue des Capucines, 75002 Paris.

The Group's portfolio was appraised on 31 December 2012 for the most part by CRÉDIT FONCIER EXPERTISE. Like 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.

ACTIVITY, SOCIAL AND ENVIRONMENTAL POLICY

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

In 2012, Acanthe Développement continued its strategy in the framework of a controlled programme of disposals.

In 2012, the Group sold the following assets, for a total of €23.635 million:

- The building at 77 rue Boissière (Paris 16th district) was sold for a total of €16.6 million.
- All of the properties in jointly-owned buildings (i.e. 5 properties) at 21 Boulevard Poissonnière (Paris 2nd district were sold for €6,005 million
- The property called "Les Dauphins" located at Ferney Voltaire was sold for a total of €1.03 million.

Finally, an undertaking to sell concerning the building at rue d'Argenteuil was signed in November for a total of €8.8 million; the sale took place in January 2013.

With regards to acquisitions, the Group acquired from FIPP the company FINANCE CONSULTING and its subsidiary, TRENUBEL, owners of a prestigious mansion house with a rental surface area of 3,043 m² located in Brussels.
The Group also acquired the Company SFIF which has, in its assets, land of about 10 ha located in Villeneuve d'Ascq and an inventory comprised of a 138 m² duplex apartment with terrace and loggias for 137 m² located in Ajaccio (Corsica).

The group, moreover, continued its policy of enhancing the value of its assets, as well as the restructuring work for the building located at 17 rue François 1er in Paris 8th district were completed during the year 2012, allowing for the delivery on 31 January 2012 of two commercial premises (basement, ground floor et 1st) for the Sandro and Anne Fontaine stores; the other floors (2nd to the 7th) were leased by the company Nina Ricci (already located in the neighbouring building). The "former mansion house of Dutch ambassadors" building in Paris (4th district) is being studied in order to renovate it. Finally, renovation work for a budget of €1 million was carried out during the year for the building located at 24 rue Georges Bizet in Paris (16th district).

Controlled environmental impact and optimised compliance with standards

From an environmental standpoint, none of the activities of Acanthe Développement are considered to have a harmful impact.

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 19 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.

REAL ESTATE ASSETS

PARIS 2ND

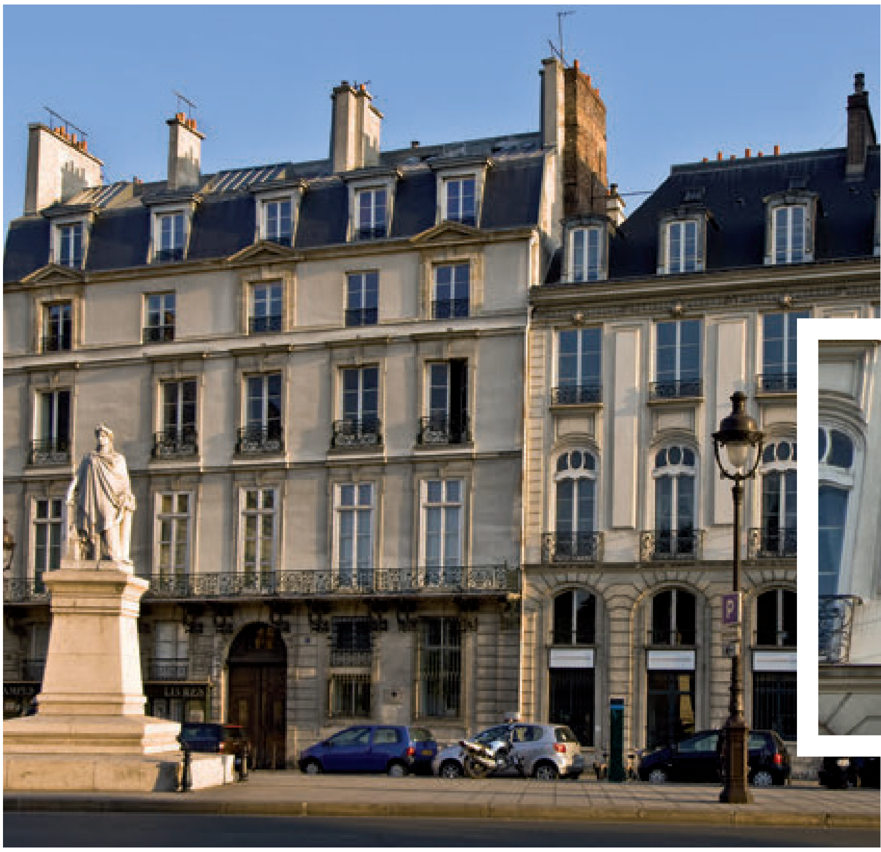
15 rue de la banque

- 2,019 m^2 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 4TH

47 rue Vieille du Temple

- Mansion house
- The former mansion house of Dutch ambassadors
- 1,718 m^2.



PARIS 6TH

3/5 quai Malaquais

- 549 m^2 of apartments
- + car parks (rue de Seine).

REAL ESTATE ASSETS

PARIS 8TH

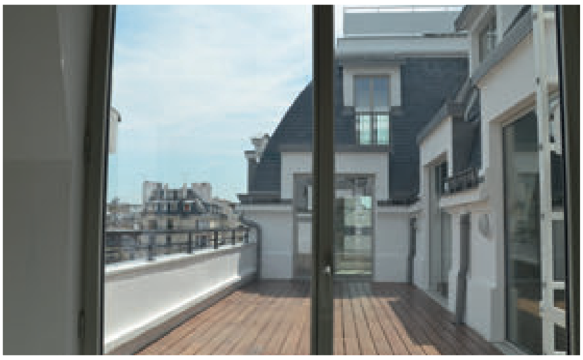
2/4, rue de Lisbonne

- 2,458 m² of office space
- 38 car parks
- Typical Haussmannin buidling 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 commercial premises and office space.
- Building housing luxury shops, near Avenue Montaigne..



REAL ESTATE ASSETS

PARIS 8TH

7, rue de Surène

- 1,378 m² of office space and commercial premises.

PARIS 8TH

55, rue Pierre-Charron

- 2,890 m^2 of office space and commercial premises
- Superb Haussmannian building, only a few steps away from the Champs-élysées, comprising an exceptional hall (70 m^2) and vast spaces on the upper floors.
- Public car park at the foot of the building.

REAL ESTATE ASSETS

PARIS 9TH

26, rue d'Athènes

- 963 m² of office space and commercial premises
- A building with a double façade located near the Saint-Lazare train station.

PARIS 16TH

24, rue Georges Bizet

- 930 m² of office space
- Building next to the Bassano building.

REAL ESTATE ASSETS

PARIS 16TH

2, rue de Bassano

- 3,400 m^2 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	Physical TO current	Building Surface	Rent Current
PARIS					
7, rue d'Argenteuil	PARIS 2nd	Mixed use building	100%	1,208 m²	€366,055
15, rue de la Banque	PARIS 2nd	Office building	97%	2,019 m²	€910,878
47, rue Vieille du Temple	PARIS 4th	Private mansion	0%	1,718 m²	€0
6, rue des Guillemites	PARIS 4th	Car parks	NS		€6,022
3/5, quai Malaquais	PARIS 6th	Apartments	100%	549 m²	€339,950
2-4, rue de Lisbonne	PARIS 8th	Office buildings	98%	2,458 m²	€1,245,661
55, rue Pierre Charron	PARIS 8th	Office buildings	87%	2,890 m²	€1,479,219
17, rue François 1er	PARIS 8th	Commercial use building	100%	2,095 m²	€2,289,375
7, rue de Surène	PARIS 8th	Mixed use building	100%	1,378 m²	€622,110
18-20, rue de Lisbonne	PARIS 8th	Car parks	0%	0 m²	€0
26, rue d'Athènes	PARIS 9th	Mixed use building	100%	963 m²	€441,950
24, rue Georges Bizet	PARIS 16th	Office buildings	0%	930 m²	€0
2, rue de Bassano (Bldg. A & B)	PARIS 16th	Office buildings	97%	2,535 m²	€1,503,002
2, rue de Bassano (Building C)	PARIS 16th	Office buildings	56%	865 m²	€150,678
	TOTAL PARIS		**82%**	**19,608 m²**	**€9,354,900**
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**
PROVINCE AND ABROAD					
Avenue de l'Astronomie	BRUXELLES (B)	Business premises	0%	3,043 m²	€0
23, av. de la Grande Armée	AJACCIO	Residential	0%	173 m²	€0
Land Villeneuve d'Asq	VILLENEUVE D'ASQ (59)	Land	0%	0 m²	€0
	TOTAL PROVINCE AND ABROAD		**0%**	**3,216 m²**	**€0**

Building in inventory

Work

In the process of being sold

FINANCIAL DATA

The solidity of the portfolio of Acanthe Développement comes from its focus on the Paris Central Business District.
Controlling the debt guarantees sustainability.

FOCUS ON THE VALUE OF THE REAL ESTATE ASSETS

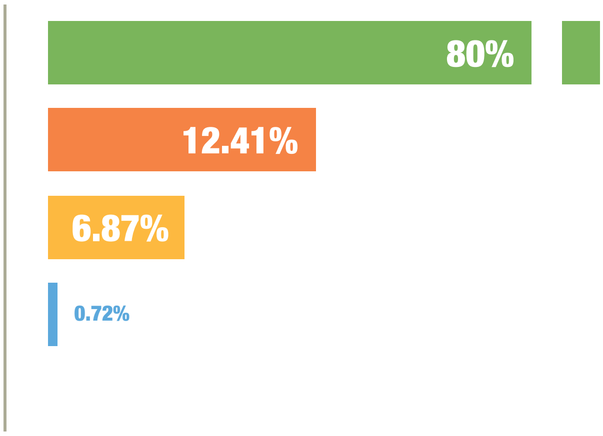
€265 million

Value of the real estate assets
At 31/12/2012

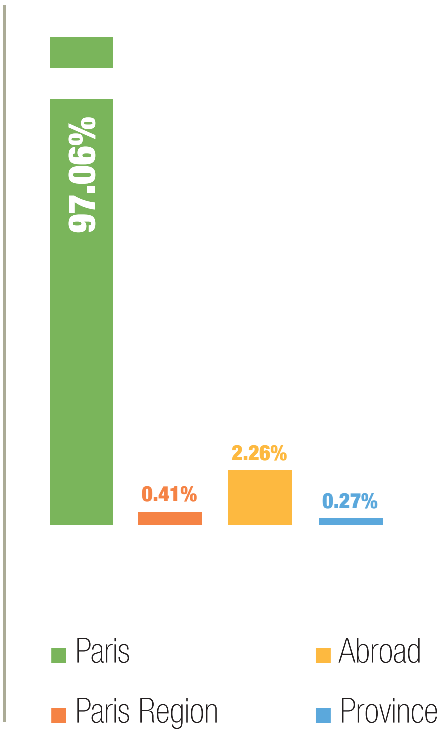
24,510 m²

extent of the real estate assets
At 31/12/2012

BREAKDOWN OF REAL ESTATE ASSETS
in square metres



BREAKDOWN OF REAL ESTATE ASSETS
in value



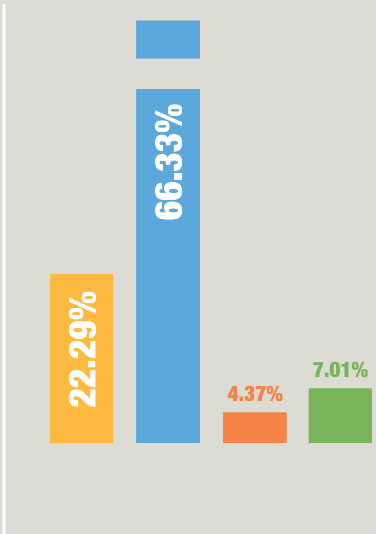
FOCUS

ON THE PROFITABILITY OF THE REAL ESTATE ASSETS
for the year 2012

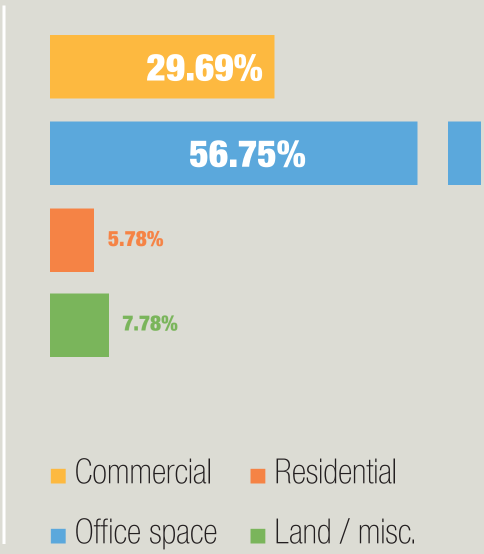
9.38 M€
Rental income

10.01 M€
Potential rents

NATURE OF REAL ESTATE ASSETS
in square metres



NATURE OF THE PROPERTY
in value



FINANCIAL OCCUPANCY RATE 98%
in value (excluding buildings under restructuring)
At 31/12/2012

FINANCIAL DATA

Focus on the financial position

Equity, Group share	196.849 M€
Net financial debt	65.9 M€
Net debt/ equity ratio	33.5%
Restated net assets after dilution, per share	1.555 €

Focus on financial results

Operating income	17 M€
of which change in value of investment property	13.6 M€*

* Estimated by a consultancy firm, according to the criteria of the Charte de l'expertise en évaluation immobilière (French charter on real estate valuation expertise). Carried out at 31 Decembre 2012, the market value represents the expected sales price of a building within a period of about six months.

Group consolidated net income	14.7 M€
Gross self-financing ability margin	-0.7 M€

Focus on shareholder compensation

Change in the dividend, ordinary + supplementary

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:		0.9€
2013:		0.06€

Total
for the period 2004 - 2012 329 M€

Stock market data At 31/12/2012

Breakdown of capital

Float (of which PHRV holds more than 5%)	49.32%
+ Alain Duménil directly and indirectly	50.68%

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 2012 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 DEVELOPPEMENT
Represented by : Patrick ENGLER
Managing Director

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

CONTENTS

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 AMF, this report includes the following documents and information:

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

PRESENTED TO THE ANNUAL ORDINARY AND EXTRAORDINARY GENERAL MEETING ON 26 JUNE 2013

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 2012, (ii) seek your approval of the 2012 financial statements, (iii), renew the term of two Directors, (iv) renew the power given to the Board of Directors to buy and sell the Company's own shares on its behalf, (v) authorise the Board of Directors to reduce the share capital through the cancellation of treasury shares, (vi) increase the share capital for the compensation of contributions in kind, (vii) authorise the Board of Directors to carry out certain modifications of the share capital, (viii) grant the Board the power to increase the share capital through the issuing of shares exclusively intended for subscribers in a company savings plan and (ix) modify Article 32 of the Articles of Association.

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 2012 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 Board of Directors' report on attribution transactions carried out according to articles L.225-197-1 to L.225-197-3 of the French Commercial Code and transactions carried out according to the provisions of articles L.225-177 to L.225-186 of the French Commercial Code;
- Auditors' reports on the company's financial statements for the year ended 31 December 2012 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 commitments and regulated agreements 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 Patrick Engler as Director;
- Renewal of the term of Bernard Tixier as Director;
- Authorisation granted to the Board of Directors to set up a new share buy-back programme;
- Power granted to the Board of Directors to increase the capital through the capitalisation of reserves, profits or premiums;
- 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;
- Power to be granted to the Board of Directors to increase the share capital through the issue of ordinary shares and/or securities giving access to the share capital and/or securities giving a right to the allocation of debt securities, while maintaining the preferential subscription right;
- Power to be granted to the Board of Directors to increase the share capital through the issue of ordinary shares and/or securities giving access to the share capital and/or securities giving a right to the allocation of debt securities, without maintaining the preferential subscription right;
- Authorisation to increase the amount of the issues in the event of surplus demand;
- Authorisation to be granted to the Board of Directors to increase the share capital, within the limit of 10% of the capital, for the purpose of compensating contributions in kind consisting of equity securities or securities giving access to the share capital;
- Power to be granted to the Board of Directors to increase the share capital through the issue of shares exclusively intended for subscribers in a company savings plan pursuant to Articles L.225-129-6 of the French Commercial Code and L.3332-18 et seq of the Labour Code;
- Overall cap of share capital increases;

Modification of Article 32 of the Articles of Association

- Powers for formalities.

REPORT CONTENTS

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 the year 2012 amount to 8,738 K€, compared to 9,968 K€ over the same period last year after restatement of transferred activities, which is a decrease 12.3%. This drop is primarily due to the transfer during financial year 2012 of the building at rue Boissière and on the other hand to the presence over a portion of financial year 2011 of rents for buildings at 23 bd Poissonnière 9th and 10 rue d'Uzès in Paris (2nd district).

However, on a like-for-like basis, the Group's revenue is up 11.19%, which is + 803 K€.

This increase is primarily due to the installation of new lessees, especially in the building on rue François Ier: following the restructuring work that was completed in 2012, the building is now fully rented, with effective date of 1 November 2012 for the latest lease signed (Nina Ricci). Also note the arrival of new lessees in buildings on rue de Surène, rue de la Banque and rue d'Argenteuil in Paris.

The impact of these new leases on revenue exceeds 1,000 K€.

There were a few departures of lessees especially in the buildings on rue Pierre Charron and rue de Lisbonne, which resulted in a decrease in revenue between 2011 and 2012 (-179 and -20 K€).

The group's strategy to recentre its assets and to focus on high-end properties has proven to be effective: indeed, the properties left vacant in 2012 found takers immediately, and these buildings were once again fully occupied at the beginning of 2013.

As far as operating segments are concerned, office revenues account for 75.02% (6,556 K€) of the total.

The other usual sectors: commercial premises and the residential sector represent respectively 17.31% (1,513 K€) and 7.67% (670 K€) of total revenue.

In comparison, the other sectors in 2011 represented, after restatement of transferred activities: office space 75.53% (7,529 K€), commercial premises 13.25% (1,321 K€), residential sector 9.11% (908 K€) and hotels 2.11% (210 K€) of total revenue.

On a geographical level, the buildings located in inner Paris generated 99.19% of the revenue.

During financial year 2012, the Group sold assets, for a total amount of 22.6 million euros generating a consolidated capital gain of 2.5 million euros. This primarily concerns:

- a mixed use building of offices, commercial premises and apartments at 77 rue Boissière (Paris 16th) was transferred for an amount of 16.6 million euros;
- the building at 21 boulevard Poissonnière in 2011 was transformed to jointly-owned properties for the purposes of individual sales; after the three sales signed in 2011, the five remaining properties were transferred for a total amount of 6 million euros;

Finally, an undertaking to sell concerning the building at rue d'Argenteuil was signed in November for a total of €8.8 million; the sale took place in January 2013.

Finally, regarding the land at Nanterre which was the subject of a sales agreement signed in February 2011, the building permit was obtained in February 2013, the sale will take place sometime in the 2nd quarter of 2013.

In April 2012, the Group acquired from FIPP the company FINANCE CONSULTING and its subsidiary, TRENUBEL, owners of a prestigious mansion house with a rental surface area of 3,043 m² located in Brussels. FINANCE CONSULTING was indeed planning to transform this building into a luxury hotel, its shareholder FIPP then contacted ACANTHE DEVELOPPEMENT, in a better position to finance this development project.

The Group also acquired the Company SFIF which has, in its assets, land of about 10 ha located in Villeneuve d'Ascq and an inventory comprised of a 138 m² duplex apartment with terrace and loggias for 137 m² located in Ajaccio (Corsica).

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

- Building on rue François Ier in Paris (8th district): the heavy restructuring work was completed in the 1st half of the year allowing for the delivery on 31 January 2012 of two commercial premises (basement, ground floor and 1st) for the Sandro and Anne Fontaine stores; these two lessees benefitted from franchises in order to carry out their own refitting work and opened their premises for sale during the summer; the other floors (2nd to the 7th) were leased by the company Nina Ricci (already located in the neighbouring building), which in September took delivery of these floors in a raw state for occupancy, after carrying out its refitting work, scheduled for the 1st quarter of 2013; as such, fully rented the building will generate a full-year rent of 2.6 M€.
- Building on rue Pierre Charron in Paris (8th district): Following the departure of the lessee on the 2nd floor, this floor was rented out to company in the clothing sector which is going to carry out a substantial amount of renovation work.
- The "former mansion house of Dutch ambassadors" building in Paris (4th district): it is now vacant and studies are underway in order to renovate it.
- **Building on rue d'Athènes in Paris (9th district):** the work concerning the installation of air conditioning, creating a back stairway between the 4th and 5th floors and full renovation of the common areas continued all throughout the year and was completed in February 2013.
- Building at 24 rue Georges Bizet in Paris (16th district): the renovation work for a budget of 1M€ was completed in September and the building is available for rent.

The financing of your real estate assets stemmed mainly from medium and long term bank loans. The work in process for this financing changed from 78.3 M€ at the end of 2011 to 70.5 M€ at 31 December 2012.

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

Increase of share capital

During the year ended 31 December 2012, the share capital rose from €16,416,399 made up of 120,816,870 shares at 31 December 2011 to €17,206,397 made up of 126,630,877 shares at 31 December 2012.

This change is due to shareholder re-investment within the scope of the payment of the dividend in shares:

The Annual Ordinary and Extraordinary General Meeting of 29 June 2012 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 19,400,211 shares. On 03 August 2012, based on the principles defined by the Meeting, the Board of Directors set the price of the new shares to €0.30 per share.

The Board took note that, following the payment of the dividend in shares, 5,814,007 new shares had been issued. The new shares were fully paid up in respect of their nominal value and the cash issue premium for a total amount of 1,744,202.10 euros (5,814,007 x 030 euro). The difference between the total amount of the subscriptions and the amount of the capital increase, i.e. €954,204.32, was recognised in an "issue premium" account.

The amount of €0.22 was then deducted from the "issue premium" account and added to the new share capital in order to round it off.

Auditors

The shareholders at the Annual Ordinary and Extraordinary General Meeting of 29 June 2012 designated the cabinet ACE Audit, 5 avenue Franklin Roosevelt – 75008 Paris as new Co-Statutory Auditors and François Shoukry – 5 avenue Franklin Roosevelt – 75008 Paris as Alternate Co-Statutory Auditor, for the duration of six fiscal years, i.e. until the end of the General Meeting called to approve the accounts for the fiscal year ending 31 December 2017, replacing the companies Audit et Conseil Union and Sogec Audit, Alternate and Co-Statutory Auditors whose terms came to an end.

Transformation into a European Company (SE):

At the Annual Ordinary and Extraordinary General Meeting of 29 June 2012, the shareholders approved the merger project of 15 May 2012, filed with the Clerk of the Commercial Court of Paris on 22 May 2012 and with the Clerk of the Commercial Court of Brussels on 16 May 2012, by which the Company absorbed Finance Consulting SA, Société Anonyme governed by Belgian law with a capital of 61,973,38 euros, whose head office is located at 9, avenue de l'Astronomie, 1210 Brussels, Belgium and listed in the Registry of Legal Persons of Brussels under the single number of 0452016337 and simultaneously adopts the legal form of a European Company (societas europaea). It in fact fulfilled the conditions required by the provisions for SE Regulations, and in particular those mentioned in Articles 2§1 and 17§2 of said Regulations concerning the forming of a European Company as a merger.

In accordance with the provisions of Article 12§2 of the SE Regulations (European Company), an agreement was signed on 5 July 2012 between the members of the Special Negotiations Group elected by the employees of the Company and the Management on the particulars concerning the information-consultation of the employees and their involvement in terms of Article 4 of the Directive 2001/86/EC.

The Company was registered as a European Company with the Clerk of the Commercial Court of Paris on 23 August 2012.

Transfer of the head office to Belgium

At the Annual Ordinary and Extraordinary General Meeting of 29 June 2012, the shareholders approved the resolution presented by Ferenda Holdings SA, a shareholder with 2.07% of the Company's capital, in accordance with the provisions of Article L.225-105 of the French Commercial Code, concerning the transfer of the head office of the Company from 2 rue de Bassano – 75116 Paris to any other location yet to be determined.

As the Company has adopted the status of European Company and consequently can transfer its head office to any other member state of the European Union in accordance with the provisions of the SE Regulations SE (European Company), supplemented by the provisions of national law that applies in the countries concerned, the Board of Directors on 12 October 2012 established a project to transfer the head office to Belgium, at Saint-Josse-Ten-Noode (1210 Brussels), Avenue de l'Astronomie, 9. Said transfer project was filed with the Clerk of the Commercial Court of Paris on 17 October 2012 and the Company published a notice concerning the transfer project in the journal of legal announcements La Loi and in the Bulletin des Annonces Légales Obligatoires of 17 October 2012. No opposition to the project of transferring the head office was filed by the Company's creditors within the timeframe provided for in current legislation.

2. Parent-company and consolidated financial statements for the year ended 31 December 2012

2.1. Parent-company financial statements

The intangible fixed assets are comprised of an emphyteutic lease on a mansion house on avenue de l'Astronomie in Brussels, with the underground area belonging to the fully-owned subsidiary of ACANTHE DEVELOPPEMENT, TRENUBEL.

The net value of the property assets stands at 4.86 M€ and includes an office and commercial building located on rue d'Athènes in Paris (9th district) with a surface area of 963 m² and land in Brussels as well as fixtures in the mansion house for which the Company has the aforementioned emphyteutic lease.

Interests in subsidiaries amount to 227.52 M€ as a net value at 31 December 2012 (gross value 228.14 M€ less a provision of 0.62 M€). This amount has not changed with regards to fiscal year 2011.

The provision of 0.62 M€ recognises the impairment of the company VELO due to the end of its real estate development programme in rue Claude Terrasse in Paris (16th district)

On the other hand, at the closing of the fiscal year, the Company held 1.20% of the share capital of FIPP as at 31 December 2011.

The other loans to equity associates are primarily comprised for gross 23.49 M€ in advances granted to your subsidiaries compared to 24.71 M€ in 2011. During fiscal year 2012, cash advances were reallocated among the subsidiaries according to need.

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

The "Trade receivables and other accounts receivable" item (2.05 M€) mainly consists of invoices to be issued for 1.98 M€ including the re-invoicing of head office expenses as well as tenant receivables having fallen due for 0.07 M€.

The "Other receivables" item amounts to 2.62 M€ compared to 6.84 M€ at 31 December 2012. The decrease can be explained by the collection over the period of a receivable on the State of 4.63 M€ corresponding to tax paid in advance (exit tax).

This item mainly consists of VAT receivables for 0.59 M€, an escrow linked to the dispute with the minority shareholders of a former subsidiary for 1.7 M€ (cf. note 9.3.4 in the notes to the consolidated financial statements at 31 December 2012).

The amount of marketable securities and that of available cash amount to 2.59 M€ compared to 1.59 M€ in 2011.

At 31 December 2012, shareholders' equity amounted to 153.88 M€. Its change (-10.99 M€) compared to 31 December 2011 is primarily the result:

- of the re-investment of 19,411,211 coupons generating the issue of 5,814,007 shares and an increase in shareholders' equity of 1.74 M€;
- of the distribution of the dividend for a gross amount of 10.87 M€;
- of a loss for fiscal year 2012 amounting to 1.86 M€.

The "Loans and debts with credit institutions" item stands at 1.35 M€ in 2012 compared to 1.48 M€ in 2011. The decrease is due to the progressive repayment according to the payment schedule for the bank loan.

The "Bank borrowings" item stands at 107.88 M€ compared to 97.85 M€ at 31 December 2011; the change primarily concerns cash advances with subsidiaries having cash surpluses and the balance of the loan taken out with LIPO at the time of the purchase of the FINANCE CONSULTING securities. This loan was fully paid back in 2013.

The "Suppliers and associated accounts" item consists of 0.44 M€ in debts to suppliers and 0.75 M€ in invoices not yet received.

The item "Tax and social liabilities" for an amount of 0.42 M€ is mainly comprised of a VAT debt.

The result of the fiscal year is a loss of 1.86 M€ compared to a loss of 9.58 M€ for the previous period; this is in particular comprised of:

- revenue of 2.19 M€, including the rents from the building on rue d'Athènes (in Paris 8th district) for 0.34 M€, rebilling of rents for the Bassano head office of the ADC SIIC group for 0.14 M€, as well as services billed to your subsidiaries for 1.34 M€ (head office costs for 1.03 M€ and salaries for 0.31 M€) and to the FIPP group for 0.31 M€;

- operating expenses amounting to 3.81 M€ (part of which was re-invoiced, cf. previous paragraph). The latter primarily include fees for 1.49 M€ (of which 0.49 M€ of fees for lawyers in the framework of the dispute with the minority shareholders of the former subsidiary FIG), financial publications for 0.09 M€, rents and rental expenses for 0.94 M€, salaries for 0.40 M€, attendance fees paid to directors for 0.13 M€ and amortisation for 0.26 M€;
- interest for 0.16 M€ paid on loans for your property investments;
- dividends received from subsidiaries for 1.18 M€;
- net financial expenses on advances granted to or received from subsidiaries for 1.70 M€;
- allowances (net of reversals) for provision on financial assets for 0.61 M€;
- income from interest in arrears on collected receivables held on the Government Treasury for 1.02 M€.

2.2. Consolidated financial statements

Consolidated Balance Sheet

At 31 December 2012, real estate investments amounted to 250.03 M€ 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 2012.

The premises occupied by the Group (389 m² at 2, rue de Bassano – Paris 16) comply with IAS 16 concerning fixed assets. In accordance with IAS 16:36, the group continues to apply the revaluation method for Property, Plant and Equipment. At 31 December 2012, the net value of those premises was 6.05 M€.

As it was transferred in January 2013, before the closing date for the accounts for 2012, the building on rue d'Argenteuil was classed in "buildings reserved for sale" for 8.5 M€.

The item "Cash flow and cash equivalents" amounts to 4.55 M€ and is comprised entirely of Available cash.

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

At 31 December 2012, shareholders' equity amounted to 196.85 M€ excluding minority interests.

The change in shareholders' equity in relation to 31 December 2011 is due to the following:

- The reduction in group consolidated reserves linked to the distribution of dividends for – 10.87 M€;
- The capital increase for + 0.79 M€ and the issue premium for + 0.95 M€, due to the re-investment of dividends in shares;
- The movements during the period on the treasury stock which impact shareholders' equity by + 2.501 M€, with the results from the transfer or granting of treasury shares recognised in reserves.
- The "group" consolidated result for the period which is a profit of 14.7 M€.

The provisions for risks and expenses concern the provision for retirement indemnities for an amount of 129 K€ and allocated during the period of 11 K€.

The "financial liabilities" item (current and non-current) changed from 78.27 M€ in 2011 to 70.48 M€ at the end of 2012. This change is primarily linked to the early repayment, following its transfer, for 7.7 M€ of the loan that financed the building located on rue Boissière in Paris (16th district) and the subscription of a loan with LIPO in order to finance the purchase of FINANCE CONSULTING securities for which the balance at 31 December 2012 was 2.1 M€. This loan was fully paid back in 2013.

The details of the other Liabilities items are given in the notes to the consolidated financial statements, in section 4.6 and 4.7.

Consolidated Income statement

Consolidated revenues at 31 December 2012 amount to 8.74 M€ (of which 7.28 M€ in rents and 1.46 M€ in expenses rebilled) compared to 9.97 M€ at 31 December 2011 (including in particular 8.05 M€ in rents and 1.92 M€ in expenses rebilled). The breakdown of revenues is detailed in section 1.1 of this management report.

Net income stemming from the buildings amounted to 5.77 M€ at 31 December 2012 compared to 6.57 M€ at 31 December 2011.

At the end of December 2012, operating income excluding income from disposal of investment properties was 14,477 K€ compared to 4,769 K€ for the period 2011 which is an improvement of 9,708 K€. The main components in this change are:

- the change in the fair value of investment properties of 13,618 K€ in 2012 compared to an increase of 7,059 K€ in 2011 which is a positive change of 6,559 K€;
- the change in the provision for risks relating to the minority interests for SOGEB (cf. §4.5 in the notes to the consolidated financial statements) with a positive impact of 3,984 K€; in 2011, this provision was allocated for 3,984 K€ and was entirely reversed in 2012.
- other expenses increased 4,180 K€. These record for 3 984 K€ the cancellation of the badwill that was recognised during the capital increase in SOGEB (2,788 K€) and in the group's reserves reallocated to minority interests (1,196 K€); this expense was covered by a provision for risks from the previous close-out which was reversed over the period (Cf. supra).
- personnel expenses decreased 1,422 K€ due in particular to the recognition in 2011, in accordance with IFRS 2, of the expense in granting the free shares granted in 2007 for which the period of acquisition was four years for 1.3 M€. The expense recognised was booked against consolidated reserves. In 2012, there was no longer any effect of expenses in the granting of free shares.
- other overhead costs increased 933 K€. These in particular include registration fees for 1 M€ related to the acquisition of the securities of the SCI of HOTEL AMELOT by SIN from IMOGEST.

Income from disposal of investment properties is a profit of 2,545 K€. Details on the income from disposals are provided in note 5.4 to the consolidated financial statements at 31 December 2012.

Consolidated net income is a profit of 15.26 M€ in 2012, not including minority interests. These amount to 0.56 M€: the consolidated result attributable to the Group is thus a profit of €14,7 M.

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 (or on its ability to achieve its objectives), the company deems that there are no significant risks other than those presented herein.

Capital management risk

The Group manages its capital to ensure that its entities will be able to continue their operations while optimising returns on investments for shareholders by maximising the balance between “equity” and “net financial debts”.

The "net debt" consists of the borrowings mentioned in note 4.6 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.

in thousands of euros	31/12/2012	31/12/2011
Financial debts with credit institutions	70.475	78.663
Cash flow and cash equivalents	(4.553)	(1.754)
Net financial debts	**65.922**	76.909
Equity (Group share)	196.849	189.651
Net financial debt / Equity (Group share) ratio	33%	41%

The Group's debt/equity ratio does not take account of treasury shares of which the value is zero, 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 office building market in the central business district of Paris and in Europe. 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 profit 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 22.9 M€, due to the set-up of an interest rate swap.

Hedges for the interest rate risk at 31/12/2012

Financial derivative instruments	Due date	Notional at 31/12/2012 in K€
Swap CAP (guaranteed rate 3.65%)	30/06/2016	14,906
Swap CAP (guaranteed rate 3.50%)	14/05/2014	8,000
Total		**22.906**

To enable you to appraise the risk exposure on the debt, the following table (see note 4.6 to the consolidated financial statements) summaries 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.

This sensitivity derives from the incidence, on the financial statement or equity, of a change in interest rate of + and – 0,6% compared with the interest rates in force over the financial year.

The derivative being a swap of a variable rate for a capped variable rate, the swapped rates are expected to increase in a symmetrical manner, but not up to the CAP. Consequently, they will have no impact on the results.

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 2012 and at 31 December 2011:

	31/12/2012		31/12/2011	
in k€	Impact on results	Impact on equity	Impact on results	Impact on equity
Interest rate +/- 0.6%	+/- 237	-	+/- 293	-

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 2012, the Group's net cash surplus amounted to €22.0 M versus €12.3 M at 31 December 2011. 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 (12.7 M€ at 31 December 2012 compared to 11.3 M€ at 31 December 2011) is offset by the amount of current assets (25.2 M€ at 31 December 2012 compared to 20.5 M€ at 31 December 2011).

Receivables due but not depreciated:

	31/12/2012						
In K€	Assets due at closing date				Depreciated assets	Assets not impaired or overdue	Total
	0-6 months	6-12 months	+12 months	Total	Total	Total	
Trade receivables	-	-	84	84	191	2,442	2,717
Other receivables	7	102	1,930	2,039	-	5,783	7,822
TOTAL	**7**	**102**	**2.014**	**2.123**	**191**	**8.225**	**10.539**

In K€	31/12/2011						
	Assets due at closing date				Depreciated assets	Assets not impaired or overdue	Total
	0-6 months	6-12 months	+12 months	Total	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**

The leases are subject to guarantee deposits amounting to three months' rent excluding expenses, thus limiting the risk of default on the rents payable.

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

Type of interest rate	Value at 31/12/2012 (in K€)	Shares			
		< 3 months	> 3 months and < 1 year	> 1 year and < 5 years	more than 5 years
Fixed rates	15.454	80	257	1.859	13.258
Euribor variable rates	34.623	192	780	15.848	17.803
Fixed rates with resetting every five years with 5-year PEX	17.871	1.372	895	5.164	10.440
	67.948	1.644	1.932	22.871	41.501

Some loans include clauses providing for early repayment under certain conditions (cf. note 7.2 to the consolidated financial statements at 31 December 2012).

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.

Shareholders will also be given the option of reinvesting dividend payments in additional shares or as treasury shares, with the understanding that the principal shareholder will not be allowed to exceed the threshold of 60% of ACANTHE Développement's share capital or voting rights, in accordance with SIIC requirements.

The Company has carried out a specific review of its liquidity risk and it feels that it is in a position to honour its upcoming due dates.

Risk on future investments

The strategic opportunities of ACANTHE DÉVELOPPEMENT depend on its capacity to mobilise financial resources, either through loans or shareholders' equity, to finance its investments. It is possible to consider events that affect the real estate market or an international crisis affecting the financial markets, and that the company does not then have the desired access to the financial resources needed to finance the acquisition of new buildings either in terms of volume of capital available or in terms of the conditions proposed in order to obtain the desired financing.

Counterpart 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's operating results are liable to be somewhat affected by occasional defaults in payment by lessees.

All our leases are with SMEs. In the event of non-payment of the rent, 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.

The only risk left for the Group will be during the period of vacancy for it to find a new tenant with a negotiated rent that may either increase or decrease depending on the market.

At 31 December 2012, no account receivable amounted to more than 17.59% of the total outstandings (versus 11.84% at 31 December 2011), except for affiliated companies. Only receivables from ROBAGLIA, SOPARI and ASSOCIATION VIGUIER SCHMIDT represent more than 10% of the total outstanding in trade receivables.

The top five customers in terms of outstanding receivables represent 53.97% and the top ten customers represent 63.53%.

The top customer excluding affiliated companies represents 5.06% of the revenue for fiscal year 2012.

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

Tax risk from 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 2012, 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, HISCOX and SAGEBAT LYON.

Exchange rate risk

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

Own shares risk

At 31 December 2012, the Group held 1,532 treasury shares of which the total acquisition cost is zero.

2.4. Factors of uncertainty

Uncertainties linked 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 over the last five years, these rates dropped 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 2012, the financial occupancy rate was 94%. On the same date, the physical occupancy rate was 72%. These rates change respectively to 98% and 90% when excluding buildings being sold or in stock and those which are undergoing major work and which therefore cannot be occupied (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 2012.

- **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 2012, standing at 1.648.

In K€	31/12/2012 Impact on results	31/12/2012 Impact on equity	31/12/2011 Impact on results	31/12/2011 Impact on equity
Building cost +/- 30 points	+/- 123	-	+/- 135	-

- Change in the rent reference 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 2012, standing at 123,97.

In K€	31/12/2012 Impact on results	31/12/2012 Impact on equity	31/12/2011 Impact on results	31/12/2011 Impact on equity
Rent benchmark index +/- 2 points	+/- 9	-	+/- 13	-

- **Maturity of leases**

The maturity of the leases based on the ongoing leases at 31 December 2012 (amount of rents for which the leases shall be renewed for a certain period) is presented on the table below.

In K€	Total	Due in one year or less	Due in more than one year and less than 5 years	Due in more than 5 years
Maturity	9.385	947	2.593	5.845

Impacts of the fair value method on profit (loss)

The impacts are set out in the Profit & Loss account under "Change in value of real estate investments".

Sensitivity tests

Sensitivity tests were conducted by the real estate valuation experts and show the following results:

a) Based on the rate of return at 31 December 2012, an increase of 25 base points would reduce by 2,139 K€, the value of the commercial premises assets.

b) A change of -10% in the value of the residential real estate market would result in a drop of 1,375 K€ in these assets (excluding transfer expenses and duties).

c) With regards to office space, and increase of 25 base points in the rate of return would reduce by 12,492 K€ the total value of the office assets.

b) A change of -10% in the value of the miscellaneous property real estate market would result in a drop of 2,005 K€ in these assets (excluding transfer expenses and duties).

These sensitivity tests would therefore have a negative impact on the value of the property holdings of 18,011 K€ which is 7.02% of the latter.

The assumptions adopted in developing these sensitivity tests were chosen in order to make it possible to obtain an estimate of the impact of a possible change in the real estate market.

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

In application of the provisions of Article L.441-6-1 of the French Commercial Code, here is the breakdown, at the closing of the last two periods, of the balance of the debts with regards to suppliers, by due date, in K€:

Year 2012						
Invoices not received	Suppliers					
	Balance in 30 days	Balance in 60 days	Balance in 90 days	Balance in 120 days	Credit Notes	Total
753	325	0	0	115	0	1.193

Year 2011						
Invoices not received	Suppliers					
	Balance in 30 days	Balance in 60 days	Balance in 90 days	Balance in 120 days	Credit Notes	Total
574	114	0	0	80	0	768

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

	Percentage of interests		Percentage controlled	
Names of consolidated companies	N	N-1	N	N-1
FINANCE CONSULTING Société Anonyme (limited company) with a capital of 61,973.38 € 0452 016 33 RPM Brussels	100%		100%	
FINANCE CONSULTING Société Anonyme (limited company) with a capital of 61,973.38 € 0452 016 33 RPM Brussels	Absorbed		Absorbed	
TRENUBEL Société Anonyme (limited company) with a capital of 30,986.69 € B48444 RC Luxembourg	100%		100%	
SFIF Société par Actions Simplifiée (simplified stock corporation) with a capital of 362,600 € 542 046 792 PARIS	100%		100%	
ATREE Société à Responsabilité Limitée (limited liability company) with a capital of 1,000 € 789 536 174 RCS PARIS	100%		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)

	Situation at 31/12/2012			Situation at 31/12/2011			Situation at 31/12/2010		
Shareholding	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of cap-ital	% of voting rights
A.Duménil and controlled companies									
A. Duménil	137.000	0.11%	0.11%	137.000	0.11%	0.12%	4,330,000	3.92%	4.28%
Rodra Investissement	64,037,908	50.57%	50.57%	59,437,076	49.20%	51.62%	45,723,360	41.42%	45.19%
Acanthe Group									
Acanthe Développement	1.532	0.00%	0.00%	1.532	0.00%	0.00%	123,560	0.11%	0.00%
Surbak	0	0.00%	0.00%	5,681,209	4.70%	0.00%	0	0.00%	0.00%
Alliance 1995	0	0.00%	0.00%	0	0.00%	0.00%	9,081,578	8.23%	0.00%
Subtotal Acanthe Group	**1.532**	**0.00%**	**0.00%**	**5,682,741**	**4.70%**	**0.00%**	**9,205,138**	**8.34%**	**0.00%**
Subtotal Alain Duménil and controlled companies (including Acanthe Group)	**64,176,440**	**50.68%**	**50.68%**	**65,256,817**	**54.01%**	**51.74%**	**59,258,498**	**53.68%**	**49.47%**
PUBLIC									
Public	62,454,437	49.32%	49.32%	55,560,053	45.99%	48.26%	51,133,707	46.32%	50.53%
TOTAL	**126,630,877**	**100.00%**	**100.00%**	**120,816,870**	**100.00%**	**100.00%**	**110,392,205**	**100.00%**	**100.00%**

In addition, in February 2008 the PARIS HOTELS ROISSY VAUGIRARD (P.H.R.V) SA, which is a subsidiary of the Allianz 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 statements supplied by P.H.R.V (3/11/2011) mentioned holdings of 6.35% or 7,672,940 shares out of a total of 120,816,870. P.H.R.V has not fallen under this threshold since this date.
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 2012, the Company's share capital consisted of 126,630,877 shares and voting rights; no double voting rights exist.

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

Situation at 31 December 2012:

ACANTHE DEVELOPPEMENT holds 1,532 treasury shares out of the 126,630,877 shares comprising the capital of ACANTHE DEVELOPPEMENT at 31 December 2012.

Notices of acquisitions and disposals of cross-holdings

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

Assets:

The sale of the building on rue d'Argenteuil was signed at the end of January 2013.

An agreement was signed on 5 April 2013 for the acquisition of a mixed use building (commercial premises, offices and apartments) of about 2,300 m², generating an annual rent of 880 K€, located in the heart de of one of Paris' historical sections. The acquisition should take place before the end of the 2nd quarter of 2013.

As the building on rue François 1er is now fully rented, a new credit of 28,000 K€ was able to be signed on 24 April 2013 with a German bank to refinance it. The old loan, for which there was a remaining capital of 12,996 K€ owed to Crédit Foncier, was fully repaid.

General Management

In decisions made on 15 January 2013, the directors of the Company decided to dissociate the functions of Chairman of the Board of Directors and General Manager. Patrick Engler was named as General Manager for the remainder of his term as a Director, which is until the end of the General Meeting called to approve the accounts for the period ended 31 December 2012, while Alain Duménil and Philippe Mamez remained respectively Chairman of the Board of Directors and Deputy Managing Director.

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.

The economic and financial crisis that rocked the global economy as from the 2nd half of 2008 has particularly reinforced the special emphasis that the Group has already been laying on appraising the fair value of its properties, given that, by virtue of the Group's core activities, these properties have a considerable incidence on the financial statements.

2012 was in line with the last few quarters of 2011 showing lifeless growth. With no real engine for the economy, the situation should not see any major changes in 2013.

However, the monetary policy in the euro zone remains very accommodating, with a main refinancing rate of 0.75%. The year 2012 was a good year for the French stock market with +15% growth in the CAC40 index, although it has not reached its pre-crisis level. As such, if the economic situation remains difficult, 2013 could be a pivotal year in terms of present and future challenges: coming out of the crisis, reduction in public debt, structural reforms...

The Investment Market in 2012:

The year 2012 closed out with a significant volume of about 14.5 billion euros invested in company real estate.

As in 2011, to the role of an engine played by certain traditional stakeholders in the French market (insurers, SCPI, OPCI) was added a few newcomers with substantial investment capacities, confirming the attractiveness of the French market on the international stage.

Nevertheless, investor interest for the French market continues to assert itself under the angle of high selectivity in asset allocations.

The market's resistance can be explained in particular by the signing of major transactions (38 operations exceeding 100 million euros) which sustained the volume all throughout the year. At the other end of the scale, the small transaction segment remained dynamic while the intermediate slots went through an air pocket.

The Paris area market concentrates 75% of the total amounts invested in France. Paris captures 64% of the commitments in Ile de France and totals 6.8 billion euros invested (of which the Central Business District – QCA- for 3.8 billion euros), which is al all-time record for the capital and an increase of 26% compared to 2011.

The market is still dominated by acquisitions of office space which represented 70% of the investments in 2012.

The "premium" rates of return amount for 2012 to about 4.25% for the best commercial properties in Paris QCA.

With regards to the residential sector, activity on the high-end market is continuing its good momentum and appears rather oblivious to the ups and down of the economic situation. The interest of well-off clients is still increasing, despite the sharp increases on prices on the "premium" markets that are extremely tight.

Investments in commercial properties in France have been practically stable for three years around 3 billion euros. In Ile de France, they recorded their best performance in 2012 exceeding the record year of 2010 (1.7 billion euros).

The beginning of the year however did not get off to a good start, but activity increased over the months, with a fourth quarter which alone accounted for 44% of the total volume. As over all of the company real estate markets, activity was driven by the return of major transactions: 12 operations over 80 M€, totalling 65% of the volumes committed.

Investors were caution in choosing the location, preferring boutiques at the foot of buildings and shopping arcades in the town centre (60% of the volumes recorded) to the detriment of the periphery. The "premium" rate for the capital was stabilised at the end of the year, bottomed out at 4% for boutiques compared to 4.5% at the end of 2011.

The Rentals Market in 2012:

In 2012, demand for the Paris area was 2,245 million m², which is a decline limited to 8% compared to 2011.

In the Paris Central Business District, the most active sector in Paris, the volume of transactions declined 13% over one year but was corrected somewhat in the 4th quarter of 2012.

In Paris, nominal rents are decreasing everywhere except in Paris QCA which is resisting with a change that is still slightly positive. But note that, in a difficult market, transparency in transactions is no longer relevant. Although maintaining posted rents is still a institutional clients, the economic rent is the one taken into consideration by the users, ready if need be to widen their field of prospection: granted franchises and fittings are in full swing.

The market for commercial premises is split in two, with "premium" directions and no. 1 on one side, and the secondary direction on the other. Stores are favouring the "premium" locations of the town centres, at the heart of the catchment areas and established pedestrian flows. Indeed, these zones are benefitting from increased demand for new stores that want to install a "flagship", and also stores that are looking to rationalise their points of sale benefitting from the best locations.

In Paris, the best locations are rare and highly sought, in particular for luxury and high-end brands. The major "mass market" stores are also very selective. As such, "premium" values are driven upwards in the "Golden Triangle", such as the avenues of Champs Elysées, Montaigne and Georges V.

The Group's property assets

CREDIT FONCIER EXPERTISES has assessed all of the properties.

As in previous years, the expert valuations were carried out in accordance with the Real Estate Expert Valuation Charter, which is applied by all stock market 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.

The Group has again this year carried out the following transfers: a building of offices, commercial premises and apartments located in Paris (16th district) and the last properties of another building on boulevard Poissonnière (2nd district). The land in Nanterre was retained in the Group but is the subject of a sales agreement signed in February 2011, which is to take place in the 2nd quarter.

The group's assets are estimated to be 265,057 K€. This is comprised of 150,425 K€ in offices, 78,714 K€ in commercial premises, 15,306 K€ in residential buildings and 655 K€ in carparks to which is added 19,755 K€ corresponding to the mansion house on rue Vieille du Temple acquired in October 2010 and which is going to be restructured into offices, commercial premises and possibly apartments as well as land for 200 K€. In terms of surface area, offices represent 16,257 m², commercial premises represent 3,778 m², and the residential sector represents 1,072 m². Unallocated surface

area represents 3,403 m², 1,718 m² for the building being restructured and 1.685 m² for the land in Nanterre.
The appraisals on the property of the ACANTHE DEVELOPPEMENT group generated, compared to 31 December 2011, and on a like-for-like basis, an increase of 5.54%.

In view of this fact, the Group's net financial situation, therefore amounts to 196.849 K€. In calculating the Net Asset Value (NAV), the treasury stock amount (shares) has been added and the acquisition value has been deducted from shareholders' equity at fair value. The Restated Net Assets, excluding fees, was thus determined at 31 December 2012:

	In K€
Consolidated equity	196,849
On value in stock	25
Treasury stock:	0
Net Asset Value (at 31 December 2012)	**196,874**
Number of shares (at 31 December 2012)	**126,630,877**

- NAV: **1.555** € per share

At 31 December 2012, dilutive instruments are not taken into account. Indeed, the second envelope of free shares was acquired in July 2011. The last share subscription warrants that were still in circulation matured on 31 October 2011.

There are 4,896,436 stock options granted in August 2009 at a subscription price of 1.24 € per share. Their exercise was not however taken into account due to the little interest that this exercise represents for the beneficiary with regards to the stock market price (closing price at 31 December 2012: 0.42 €).

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 propose that you allocate the loss of the period ended 31 December 2012 amounting to one million eight hundred fifty-six thousand five hundred seventy-four euros and five centimes (1,856,574.05 €) as follows:

- Profits for the period ending 31 December 2012: (1,856,574.05 €)
- Carried forward on 31 December 2012: 41,099,902.47 €

Giving a profit available for distribution of **39,243,328.42** €

Which would be allocated as follows:

- To shares as dividends 7,597,852.62 €
- The "carried forward" balance 31,645,475.80 €

We propose that each of the 126,630,877 shares comprising the share capital at 31 December 2012 receive a dividend of 0.06 euro per share.

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 of 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 2012 the profit figure is 6,343,852 being 8,490,407 euros of tax-exempt profit (SIIC profit), made up from (2,521,586) euros of rental loss (a minimum of 85% of which must be distributed), 9,336,283 euros of gains on disposals (a minimum of 50% of which must be distributed) and 1 675 711 euros 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 6,343,852 euros 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 2012 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:

	31/12/2009 (per share)	31/12/2010 (per share)	31/12/2011 (per share)
Distributed dividend eligible for the rebate mentioned in Article 158-3-2° of the French General Tax Code (40%).	0.15 €	0.47 €).	0.09 €
Total amount (in thousands of €)	15,180 K€	51,884 K€	10,874 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 €)
2012	NA	NA
2011	0.60 € (*)	72,490 K€
2010	NA	NA

(*) exceptional distribution entirely drawn from the "carried forward" item 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	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 distribution 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 either in cash or in the form of shares of the Company.

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 2013. 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.

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 Duménil	Director	30/06/2000 renewed on 25/07/2006 and on 29/06/2012	AGM called to approve the accounts 31/12/2017	Chairman of the Board of Directors since 25/07/2007 and General Manager until 15/01/2013	See list in Annex
Patrick ENGLER	Director	31/05/2001 renewed on 22/05/2007	AGM called to approve the accounts 31/12/2012	General Manager since 15/01/2013	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 General Manager 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 2012 financial year.

In accordance with the provisions of Article 19 of the Company's articles of association, the number of directors who have reached 75 years of age does not represent one-third of the members of the Board of Directors.

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 2012 to 31 December 2012, signed between the Company MEP CONSULTANT and the Company ACANTHE DÉVELOPPEMENT in an amount of 188,000 euros (excl. tax)

Table 1

Summary table of gross payments and options and shares allocated to each director who is a corporate officer		
Alain Duménil, Chairman of the Board of Directors	**Financial year 2011**	**Financial year 2012**
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 bonus 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 General Manager	**Financial year 2011**	**Financial year 2012**
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)	204.000 €	188.000 €
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	**209,000 €**	**193,000 €**
Patrick ENGLER, Director and General Manager since 15/01/2013	**Financial year 2011**	**Financial year 2012**
Payment due for this financial year (details in table 2)	59.000 €	60.000 €
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	**59.000 €**	**60.000 €**

Pierre BERNEAU, Director	Financial year 2011	Financial year 2012
Payment due for this financial year (details in table 2)	43.000 €	40.000 €
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	**43.000 €**	**40.000 €**
Bernard TIXIER, Director	**Financial year 2011**	**Financial year 2012**
Payment due for this financial year (details in table 2)	23.000 €	25.000 €
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	**23.000 €**	**25.000 €**

Table 2

Summary table of gross payments to each corporate officer				
Alain Duménil, Chairman of the Board of Directors	**Amounts in 2011**		**Amounts in 2012**	
	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**
Philippe MAMEZ, Director and Deputy General Manager	**Amounts in 2011**		**Amounts in 2012**	
	Due	**Paid**	**Due**	**Paid**
Fixed services invoiced by MEP Consultants	180.000 €	180.000 €	180.000 €	180.000 €
Variable services invoiced by MEP Consultants	24.000 €	23.000 €	8.000 €	10.000 €
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	**209.000 €**	**208.000 €**	**193.000 €**	**195.000 €**

Patrick ENGLER, Director and General Manager since 15/01/2013	Amounts in 2011		Amounts in 2012	
	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	59.000 €	59.000 €	60.000 €	60.000 €
Benefits in kind	0	0	0	0
TOTAL	**59.000 €**	**59.000 €**	**60.000 €**	**60.000 €**

Pierre BERNEAU, Director	Amounts in 2011		Amounts in 2012	
	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	43.000 €	43.000 €	40.000 €	40.000 €
Benefits in kind	0	0	0	0
TOTAL	**43.000 €**	**43.000 €**	**40.000 €**	**40.000 €**

Bernard TIXIER, Director	Amounts in 2011		Amounts in 2012	
	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	23.000 €	23.000 €	25.000 €	25.000 €
Benefits in kind	0	0	0	0
TOTAL	**23.000 €**	**23.000 €**	**25.000 €**	**25.000 €**

Table 3

Table of directors' attendance fees (gross amount)		
Board Members	Directors' attendance fees in 2011	Directors' attendance fees in 2012
Alain DUMENIL	0	0
Philippe MAMEZ	5.000 €	5.000 €
Patrick ENGLER	59.000 €	60.000 €
Pierre BERNEAU	43.000 €	40.000 €
Bernard TIXIER	23.000 €	25.000 €
TOTAL	**130.000 €**	**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 N° 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	Exercise period
None						

Table 5

Share subscription or purchase options taken up during the year by each corporate officer
None

Table 6

Bonus shares granted to each corporate officer during the year
None

Table 7

Bonus shares that have become available during the year for each corporate officer
None

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 March 2007	21 March 2007
Board of Directors meeting date	25 July 2007	28 August 2009
From total number of shares allowed for subscription or purchase, the number allowed for subscription or purchase by:		
Alain DUMENIL	8,667,520 options	9,936,436 share purchase options
Start date for option strike	26 July 2008	28 August 2009
Expiry date	25 July 2017	28 August 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
M. Alain DUMENIL Chairman and CEO from 25 July 2007 to 15/01/2013 and Chairman of the Board of Directors since 15/01/2013		X		X		X		X

Setting the total amount of directors' attendance fees for the 2013 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 140,000 euros.

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.

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 French Commercial Code)

A share redemption programme applied by our Company for its own shares was authorised by the Ordinary and Extraordinary General Meeting of 29 June 2012 for a period of 18 months.

Since this programme will come to an end in December 2013, 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 29 June 2012) 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 2012:

During the previous financial year	
Number of own shares redeemed	0
Number of own shares sold	0
Average purchase price	0
Average price of shares sold	0
Total amount of negotiation costs:	-

Own shares entered in the name of the company on 31/12/2012	
Number of stocks or common shares guaranteed	1.532
Fraction of the capital represented	0.0012%
Total value evaluated at the purchase price	0

There was no liquidity contract signed for 2012. Consequently, the table provided in the special report referred to in point 32 of this report drawn up according to the provisions of article L.225-209 paragraph 2 of the French Commercial Code to inform you about the transactions completed according to the provisions of article L.225-209 paragraph 1 of the French Commercial Code, is nil.

16. Conversion bases for securities granting access to capital (Articles R.228-90 and R.228-91 of the French 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 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 euros.

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.

17. Situation concerning the terms of office of board members

With the terms as Directors of Patrick Engler and Bernard Tixier coming to and end at the end of this general meeting, we propose that you renew them in their functions for another period of six years, which is until the end of the General Meeting called to approve the accounts for the period ended 31 December 2018.

Patrick Engler and Bernard Tixier stated in advance that they would accept the renewal of their functions and that they were not under any measure or incapacity that would prohibit them from exercising their functions.

18. Situation concerning the terms of office of auditors

None of the auditors' terms of office expires at this meeting.

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

The Annual Ordinary and Extraordinary General Meeting on 29 June 2012 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 2013, 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.

This 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 could not 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 French 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 French 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 French 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. Power granted to the Board of Directors to increase the share capital through the capitalisation of reserves, profits or premiums

We would ask that you delegate to the Board of Directors, with the possibility of sub-delegation for a period of twenty-six months as of the meeting, the competence to decide on one or more capital increases by the incorporation in the capital of bonuses, reserves, profits or other items whose capitalisation will be possible from a legal and statutory point of view and in the form of free share attributions and/or the raising of the nominal value of the existing shares.

We propose that you limit the total amount of share capital increases to be made in this way, in addition to the amount required in accordance with the law to protect the rights of contributors of securities granting access to shares independently from the maximum total amount specified in point n° 27 to which it is attributed in order to ensure that it does not exceed the total amount of reserve, bonus or profit accounts referred to above which exist at the time of the capital increase.

Should the Board of Directors make use of this delegation, we propose, in accordance with the provisions of article L.225-130 of the French Commercial Code, that the fractional rights should not be negotiable and the corresponding securities be sold; the amounts obtained from the sale will be attributed to holders of rights within the period provided for by the regulations and at the latest thirty days after the entry in their account of the total number of attributed securities.

We propose that you grant your Board of Directors full authority with the possibility of sub-delegation under the conditions provided for by law to implement this delegation of competence and amend the articles of association accordingly.

We suggest that you consider the fact that said delegation may be used during periods of takeover bids or exchange offers for the Company's securities according to the provisions of articles L.233-32 and L.233-33 of the French Commercial Code.

This delegation will invalidate all previous delegations with the same aim.

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

The Extraordinary General Meeting of 29 June 2012 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 et seq. of the French Commercial Code.

This authorisation was granted for a period of eighteen months and will expire in December 2013. It will therefore be proposed that this meeting renew this authorisation for a further period of eighteen months.

22. Delegation of competence to be granted to the Board of Directors to increase the capital by the issuance, with the retention of pre-emptive rights, of ordinary shares and/or securities granting access to the capital and/or securities granting access to debt securities

We would ask that you grant the Board of Directors:

A delegation of competence with the possibility of sub-delegation to decide on one or more capital increases with the retention of pre-emptive rights by the issuance, in France or abroad, of the Company's ordinary shares or any securities which grant access by any means immediately and/or in the longer term to the Company's ordinary shares or the shares of a company which directly or indirectly holds more than half of its capital or in which it directly or indirectly holds more than half of the capital or securities granting the right to the attribution of debt securities and securities other than shares which could be denominated in foreign currency or any monetary unit established with reference to several currencies by a cash subscription or the offsetting of receivables under the legal conditions.

The delegation which we propose that you grant to the Board of Directors would be valid for a period of twenty-six months as of the meeting.

The total amount of these capital increases would be established according to the provisions of point n° 27 of this report presented below.

The shareholders would possess a pre-emptive right, in proportion to their share amount, for shares and/or securities whose issuance would be decided upon according to this delegation of competence.

If the irrevocable and, where applicable, revocable subscription rights have not absorbed the entire issuance of shares and/or securities as defined above, the Board could offer all or some of the non-subscribed securities to the public.

If the shareholders' and, where applicable, public subscriptions have not absorbed all the shares and/or securities to be issued, the Board of Directors may either limit according to the law the issuance of the subscription amount received provided that the latter amounts to at least three quarters of the issue decided upon or freely distribute all or some of the non-subscribed securities in the order determined by the Board.

We should point out that, where applicable, the above-mentioned delegation lawfully comprises, for the benefit of contributors of securities granting access to Company shares liable for issuance, the renunciation by the shareholders of their pre-emptive right for the shares to which rights are granted by these securities.

We propose that you grant your Board of Directors full authority with the possibility of sub-delegation under the conditions provided for by law to implement this delegation of competence and amend the articles of association accordingly.

We suggest that you consider the fact that said delegation may be used during periods of takeover bids or exchange offers for the Company's securities according to the provisions of articles L.233-32 and L.233-33 of the French Commercial Code.

This delegation will invalidate all previous delegations with the same aim.

23. Delegation of competence to be granted to the Board of Directors to increase the capital by the issuance, with the removal of pre-emptive rights, of ordinary shares and/or securities granting access to the attribution of debt securities

We also propose that you grant your Board of Directors a delegation of competence with the possibility of sub-delegation to decide on one or more capital increases by the issuance, in France or abroad by means of public offers of financial securities, of the Company's ordinary shares denominated in euros or any securities which grant access by any means immediately and/or in the longer term to the Company's ordinary shares or the shares of a company which directly or indirectly holds more than half of its capital or in which it directly or indirectly holds more than half of the capital or securities granting the right to the attribution of debt securities and securities other than shares which could be denominated in foreign currency or any monetary unit established with reference to several currencies whose subscription could be freed up either in cash or by the offsetting of receivables under the legal conditions with the removal of the pre-emptive right in order to guarantee the financing of the Group's activities and investments.

In accordance with article L.225-148 of the French Commercial Code, new shares may be issued in order to remunerate securities brought into the Company in the context of a public exchange offer or a mixed public offer for shares in another company whose shares are subject to negotiations in a regulated market, given that the Board of Directors will be required in particular to set exchange parties and, if applicable, the equalisation payment in cash to be paid to shareholders who contribute their securities to the public exchange offer initiated by the Company.

The delegation which we propose that you grant to the Board of Directors would be valid for a period of twenty-six months as of the meeting.

We suggest removing the pre-emptive right of shareholders for ordinary shares and/or securities which may be issued according to this delegation of competence and granting the Board of Directors the power to introduce for the benefit of the shareholders a priority period for subscription and to determine the duration of the latter according to the provisions of article L.225-135 of the French Commercial Code.

If the shareholders' and public subscriptions have not absorbed all the shares and/or securities to be issued, we suggest that your Board of Directors be authorised to limit according to the law the issuance of the subscription amount received provided that the latter amounts to at least three quarters of the issue decided upon or to offer all or some of the non-subscribed securities to the public in the order determined by the Board.

The issue price for the shares and/or securities to be issued immediately or at a later date must be at least equal to the minimum amount authorised by the legislation.

The issue price of shares stemming from the exercising of securities granting access to the capital issued according to this delegation will be subject to the provisions of article L.225-136 of the French Commercial Code.

We propose that you authorise the Board of Directors, in accordance with article L.125-129-2 and the second paragraph of article L.225-136 1° of the French Commercial Code up to a maximum of 10% of the current capital, to set the issue price according to the following terms: the amount received by or owed to the Company for each issued share after taking into account, in the case of the issuance of detachable warrants, the subscription price of said warrants, must be at least equal to 90% of the weighted average rate from the last three trading sessions prior to the setting of the issuance terms.

We should point out that, where applicable, the above-mentioned delegation lawfully comprises, for the benefit of contributors of securities granting access to Company shares liable for issuance, the renunciation by the shareholders of their pre-emptive right for the shares to which rights are granted by these securities.

The total amount of these capital increases would be established according to the provisions of point n° 27 of this report presented below.

We propose that you authorise your Board of Directors with the possibility of sub-delegation under the conditions provided for by law to implement this delegation of competence and amend the articles of association accordingly.

We suggest that you consider the fact that this delegation may be used during periods of takeover bids or exchange offers for the Company's securities according to the provisions of article L.233-33 of the French Commercial Code.

This delegation will invalidate all previous delegations with the same aim.

24. Authorisation to increase the issue amount in the event of excess demands

We suggest for each of the delegations proposed above that the Board of Directors be authorised to increase the number of securities to be issued under the conditions provided for in article L.225-135-1 of the French Commercial Code if it identifies an excess demand.

25. Authorisation granted to the Board of Directors to increase the capital, up to a maximum of 10% of the capital in order to remunerate contributions in kind of equity securities or securities granting access to the capital

We would ask that you authorise your Board of Directors to increase the share capital up to a maximum of 10% of the total amount at the time of issuance in order to remunerate any contributions in kind granted to the Company consisting of equity securities or securities granting access to the capital.

This authorisation should be granted for a period of twenty-six months. It would cancel and replace the authorisation granted by the Annual Ordinary and Extraordinary General Meeting on 30 June 2011 in its fourteenth resolution.

The total nominal amount of ordinary shares likely to be issued according to this delegation must not exceed 10% of the share capital. This maximum amount will be attributed to the overall maximum amount proposed in point n° 27 below.

26. Power to be granted to the Board of Directors to increase the share capital through the issue of shares exclusively intended for subscribers in a company savings plan pursuant to Articles L.225-129-6 of the French Commercial Code and L.3332-1 and seq of the Labour Code

We also propose that you authorise your Board of Directors to conduct a capital increase, reserved for subscribers to a company savings plan carried out under the conditions of articles L.3332-18 to L.3332-24 of the Labour Code by issuing ordinary shares for cash and, if applicable, by the free attribution of ordinary shares or other securities granting access to the capital.

It should be pointed out that, according to the provisions of articles L.3332-19 and L.3332-21 of the Labour Code, the price of the shares to be issued must neither be more than 20% lower (or 30% if the downtime provided for by the plan according to articles L.3332-25 and L.3332-26 of the Labour Code du Travail is greater than or equal to ten years) than the average of the first listed share prices at the 20 trading sessions prior to the date on which the Board of Directors decided on the setting of the initial subscription date nor higher than this average.

The maximum nominal amount of the increase or increases which may be carried out by means of the delegation is 3% of the share capital amount attained at the time of the decision by the Board of Directors to make this increase. This maximum amount will be attributed to the overall maximum amount proposed in point no. 27 below.

We therefore propose that you grant the Board of Directors full authority to make use of this delegation for a period of twenty-six months.

The Board of Directors will possess the necessary authority, within the limits established above, in particular to establish the conditions of the issue or issues, confirm the completion of the capital increases stemming from the latter, amend the articles of association accordingly, attribute at its sole initiative the costs incurred in the capital increases to the amount of associated premiums and deduct from this amount the sums required to bring the legal reserve up to a tenth of the new capital after each increase and, more generally, to take the necessary steps in similar circumstances.

27. Overall maximum amount

In accordance with article L.225-129-2 of the French Commercial Code, the overall maximum amount of the share capital increase which could stem immediately or in the longer term from all issues of shares, securities and/or securities granting access to capital carried out according to the delegations of competence and authorisations provided for by points 20, 22, 23, 24, 25 and 26 of this report should be set at a maximum total nominal amount of 100,000,000 (one hundred million) euros. This amount has been established on the basis of the nominal amount of equity securities to be issued, where applicable, in the context of the adjustments made according to the applicable law and contractual stipulations in order to protect the rights of contributors of securities granting access to the Company's capital.

28. Amendment of article 32 of the articles of association

In accordance with the provisions of Article R.225-69 of the French Commercial Code, we propose that you set the period between the date either of the insertion containing the notification or of the sending of the letters and the date of the meeting to at least fifteen days on the first notification and ten days on the next notification.

It is therefore up to the General Meeting, ruling under the quorum and majority conditions required for extraordinary general meetings to amend the last paragraph of article 32 of the articles of association as follows:

Article 32. Forms of notification and deadlines
(...)
The period between the date either of the insertion containing the invitation notice or of the sending of the letters and the date of the meeting is at least fifteen days on the first notification and ten days on the next notification. "

The rest of the article remains unchanged.

29. Regulated agreements and commitments

The agreements referred to in article L.225-38 of the French 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 French 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.

30. Chairman's report drawn up according to the provisions of article L.225-37 of the French Commercial Code

In accordance with the provisions of article L.225-37 of the French 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.

31. 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 French Commercial Code)

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

32. 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 2012 and 31 December 2012 in line with the authorisation granted by the General Shareholders' Meeting in accordance with article L.225-209 of the French Commercial Code.

The General Shareholders' Meeting of the Company ACANTHE DÉVELOPPEMENT on 29 June 2012 authorised a share redemption programme in accordance with article L.225-209 of the French Commercial Code.

Purpose of the transaction share purchase	Number of shares purchase for this purpose	Share price purchased	Volume of shares transferred for this purpose	Re-allocation to other purposes
Animation of the market 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	0	0	0	0
Implementation of all share purchase plans				
Free attribution of shares from employees and/or social representatives				
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 presentationfor 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				

33. 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 French Commercial Code).

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

34. 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 2012.

35. Attribution transactions carried out according to articles L.225-197-1 to L.225-197-3 of the French Commercial Code and transactions carried out according to 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 French 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 French Commercial Code is appended to this report.

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

1. Structure of the Company capital

The share capital amounts to €17,206,397.

It is divided into 126,630,877 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 French 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 French 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 32 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

37. 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 French Commercial Code.

38. 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 2012 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

Appendix 1: Assets

Assets sold in Q1 2013 under offer or subject to offers:

In Paris, the building on rue d'Argenteuil was sold.

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

ACANTHE DEVELOPPEMENT Assets 31/12/2012

Address		Nature building		Building Current
PARIS				
7, rue d'Argenteuil	PARIS 2nd	Mixed use building	EV	1,208 m²
15, rue de la Banque	PARIS 2nd	Office building		2,019 m²
47, rue Vieille du Temple	PARIS 4th	Private mansion		1,718 m²
6-8, rue des Guillemites	PARIS 4th	Car parks		0 m²
3/5, quai Malaquais	PARIS 6th	Apartments		549 m²
2-4, rue de Lisbonne	PARIS 8th	Office building		2,458 m²
55, rue Pierre Charron	PARIS 8th	Office building		2,890 m²
17, rue François 1er	PARIS 8th	Commercial use building		2,095 m²
7, rue de Surène	PARIS 8th	Mixed use building		1,378 m²
18, 20 rue de Berry	PARIS 8th	Car parks		0 m²
26, rue d'Athènes	PARIS 9th	Mixed use building		963 m²
24, rue Georges Bizet	PARIS 16th	Office building		930 m²
2, rue de Bassano (Bldg. A & B)	PARIS 16th	Office building		2,535 m²
2, rue de Bassano (building C)	PARIS 16th	Office building		865 m²
	TOTAL PARIS			**19,608 m²**
PARIS REGION				
57, avenue Maréchal Joffre	NANTERRE (92)	Business premises	EV	1,685 m²
	TOTAL PARIS AREA	**XX%**		**1,685 m²**
PROVINCE AND ABROAD				
Avenue de l'Astronomie	Brussels (B)	Business premises		3,043 m²
23 av de la Grande Armée	Ajaccio	Residential bldg. in stock		173 m²
Land Villeneuve d'Asq	Villeneuve d'Asq (59)	Land		0 m²
	TOTAL PROVINCE AND ABROAD			**3,216 m²**
	TOTAL GROUP ACANTHE (T)			**24,510 m²**
	T = in process of sale or negotiation (EV)			**21,617 m²**

Appendix 2: Information on the way in which the Company deals with the social and environmental consequences of its business

Since the NRE law of 15 May 2001, listed companies are required to specify in their management report the way in which the 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.

1. Social information

a - Jobs

• The total headcount and the distribution of the employees by sex, age and geographical zone

At 31 December 2012, the Group employs, in France, 20 employees including 2 part-time employees which is 19 full time equivalent employees (9.5 executives, 9.5 employees). The Group also employees 3 employees in Belgium (2 men between the ages of 30 and 40 and 1 woman between the ages of 30 and 40). The Group benefits from the making available of personnel rebilled by companies outside of the Group. These staff members are primarily allocated to the research and analysis of acquisitions and the financing of acquired property, asset monitoring (valuation), and management control of the Group.

The Group also makes rebilled personnel to companies outside of the Group.

• The distribution of the employees is as follows:

	Men	Women
Under the age of 20	0	0
Age between 20 and 29	1	0
Age between 30 and 39	7	5
Age between 40 and 49	3	1
Age over 50 years	1	5
TOTAL	**12**	**11**

The French employees work in Paris and the Belgian employees work in Courtrai.

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

At 31 December 2011, the Group employed 18 employees (excluding building custodians) including 3 part-time employees which is 16.5 full time equivalent employees (10 executives, 6.5 employees). The Group also employees 4 employees in Belgium (2 men between the ages of 30 and 40 and 2 women between the ages of 30 and 40).

• Hirings and lay-offs

During the period 2012, the Group hired three employees and two employees including one part-time left (two resignations). There were no lay-offs.

- **Compensation and how it has changed**

Personnel expenses amount to 1,067 K€ in 2012 compared to 2,489 K€ in 2011. These amounts include the compensation and social contributions for employees for 1,601 K€ less the net rebilling of personnel made available for 534 K€. During fiscal 2011, the respective amounts were 1,584 K€ and 415 K€. The difference of 1,320 K€ represents the compensation for stock options and free shares (cf. note 9.8 of the consolidated financial statements for the year ended 31 December 2011).

b - Organisation of the work:

- **Organisation of working hours**

The Group applied a working week of 35 hours over the period.

- **Absenteeism**

The employees were not absent excessively over the period.

c - Social relations:

- **The organisation for social dialogue, in particular the procedures for informing and consulting personnel and negotiating with the latter:**

In light of the low number of employees for fiscal 2012, the communication procedures are not very formalised.

The transformation of the legal form of ACANTHE DEVELOPPEMENT into a European Company during fiscal 2012 resulted in the forming of a Special Negotiations Group. The purpose of this group was to set up a body to represent the employees. The four members of this group were elected by the employees (2 employees working in France and 2 employees working in Belgium). The Special Negotiations Group was dissolved at the signing of the agreement for the setting up of the Body representing the employees.

- **Report on the collective agreements**

The Group signed a collective agreement with the employees concerning the informing /consulting of employees in the framework of the regulations concerning European Companies on 5 July 2012. The representative body is the contact for the body directing the European Company, for informing and consulting employees of the European Company and its subsidiaries.

The representation body is comprised of 3 members, two for the French group and one for the Belgian group.

Their respective numbers could be increased by one additional member, if the headcount in the French or Belgian group were to exceed 50 employees.

The members of the representative body are designated for a period of 4 years.

d - Health and safety:

- **Health and safety conditions in the workplace**

The Group complies with the standards that apply in the area of health and safety in the workplace.

- the report on the agreements signed with the unions or representatives of personnel in terms of health and safety in the workplace.
  The Group has not concluded any agreement in this area. The Group is therefore not able to provide an assessment of these agreements.
- industrial accidents, in particular their rate of frequency and their severity, as well as occupational diseases.

The employees present at 31 December 2012 did not have any industrial accidents or occupational diseases.

e. Training:

- **The policies implemented in terms of training**

The Group is attentive to the needs in terms of training. The Management collects the needs in training. It contacts approved training organisations in order to meet the needs.

- **Total number of hours of training**

Training is accomplished in part through presence at breakfasts or lunches with a theme, such as the Finance Law. The count of the exact number of hours is not yet evaluated but will be soon (closing at 31 December 2013).

f. Equal treatment:

- measures taken in favour of equal treatment between men and women
- measures taken in favour of employment and professional insertion for the disabled
- the policy on fighting discrimination

The regulations favouring the three points hereinabove are posted in the premises of the Group in order to inform and increase employee awareness of these questions.

g. Promotion and compliance with the stipulations of the related fundamental agreements of the International Labour Organisation:

- compliance with the freedom of association and of the right to collective bargaining

The Group complies with the freedom of association and the right to collective bargaining

- in eliminating discrimination in terms of jobs and professions

The Group on its premises posts the rules in terms of equal treatment in such a way as to promote them.

- in eliminating forced or compulsory labour

The Group does not have recourse to forced or compulsory labour

- the effective abolition of child labour

The Group does not have recourse to child labour

2. Environmental information

a - General policy in terms of the environment:

- the organisation of the Group in order to take into account environmental issues, and, where applicable, the steps towards assessment or certification in terms of the environment

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.

- 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.

- efforts to train and information employees conducted in terms of protecting the environment

The Group does not conduct any formalised efforts in training and informing in terms of protecting the environment. However, when a customer asks a question on the subject, we provide an answer.

- the means devoted to preventing environmental risks and pollution

The activity of the Group does not cause any particular pollution or specific environmental risks. The Group therefore has not devoted any specific means over the 2012 financial year.

- the amount of the provisions and guarantee for risks in terms of the environment, with the reserve that this information is not of a nature to cause serious prejudice to the company in any current dispute

The Group does not have any environmental disputes and therefore has not formed any provisions or guarantees for this purpose.

b - Pollution and waste management:

- measures for prevention, reducing or repairing discharges into the air, water and ground that seriously affect the environment

The Group's activity does not cause any discharges into the air, water and ground that seriously affect the environment.

- measures for preventing, recycling and removing waste

In light of the response hereinabove, the Group does not take any specific measures.

- taking noise pollution into account and any other form of pollution specific to an activity

As the Group's activity does not produce noise pollution, the latter are not subject to any particular acoustical study. Except in certain specific cases where the installation of air conditioning in a residential environment were subjected to a study in order to avoid any future problems.

c - Sustainable use of resources:

- Water consumption and the supply of water according to local constraints

The cost of water consumption which amounts to 39,900 € relates to the supplying of water to your properties. The Group does not have any reporting on the volumes of water consumption in m^3.

Your Company is striving to control its electricity, gas and fuel consumption associated with your Group's properties. The cost amounts to 178,425 € with regard to electricity and gas supplies and to 40,416 € for fuel consumption.

The Group does not have any reporting on the volumes of electricity, gas and fuel consumption in Kw.

- the consumption of raw materials and the measures taken to improve efficiency in their use

The Group in its activity does not consume any raw materials.

- the consumption of energy and the measures taken to improve energy efficiency and recourse to renewable energies

The Group is planning to consult the lessees of its buildings on this subject.

- the use of land

The Group in its activity does not use land in a way that can lead to its degradation.

d - Climate change:

- Greenhouse gas emissions

The Group does not have any reporting on greenhouse gas emissions.

- Adapting to the consequences of climate change

The Group will adapt to the changes pragmatically as the need occurs.

e - Protecting biodiversity:

- measures taken to preserve or develop biodiversity

NA

3. Information concerning societal commitments in favour of sustainable development

a - Territorial, economic and social impact of the company's activity:

- in terms of regional employment and development

None

- on the neighbouring or local populations

NA

b - Relations maintained with the people or organisations interested in the company's activities, in particular professional insertion associations, educational institutions, environment defence associations, consumer associations and neighbouring populations:

- the conditions of the dialogue with these people or organisations

The Group is currently not concerned with negotiations with this type of organisation. However, our asset managers are available to lessees and or the associations concerned for any discussions on these issues.

- actions concerning partnerships or sponsoring

NA

c - Sub-contracting and suppliers:

- taking the social and environmental stakes into account in the purchasing policy

In light of the Group's activity, the stakes in this area are low. Indeed, the purchases are mainly expenses for maintaining buildings for an amount that is hardly significant in relation to the value of the buildings. However, the Group is attentive to these stakes. Taking this into account is manifested during the process described for preventing corruption.

- the extent of sub-contracting and taking the social and environmental responsibility into account in relations with suppliers and sub-contractors

The Group carefully selects its sub-contractors (cf. actions initiated to prevent corruption).

d. Fairness of practices:

- Actions initiated to prevent corruption

The Group has set up a set of measures to prevent corruption. The measures cover the acquisitions and disposals of buildings, and also the decisions for committing to work and in choosing lessees.

Acquisitions and disposals of buildings

The proposals for purchasing and/or selling forwarded by the intermediaries (real estate agents, business getters) are examined by the Executive Committee. The sales prices proposed are according to the appraisals carried out every six months on the buildings and the General Management's knowledge of the market. The appraisals are used in general as reference prices. For acquisitions in the same way evaluations are made according to the market by independent experts.

The final decisions concerning the acquisition or disposal of a building is made by the General Management.

Commitments to work

Major work is followed by an architect. Calls to tender are launched. After negotiating estimates (always at least two estimates) the General Management chooses one of them.

Small maintenance work is validated upon presentation of at least two estimates by the administrator of the building.

Choosing lessees

The most important leases are negotiated directly between the lessees and the General Management.

- Measures taken in favour of the health and safety of consumers

The Group complies with all of the measures taken in favour of health and safety that apply to its activity and to its buildings.

e. Other actions initiated in favour of human rights

The Group has not initiated any particular action in favour of human rights.

Appendix 3: List of social representatives' terms of office

Alain DUMENIL, Chairman of the Board of Directors and General Manager (until 15 January 2013) of your Company carried out the following duties during all or part of the financial year ending on 31 December 2012:

Managing Director and board member of the company: Acanthe Développement until 15 January 2013;

Chairman of the Board of Directors of the companies: Acanthe Développement, Alliance Développement Capital SIIC – ADC SIIC, Smalto, Poiray Joaillier until 6 March 2012 and again since 6 February 2013, Société Nouvelle d'Exploitation de Rénovation du Théâtre de Paris – SNERR until 21 December 2012;

Board member of the companies: FIPP until 17 January 2012, Foncière 7 Investissement since 24 February 2012, Foncière Paris Nord since 8 August 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,

Philippe MAMEZ, Board member and Deputy General Manager of your Company carried out the following duties during all or part of the financial year ending on 31 December 2012:

General Manager and board member of the company: Alliance Développement Capital S.I.I.C - ADC SIIC;

Deputy General Manager and board member of the companies: Acanthe Développement, Compagnie MI 29, Eurobail;

Chairman of the Board of Directors of the company: Navigestion;

Board member of the company: Compagnie Fermière de Gestion et de Participation – Cofegep;

Manager of the company: MEP Consultants.

Patrick ENGLER, Board member and Deputy General Manager since 15 January 2013 of your Company, carried out the following duties during all or part of the financial year ending on 31 December 2012:

Managing Director and board member of the company: Alliance Finance;

General Manager and board member of the companies: Acanthe Développement since 15 January 2013, Société Nouvelle d'Exploitation de Rénovation, et de Renaissance du Théâtre de Paris – SNERR until 21 December 2012;

Deputy General Manager of the company: Poiray Joaillier SA from 8 January to 6 February 2013;

Board member of the companies: Acanthe Développement, Alliance Développement Capital S.I.I.C - ADC SIIC, FIPP, Foncière 7 Investissement since le 24 February 2012, 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.

Pierre BERNEAU, board member of your Company carried out the following duties during all or part of the financial year ending on 31 December 2012:

Board member of the companies: Acanthe Développement, Alliance Développement Capital S.I.I.C. – ADC SIIC;

Manager of the company: Sinef.

Bernard TIXIER, board member of your Company carried out the following duties during all or part of the financial year ending on 31 December 2012:

Board member of the company: Acanthe Développement;

Manager of the companies: Financière Nortier, Nortier Transactions since 28 January 2013

Appendix 4: Table summarising the delegations granted to the Board of Directors concerning current capital increases

In €	Date the Age	Date of expiry of the delegation	Amount authorised	Increase (s) realised in previous years	Increase (s) realised during the financial year	Amount amount on the day this table was established
Financial year 2012						
Delegation of competence for the purpose of increase the capital by the incorporation of reserves, profits or benefits	30 June 2011	29 August 2013	100,000,000 €	0.67 €	0.22 €	99,999,999.11 €
Delegation of competence for the purpose of increase the capital whilst maintaining the DPS	30 June 2011	29 August 2013	100,000,000 €	NA	NA	99,999,999.11 €
Delegation of competence to increase the capital with elimination of the DPS	30 June 2011	29 August 2013	100,000,000 €	NA	NA	99,999,999.11 €
Authorisation increase the capital to remunerate a security contribution	30 June 2011	29 August 2013	10% of the share capital	NA	NA	99,999,999.11 €

Appendix 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 French 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 2012 acting on the delegation of the meeting according to the provisions of articles L.225-129-1 and L.225-129-2 of the French Commercial Code.

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

During the financial year ending on 31 December 2012, 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 28 September 2012: Increase in capital by 0.22 euro.

The Board of Directors

Appendix 6: Special Board of Directors' report on attribution transactions carried out according to articles L.225-197-1 to L.225-197-3 of the French Commercial Code and transactions carried out according to 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 French 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 French Commercial Code carried out during the financial year ending on 31 December2012.

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 French 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 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 Alain DUMENIL in his capacity as Chairman and CEO 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.

  - 4.9566%, or 4,330,000 shares are subject to a 4 year acquisition period without a retention period.

  These 4,330,000 free shares will be made available in July 2011.

The Board of Directors' meeting of 26 July 2011 decided that the 4,330,000 free shares constituting envelope B and acquired by the Chairman and CEO were existing shares. To this effect, with the Company holding 2,422 of its own shares, the Board decided to repurchase 4,327,578 shares of the Company, during the closing of the session of 25 July 2011, from its sub-subsidiary Alliance 1995, in the framework of the provisions of Article L.225-209 of the French Commercial Code, with a view to grant them free of charge to Alain Duménil.

- With regard to the transactions referred to in articles L.225-177 to L.225-186 of the French 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 Alain DUMENIL in his capacity as Chairman and CEO of the Company 8,667,520 stock options or call options. The strike price of said options has been set at 3,21 euros for a share subscription and 3,22 euros 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 French 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 Alain DUMENIL, in his capacity as Chairman and CEO of the Company, whose strike price was set at 1.24 euros. 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 results 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 are call actions. 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

Appendix 7: Report by the Chairman of the Board of Directors on internal auditing 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 French Commercial Code and the amendments made by order no. 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 furthermore specifies that the transformation into a European Company (societas europaea – SE) decided by the Extraordinary General Meeting of shareholders on 29 June 2012 did not result in the creation of a new legal entity and that the Company has remained in its form as a société anonyme, in such a way that the composition, the conditions for preparing and organising the work of the Board or the particular methods concerning the participation of shareholders at the General Meeting as well as the principles and rules set down by the Board of Directors in order to determine the compensation and all benefits in kind granted to the social representatives have remained unchanged.

This report was approved by the Board of Directors at its meeting on 26 April 2013.

It is under these circumstances and in order to respect the provisions relating to corporate government (article L.225-37 of the French 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 no. 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 (AFEP-MEDEF code or Middlenext) 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 19 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 reports on the composition of the Board of Directors.

- Alain DUMENIL Chairman of the Board of Directors,

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

- Patrick ENGLER, Director and General Manager since 15 January 2013.

- Pierre BERNEAU, independent board member

- 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.

Recall that the Law 2011-103 of 27 January 2011 imposes a balanced representation of men and women on Boards of Administration. Starting from the 1st Ordinary General Meeting that will follow on 1 January 2014, the proportion of directors of each sex cannot be less than 20%. This proportion cannot be less than 40% at the end of the first Ordinary General Meeting that follows 1er January 2017. The Company will do what is necessary by then to comply with the principle of balanced representation between 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 mail dated 06 April 2012 to the meeting to close the annual financial statements of 25 April 2012 and 03 August 2012 to the meeting to close the half-yearly accounts of 30 August 2012.

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 thirteen times in 2012.

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 2012 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 three 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 every fifteen days according to a schedule established by the Chairman subject to availability with an agenda prepared by the General Manager and/or the Assistant General Manager.

The Executive Committee is made up of:

- The Chairman of the Board of Directors and General Manager (until 15 January 2013)à, Alain DUMENIL
- The Deputy General Manager, Philippe Mamez,
- A director, Patrick Engler, (General Manager since 15 January 2013),
- The Financial Manager, Florence Soucémarianadin,
- The Legal Manager, 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 2013, the Committee examined the annual financial statements and consolidated accounts for the financial year 2012. 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 is continuing its efforts in terms of corporate governance.

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 partially offset 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 regulation 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.

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 No. 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 36 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 General Manager.

In decisions made on 15 January 2013, the directors of the Company decided to dissociate the functions of Chairman of the Board of Directors and General Manager. As such , Alain Duménil remained Chairman of the Board of Directors while Patrick Engler was designated as the Company's General Manager, for the duration of his term as Director.

The shareholders and the third parties are perfectly informed of the option retained, as this decision was subject to a legal announcement published in the journal La Loi on 4 February 2013 and an extract of the minutes of the Board of Directors of 15 January 2013 was filed on 8 February 2013 with the Clerk of the Commercial Court of Paris, in accordance with the provisions of Articles R.225-27 and R.123-105 as amended by Article R.123-9 of the French Commercial Code.

VIII – Limitations of the powers of the CEO

Full authority is vested in the General Manager 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 2012 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 take into consideration.

Alain Duménil, as Chairman and CEO until 15 January 2013, 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 No. 12 of the annual management report.

Chairman of the Board of Directors,

Appendix 8: Table of results for the last 5 financial years

FIVE-YEAR DATA (Code de commerce - Article R225-102)

	31/12/2008	31/12/2009	31/12/2010	31/12/2011	31/12/2012
Capital at the end of the period					
Share capital	35,312,643	38,247,014	41,721,357	16,416,399	17,206,397
Number of ordinary shares	93,458,355	101,199,299	110,392,205	120,816,870	126,630,877
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	1,892,482	2,171,311	2,218,971	2,191,588	2,191,440
profit before tax, profit-sharing, amortisation, depreciation and provisions	6,708,216	14,928,267	226,433,943	-8,166,584	-983.326
Income tax	- 44.000	0	126.676	0	0
Employee profit-sharing	0	0	0	0	0
Profit after tax, profit-sharing, amortisation, depreciation and provisions	6,671,525	14,607,648	226,190,289	-9,583,932	-1,856,574
Distributed earnings	3,738,334	15,179,895	118,119,659	10,873,518	7,597,853(1)
Earnings per share					
Profit after tax, profit-sharing, but before amortisation, depreciation and provisions	0.07	0.15	2.05	-0.07	-0.01
Profit after tax, profit-sharing, amortisation, depreciation and provisions	0.07	0.14	2.05	-0.08	-0.01
Dividend per share	0.04	0.15	1.07	0.09	
Personnel					
Average number of employees	2	2	3	3	3
Payroll for the period	131.504	142.449	321.942	295.196	276.436
Amounts paid for benefits (Social Security, social Agencies)	57.118	61.841	133.228	127.067	119.780

(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

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Balance sheet – Assets

	31/12/2012			31/12/2011
	Gross	Amort. depreciat.	Net	Net
Subscribed capital not issued				
CAPITALISED 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)	5,319,567	3,027,827	2,291,740	
Other intangible assets				
Intangible assets in progress				
Advances and prepayments				
Property, Plant and Equipment				
Land	1,590,778		1,590,778	390.778
Buildings	3,775,212	1,065,319	2,709,893	2,701,239
Plant, equipment and tooling				
Other PP&E	52.811	45.717	7.094	4.948
PP&E in progress	547.197		547.197	25.419
Advances and prepayments				
Long-term investments (2)				
Equity associates	228,139,811	623.790	227,516,021	227,516,019
Loans to equity associates	23,492,610	760.002	22,732,608	24,439,167
Long-term financial portfolio				
Other long-term securities				
Loans				
Other long-term investments	181.194		181.194	169.349
	263,109,170	**5,532,645**	**257,576,525**	**255,246,920**
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	18,160		18.160	16.676
Accounts receivable (3)				
Customers and related accounts	2,047,585		2,047,585	1,911,347
Other receivables	2,622,617		2,622,617	6,841,188
Subscribed capital – issued and not paid				
Marketable securities				
Own stock				
Other securities	824,365	603,617	220,748	1,340,557
Cash instruments				
Cash in hand	2,373,884		2,373,884	245.743
Prepaid expenses (3)	41,722		41,722	39,827
	7,928,332	**603,617**	**7,324,716**	**10,395,338**
Deferred charges				
Loan redemption premiums				
Unrealised foreign exchange losses				
GRAND TOTAL	**271,037,502**	**6,136,262**	**264,901,241**	**265,642,258**
(1) Inc. right to lease			4,957,871	

(2) Including maturities of less than one year (gross)

(3) Including maturities of more than one year (gross)

Balance sheet - Equity and liabilities

	31/12/2012 Net	31/12/2011 Net
EQUITY		
Share capital (including capital issued and paid: 17,206,397	17,206,397	16,416,399
Merger premiums, share premiums, contribution premiums	50,796,061	49,841,857
Revaluation adjustments		
Equity method adjustment		
Reserves:		
- Legal reserve	1,500,000	1,500,000
- Reserves provided for in the bylaws or by contract		
- Regulated reserves		
- Other reserves	45.137 751	5,137,751
Retained earnings	41,099,902	101,557,215
Net profit or loss for the year	**-1,856,574**	**-9,583,932**
Investment subsidies		
Tax-driven provisions		
	153,883,537	**164,869,290**
OTHER EQUITY		
Proceeds from issues of participating shares		
Advances subject to covenants		
Other equity		
PROVISIONS		
Provisions for losses	138.706	
Provisions for charges		
	138.706	
DEBT (1)		
Convertible bond issues		
Other bond issues		
Bank borrowings (2)	1,345,725	1,483,079
Miscellaneous loans and borrowings (3)	107,882,091	97,849,334
Trade advances and prepayments on orders in progress	6.749	420
Customers and related accounts	1,192,977	768.381
Tax and social liabilities	423.960	671.754
Accounts payable on non-current assets and related accounts		
Other liabilities	27.496	
Cash instruments		
Deferred income (1)		
	110,878,998	**100,772,968**
Unrealised foreign exchange gains		
GRAND TOTAL	**264,901,241**	**265,642,258**
(1) Including maturities of more than one year (a)	106,884,415	99,187,074
(1) Including maturities of less than one year (a)	3,987,833	1,585,474
(2) Short-term bank facilities and bank overdrafts.		22.335
(3) Including equity loans		

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

Income statement

	31/12/2012			31/12/2011
	France	Export	Total	Total
Operating income (1)				
Sales of goods				
Sales of products				
Sales of services	2,191,440		2,191,440	2,191,588
Net sales	**2,191,440**		**2,191,440**	**2,191,588**
Production in inventory				
Self-constructed assets				
Net partial proceeds from long-term transactions				
Operating subsidies				
Reversal of provisions and transfer of expenses			6,078	53,412
Other revenue			27,453	40,076
			2,224,972	**2,285,076**
Operating expenses (2)				
Purchases of goods				
Change in inventory				
Purchases of raw materials and other supplies				
Change in inventory				
Other purchases and expenses (a)			2,842,402	2,830,029
Taxes and related expenses			119.507	339.058
Salaries and other compensation			276.436	295.196
Social security taxes			119.780	127.067
amortisation, depreciation and provisions:				
- On non-current assets: depreciation charges			262.154	124.014
- On non-current assets: depreciation charges				
- On current assets: depreciation charges				
- Provisions for contingencies and losses: charge				
Other expenses			189.059	207.772
			3,809,338	**3,923,136**
OPERATING INCOME			**-1,584,366**	**-1,638,060**
Share in net income from joint operations				
Profit allocated or loss transferred				
Loss allocated or profit transferred				
Financial income				
From equity associates (3)			1,176,586	979,425
From other marketable securities and capitalised receivables (3)				
Other interest and related income (3)			2,640,417	1,614,869
Reversal of impairment, provisions and transfer of expenses			14.717	174.353
Foreign exchange gains				
Net loss on disposals of marketable securities			1,372	112.656
			3,833,092	**2,881,303**
Financial expenses				
Amortisation, depreciation and provisions			625.811	1,515,021
Interest and related expenses (4)			3,478,912	1,289,713
Foreign exchange losses				
Net loss on disposals of marketable securities				
			4,104,723	**2,804,734**
FINANCIAL INCOME			**+/- 271.631**	**76,569**
RECURRING PROFIT BEFORE TAX			**-1,855,998**	**-1,561,491**

Income statement (continued)

	31/12/2012 Total	31/12/2011 Total
Non-recurring revenue		
From financial management transactions		
From capital or non-current assets transactions	1	72,893,252
Reversal of impairment, provisions and transfer of expenses		
	1	**72,893,252**
Exceptional expenses		
From financial management transactions	577	236
From capital or non-current assets transactions	1	80,915,457
Amortisation, depreciation and provisions		
	578	**80,915,693**
TOTAL NON-RECURRING ITEMS	**+/- 577**	**-8,022,441**
Employee profit-sharing		
Income tax		
Total income	**6,058,064**	**78,059,631**
Total expenses	**7,914,639**	**87,643,563**
NET INCOME	**-1,856,574**	**-9,583,932**
(a) Including:		
-Finance lease payments (property)	14,079	14,079
Finance lease payments (real estate)		
(1) Including income from prior years		
(2) Including expenses from prior years		
(3) Including income from related parties	2,795,911	2,585,898
(4) Including interest paid to related parties	3,318,773	1,220,717

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2012

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General information

ACANTHE DEVELOPPEMENT is a European Company, with a capital of 17,206,397 €, whose head office is located at 2 rue de Bassano – 75116 PARIS, and listed in the Company and Trade Registry of PARIS under number 735,620,205. ACANTHE DEVELOPPEMENT shares are listed on Euronext Paris of NYSE Euronext (compartment C, ISIN FR 0000064602).

■ Note 1. Main events of the financial year

1.1. Distribution of dividends

On 29 June 2012, the Annual Ordinary and Extraordinary General Meeting decided to allocate the loss of (9,583,931.61 €) as a carried forward credit balance that amounted at 31 December 2011 to 101,557,214.50 €; this resulted in a distributable profit of 91,973,282.89 € which was allocated as follows:

- Dividends	10,873,518.30 €
- Other reserves	40,000,000.00 €
- and, the rest in the "carry forward" balance	41,099,764.59 €

The General Meeting decided that each of the 120,816,870 shares comprising the share capital at 31 December 2011 would receive a dividend of 0.09 € per share. This distribution allows the company to fulfil its obligation to distribute in terms of the SIIC tax regime which amounted for the year to 10,185,341 €.

The General Meeting allowed each shareholder to opt either for a payment of the dividend in cash or in new shares to be issued by the Company; the effective date of payment shall be determined by the Board of Directors, in accordance with the law. The price of the share for the reinvestment is 0.30 €.

On 28 September 2012, the Board of Directors observed that 19,400,211 coupons out of the 120,816,870 coupons sent to the bearers of shares comprising the share capital on 31 December 2011 opted to reinvest the capital. This reinvestment generated an increase in the share capital of 789,997.78 € through the creation of 5,814,007 new shares , after a rounding of 0.22 €, deducted from the "premium" item, the share capital stands at 17,206,397 €, divided into 126,630,877 shares.

1.2. Acquisition of FINANCE CONSULTING and transformation into a European Company

On 11 April 2012, ACANTHE DEVELOPPEMENT acquired from FIPP all of the securities of FINANCE CONSULTING (société anonyme governed by Belgian law with a capital of 61,973.38€, located at 9, avenue de l'Astronomie, 1210 Brussels, Belgium); This company held 100% of the securities of TRENUBEL; and the real estate assets held (a mansion house located in Brussels and adjoining land) by this sub-group was evaluated at fair value at 6 M€.

A merger project between ACANTHE DEVELOPPEMENT and FINANCE CONSULTING for the purposes of forming a European Company was submitted to the Annual Ordinary and Extraordinary General Meeting on 29 June 2012 The Meeting approved both the merger project et the simultaneous adoption of the European form, this transformation will facilitate the integration of the company in countries where it has or intends to acquire real estate. FINANCE CONSULTING, which had the project of transforming its building in Brussels into a luxury hotel found in the merger with ACANTHE DEVELOPPEMENT, the financial capacity to complete this project.

The company was registered on 23 August 2012 as a European Company.

The securities of FINANCE CONSULTING were acquired by ACANTHE DEVELOPPEMENT for an amount of 1€ for a net financial situation of -2.2 M€, the latter including the fair value of the real estate property of 6 M€.

In parallel, ACANTHE DEVELOPPEMENT acquired at a price of 6 M€ from LIPO, subsidiary of FIPP, a current account of 8.2 M€ which is a write-down of goodwill on current account of 2.2 M€ offsetting the acquisition of the net negative situation.

In order to finance this current account acquisition, LIPO granted a loan of 6 M€ to ACANTHE DEVELOPPEMENT for a period of one year that is renewable, at a fixed interest rate of 4% per year and linked to a first-demand mortgage on the building at 26 rue d'Athènes in Paris (8^{th} district)

After the repayments which were made over the period, the remaining capital due at 31 December 2012 on this loan was 2.1 M€. This amount was repaid at the end of March 2013.

■ Note 2. Accounting policies, rules and methods

2.1 General points

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 in accordance with the general rules for preparing and presenting the annual financial statements. The basic method retained for evaluating items listed on the books is the historical cost method.

The accounting methods used in 2012 were the same as those used for the previous financial year.

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,

The rental situation of the premises was taken into account, with the general rules being:

- to capitalise the rental value of the vacant premises at a higher rate than that retained for rented premises 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.

These real estate evaluations participate in the evaluation of investments and related receivables.

These estimates are based on information or situations that exist on the date the accounts are drawn up which in the future may be different from today's reality.

2.3. Balance sheet date

The annual financial statements are for the period beginning 1 January 2012 and ending 31 December 2012.

2.4. SIIC [listed real estate company] status

Recall that ACANTHE DEVELOPPEMENT SA opted on 28 April 2005, effective 1 May 2005, for the "Sociétés d'Investissement Immobilières Cotées" regime.

The regime of "Sociétés d'Investissement Immobilier Cotées" (SIIC) results in a tax exemption on the companies on the profits generated by building rentals (or from the subletting of buildings under financial leasing by a contract signed on or acquired since 1 May 2005), of the capital gains earned on certain disposals of buildings or holdings in real estate companies and the distribution of dividends by certain subsidiaries; this exemption is subordinated to the distribution of:

- 85% of the profits coming from the rental of real estate property before the end of the fiscal period following that in which they were carried out;
- 50% of the capital gains generated on the disposal of real estate property and from the disposal of certain holdings in real estate companies, before the end of the second fiscal period following that in which they were carried out;
- 100% of the dividends received from subsidiaries that have opted for the SIIC tax regime before the end of the fiscal period following that in which they were carried out.

Note 3. Evaluation methods

3.1. Tangible assets

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
- Buildings 30 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

In accordance with regulation CRC 02-10, an impairment test is performed at the end of the period. The purpose of this test is to ensure that the values from the appraisals are higher than the net book value on the balance sheet for the assets concerned. Otherwise, depreciation in the amount of the difference is booked.

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, depreciation for the investments in associate companies is recorded, then depreciation for current accounts is recorded and, should this not be sufficient, a provision for contingencies is recorded. The related receivables are comprised of 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. Depreciation is recorded when the current value is less than their acquisition cost except for ACANTHE DEVELOPPEMENT treasury shares, due to the calculated net asset value (NAV) which is greater than the net carrying amount.

3.5. Revenue

Revenue from "Services" comes from rents collected 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 No. 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 122,330,179. Earnings per share was therefore - 0.0152 €.

Diluted earnings per share is identical to earnings per share (- 0.0152 €). The remaining stock-options are not taken into account as their exercise price is higher than the average price for 2012.

Note 4. Explanations of balance sheet and income statement items and their variations

4.1 Fixed assets (in thousands of €)

	Gross value 01/01/2012	Contrib. increase	Decrease	Gross value 31/12/2012	Amort. At 01/01/2012	Contrib. increase	Decrease	Amort. At 31/12/2012	31/12/2012
Long-term assets									
Software	10	-	-	10	10	-	-	10	-
Right to lease	-	4.958	-	4.958	-	3.028	-	3.028	1.930
Merger loss	-	362	-	362	-	-	-	-	362
Long-term equipment									
Land	391	1.200	-	1.591	-	-	-	-	1,591
Buildings	2.798	-	-	2.798	405	41	-	446	2.352
Fixtures, fittings and equipment	810	167	-	977	502	117	-	619	358
IT equipment and furniture	47	6		53	42	4		46	7
Fixed assets in progress	25	522	-	547	-	-	-	-	547
Long-term investments									
Equity associates	228.139	-	-	228.139	624	-	-	624	227.515
Loans to equity associates	24.712	-	1.219	23.493	273	487	-	760	22.733
Other long-term investments, Loans	169	12	-	181	-	-	-	-	181
TOTAL	**257.102**	**7.226**	**1.219**	**263.109**	**1.856**	**3.677**	**-**	**5.533**	**257.577**

- **Intangible assets**

The intangible fixed asset items include:

- The emphyteutic lease on the mansion house on rue de l'Astronomie in Brussels for which the net carrying amount is 1,930 K€, with the underground area belonging to the subsidiary TRENUBEL;
- The merger loss linked to the acquisition of the securities of TRENUBEL (362 K€).

- **Property, Plant and Equipment**

The tangible fixed asset items include:

- a mixed use building of offices and commercial premises located in the 9th district with a surface area of 963 m² with a net value of 3,517 K€ (of which work concerning the air conditioning and interior fittings for offices in progress at the closing for 547 K€.)

- land adjoining the building located on rue de l'Astronomie in Brussels, contributed during the merger with FINANCE CONSULTING for a net value of 1,331 K€ (cf. note 1).

- **Long-term investments**

Long-term investments can be broken down as follows:

- The equity securities for a net carrying amount of 227,516 K€;
- Loans to equity associates for a net carrying amount of 22,733 K€;
- Deposits and guarantees for 175 K€; et
- Working capital paid to property managers for 5 K€.

During the period, ACANTHE disposed of the BRUXYS securities, and purchased FINPLAT and FINANCE CONSULTING.

The securities of FINANCE CONSULTING were cancelled during the merger operation and ACANTHE received via this merger the securities of TRENUBEL.

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

Company	Share 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	-900	100%	624	-	-	-	6.093	-626	-
BALDAVINE SA	131	1.908	100%	4.625	4.625	20.352	-	1.259	1.894	1.005
SNC VENUS	224.811	8.199	97.34%	217.719	217.719	760	-	2.893	1.310	-
FINPLAT	31	+/- 1,397	100%	-	-	52	-	-	-22	-
SAS BASSANO DVT	33.301	76	15.10%	5,172	5.172	-	-	1.371	2.191	172
TRENUBEL	31	-1,286	100%	-	-	2.329	-	-	-81	-
B: subsidiaries less than 10% of the share capital										
SA FONCIERE ROMAINE	38	-548	0.04%	-	-	-	-	10	335	-
TOTAL				**228.140**	**227.516**	**23.493**	**-**	**11.625**	**5.001**	**1.177**

4.2. Statement of receivables

Change in liabilities (in thousands of euros)

Gross receivables	At 31/12/12	At 31/12/2011	Change
Loans			
Loans to equity associates	23.493	24.712	-1.219
Loans			
Other long-term investments	181	169	12
Current assets			
Trade accounts receivable	2.048	1.911	136
State and local authorities	819	5.092	-4.273
Associates	0	0	0
Miscellaneous accounts receivable	1.804	1.749	54
Prepaid expenses	42	40	2
TOTAL	**28.386**	**33.674**	**-5.288**

The change in loans to equity associates is due to the decrease in advances granted to subsidiaries.

The change in trade accounts receivable can be explained by the increase in invoices to be issued linked to the rebilling of rents and rental expenses.

The change in the "State and local authorities" item can be explained by the collection in 2012 of an accrued receivable linked to tax paid in advance (1,330 K€) as well as a receivable on the Government Treasury purchased in 2010 (3,295 K€). The balance is comprised of VAT receivables (590 K€), the deposit of a carry-back request (44 K€) and a revenue accrual (interest in arrears on the receivable held on the Government Treasury) for 185 K€.

The "Miscellaneous accounts receivable" item is comprised of an escrow (1,700 K€ following the dispute opposing the Company against the former shareholders of a subsidiary), of the quarterly management balance for the building collected in January 2013 (24 K€), a revenue accrual for 21 K€ collected in January 2013 (following the dispute opposing the company against the shareholder PHRV) and miscellaneous receivables (52 K€).

Schedule of receivables (in thousands of euros)

Receivables	Gross amount	Net amount	Due date at ≤1 year more year or less	Due date at more than 1 year
Loans				
Loans to equity associates	23.493	23.493	23.493	
Loans				
Other	181	181		181
Current assets				
Trade accounts receivable	2.048	2.048	2.048	
State and local authorities	819	819	819	
Associates				
Miscellaneous accounts receivable	1.804	1.804	1.804	
Prepaid expenses	42	42	42	-
TOTAL	**28.386**	**28.386**	**28.205**	**181**

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.

(in thousands of Euros)

Securities	Number	Gross carrying value	Net carrying value
Own stock	1.532	0	0
FIPP securities	1,471,651	824	221
(stock market price at 31/12/12: 0,15 € / NAV at 30/06/12: 0.60 €)			
TOTAL	**1,473,183**	**824**	**221**

4.4. Equity

(in thousands of euros)

	Share capital	Premiums	Legal reserves	Other reserves	Retained earnings	Net income (loss)	Total
At 31/12/2011:	16.416	49.842	1.500	5.138	101.557	-9.584	164.869
Appropriation of income (loss)					-9.584	9.584	0
Dividends					-10.874		-10.874
Other reserves				40.000	-40.000		0
Decrease in capital							0
Reinvestment of dividends	790	954					1.744
2012 net income						**-1,857**	**-1.857**
	17.206	**50.796**	**1.500**	**45.138**	**41,099**	**-1,857**	**153.883**

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

- distributions carried out on the retained earnings for an amount of 10,874 K€,
  the "other reserves" item was cleared by transferring it to the "carry forward" item,
- and a dividend distributed as shares giving rise to a capital increase of 1,744 K€

The results for the period is a loss of 1,857 K€.

Share capital

At 31 December 2012, the share capital comprised 126.630.877 fully paid-up ordinary shares with voting rights.

During the period, 5,814,007 new shares were created subsequent to the reinvesting of the dividend.

	Warrants	Reinvested shares	Number of stocks
Beginning of the year	-	-	120,816,870
Conversion of 19,400,211 coupons	-	19,400,211	5,814,007
TOTAL	**-**	**19,400,211**	**126,630,877**

4.5. Statement of liabilities

Change in liabilities (in thousands of euros)

Liabilities	At 31/12/2012	At 31/12/2011	Change
Bank borrowings	1.346	1.483	-137
Miscellaneous loans and borrowings	2.347	125	2,223
Supplier debts	1.193	768	425
Tax and social liabilities	424	672	-248
Current accounts	105.535	97.724	7,810
Other liabilities	27	0	27
TOTAL	**110.872**	**100.773**	**10,100**

Bank borrowings is primarily comprised of the following loan:

- A loan taken out with H.V.B. (now DEUTSCHE PFANDBRIEFBANK) for a period of 20 years, for which the balance is 1,338 K€ in principal and 8 K€ in accrued interest, at a fixed rate until 31 July 2016, then at a variable rate until the loan is fully repaid on 31 July 2021.

The decrease in this item corresponds to the repayment of the loan according to the instalment schedule.

Moreover, ACANTHE DEVELOPPEMENT entered into an interest-rate SWAP-type agreement for an amount of 20,000 K€ with an interest-rate limit between 0% and 6.94%, and maturity of June 2012. The cost of this was rebilled to the subsidiaries.

The change in the "Miscellaneous loans and borrowings" can be explained by the loan of 6,000 K€ at a rate of 4% per year granted by LIPO following the acquisition of the FINANCE CONSULTING securities. At 31 December 2012, the outstanding balance stands at 2,100 K€ and accrued interest is 109 K€. The loan was fully repaid on 27 March 2013.

The change in the "Suppliers" item is linked in particular to the supplier invoices following the work on the building on rue d'Athènes (124 K€) as well as an increase in invoices not received for 180 K€ in particular due to the fees of our lawyers, bailiffs and auditors.

The change in the "current accounts" item can be explained by additional cash advances practiced by subsidiaries with cash surpluses, surpluses linked to various disposals of buildings or securities).

The change in the "Other liabilities" item can be explained by a credit note to be issued to lessees on the expenses of a building (7 K€) and accrued expense of 20 K€.

Schedule of liabilities (in thousands of euros)

Liabilities	Amount	Due date at ≤1 year more year or less	of more than 1 year and less than 5 years	of more than 5 years
Bank borrowings	1.346	134	572	640
Miscellaneous loans and borrowings	2.347	2.210	138	-
Supplier debts	1.193	1.193	-	-
Tax and social liabilities	424	424		
Current accounts	105.535		105,535	
Other liabilities	27	27		
TOTAL	**110.872**	**3,988**	**106,244**	**640**

4.6. Accrued debts payable and Accrued receivables

(in thousands of euros)

Collectable receivables	31/12/2012	31/12/2011	Change	Liabilities	31/12/2012	31/12/2011	Change
Financial data				**Financial data**			
Accrued interest/receivables c/accts	266	1.150	-884	Accrued interest/liabilities c/accts	3.247	1.180	2.067
Accrued interest/term deposits				Accrued interest/borrowing	8	9	-1
operating				Accrued interest/other borrowing	109		109
Trade accounts receivable	1.975	1.860	114	**operating**			
Miscellaneous int.		2	-2	Suppliers	753	574	179
Other receivables	185	4.627	-4.442	Tax and social liabilities	360	601	-241
VAT receivables	95	78	17	RRR to be granted	7		7
RRR to be received	34		34	Miscellaneous accrued expenses	20		20
Miscellaneous to be received	21		21				
TOTAL	**2.576**	**7.717**	**-5.141**	**TOTAL**	**4.505**	**2.364**	**2.141**

4.7. Provisions

(in thousands of euros)

	Amount at 31/12/2011	Charge	Reversal		Amount at 31/12/2012
			used	unused	
On risks and charges	0	139			139
On Current accounts	273	487			760
On Equity associates	624				624
On shares	618		15		604
TOTAL	**1.516**	**626**	**15**		**2.127**

- A provision for risks (139 K€) was recorded during the period in order to take the financial situation of the subsidiary VELO into account.
- A provision on Current Accounts (487 K€) was recorded on the current account advance granted to the subsidiary SA VELO. These two provisions are the consequence of the loss generated in 2012 by this subsidiary following the disposal of the last apartments that it held in a building sold for the purposes of individual sales.
- A reversal of a provision on the FIPP shares for 15 K€ was recorded during the period in order to take into account the appreciation of these shares with regards to the previous period.

4.8. Prepaid expenses

These are primarily subscription and insurance costs (42 K€ compared to 40 K€ in 2011).

4.9. Associated companies

(in thousands of euros)

Balance sheet	31/12/2012	31/12/2011	Change	Income statement	31/12/2012	31/12/2011	Change
Equity associates	228.140	228.140	0	Fees	-388	-404	16
Prov on Equity associates	-624	-624	0	Interest on other Loans	-109		-109
Other Borrowing	-2.100		-2,100	Interest charges on current account	-3.319	-1.221	-2.098
Accrued interest/Other borrowing	-109		-109	Carrying amount of transferred securities		-72.537	72.537
Merger loss	362		362	Leases	-682	-656	-26
Loans to equity associates	23.226	23.562	-336	Invoiceable expenses	-251	-208	-43
Interest on loans to equity associates	266	1.150	-884	Share on subsidiary book loss			
Prov on current account	-760	-273	-487	Share on subsidiary book profit			
Provisions for risks	-139		-139	Provisions for risks	-139		-139
Current account - creditor	-102.288	-96.544	-5,743	Income from current accounts	415	1.606	-1.191
Interest on current account	-3.247	-1.180	-2,067	Income from equity associates	1.177	979	197
Amounts yet to be billed	1.975	1.853	121	Profit on Current accounts	1.204		1.204
Credit notes yet to be drawn up				Re-invoiced head office expenses	1.649	1.568	81
Security deposits received	-27	-26	-1	Taxable rents	106	103	3
Security deposits given	176	169	7	Invoiceable expenses	36	29	7
				Prov on current account	-487	-273	-214
Invoices not received	-213	-28	-185	Provision on equity associates		-624	624
				Provision on shares		-618	618
Free shares	824	883	-59	Reversals of prov. on shares	15		15
Provision on shares	-604	-618	15	Income from the sale of securities		72.544	-72.544
TOTAL	**144.858**	**156.463**	**-11.606**	**TOTAL**	**-772**	**290**	**-1.063**

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 31/12/2012:	At 31/12/2011:	Change
Rental income	450	537	-87
Income from invoiceable expenses	87	86	1
Re-invoiced head office expenses	1.655	1.569	86
Revenue	**2.191**	**2.192**	**0**

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. A rent-free period was granted until 31 March 2013 to a lessee of the building on rue d'Athènes following the refitting and air conditioning work.

- **Operating expenses**

For the financial year, operating expenses amounted to 3,809 K€ compared to 3,923 K€ in the previous financial year.

This decrease (- 114 K€) is primarily the result:

- of the increase in certain "Other purchases and expenses" items (+ 12 K€),
- of the decrease in the "Taxes" item (- 220 K€) the latter in 2011 recorded registration fees for 261 K€ following the acquisition of 15% of the shares of SAS BASSANO DEVELOPPEMENT,
- the decline in the "Salaries and other compensation and social contributions" item (- 26 K€),
- the increase in the "Amortisation, depreciation and provisions" item (+ 138 K€) due to the amortisation of the lease entered into ACANTHE DEVELOPPEMENT following the merger with FINANCE CONSULTING,
- the drop in other expenses for - 18 K€ in particular due to the absence over the period of losses on bad debts.

- **Net financial income**

For the financial year, the net financial result was a loss of -272 K€ and can be broken down as follows:

- Dividends received for + 1,177 K€ from BALDAVINE for 1,005 K€ and BASSANO DEVELOPPEMENT for 172 K€,
- Income from interest on current accounts for an amount of + 415 K€,
- Interest expense on current accounts for an amount of - 3,319 K€,
- Of a profit on the current account of a subsidiary (BRUXYS) for an amount of + 1,204 K€,
- Interest in arrears collected following the reimbursements of the tax receivable for + 1,021 K€,
- The provision for depreciation on the current account of a subsidiary (VELO) for - 487 K€,
- The provision for depreciation for risks concerning a subsidiary (VELO) for - 139 K€,
- And other financial income and expenses which represent a net amount of - 144 K€.

At 31 December 2011, financial income was + 77 K€. It was broken down as follows:

- Dividends received for + 979 K€ from VELO,
- Income from interest on current accounts for an amount of + 1,606 K€,
- Interest expense on current accounts for an amount of - 1,221 K€,
- The provision for depreciation on the securities of a subsidiary for - 624 K€,
- The provision for depreciation on the FIPP securities for - 618 K€,
- And other financial income and expenses which represent a net amount of - 45 K€.

- **Non-recurring items**

For the financial year, total non-recurring items was a loss of 1 K€ linked to penalties compared to a loss of 8,022 K€ in 2011.

■ Note 5. Off-balance sheet commitments

5.1. Commitments given

a) ACANTHE DEVELOPPEMENT gave sureties of 52,856 K€ 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 December 2012 on the loan is 1,346 K€.

c) Collateral for commercial rents of the building on rue d'Athènes was granted to BAYERISCHE HANDELSBANK (now DEUTSCHE PFANDBRIEFBANK) for the same loan.

d) A preferential right of the Treasury was recorded in respect of the Company as a guarantee for disputed taxes of 11,072 K€ (cf. note 6.1).

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 K€ (cf. note 6.1). The release on this mortgage was given on 6 March 2012. Another mortgage was recorded in respect of the Company as a guarantee for disputed taxes of 9,080 K€.

5.2. Commitments received

NA

■ Note 6. Disputes

6.1. Tax disputes

Following several tax audits regarding the financial years from 2002 to 2005, the French tax authorities sent ACANTHE DEVELOPPEMENT a proposal for a correction resulting in back taxes for a total principal amount of 6.99 M€ (excluding interest of 0.85 M€ and surcharges of 3.68 M€).

These amounts are to be reduced to an estimated amount of 2.15 M€ (excluding interest of 0.34 M€ and surcharges of 0.82 M€) in light of the discharge for a portion of the disputed taxes as ruled by the Administrative Court of Paris (see hereinafter), with the tax authorities appealing however the aforementioned favourable rulings.

The corrective proposals put forth by the tax authorities primarily questioned, for a significant portion of the aforementioned back taxes, namely 4.83 M€ (excluding interest of 0.51 M€ and surcharges of 2.86 M€) and in terms of prior periods with the option for the SIIC exemption tax regime the principle of non-taxation of the dividends in the framework of the parent-daughter regime, and therefore the right to have the dividends collected benefit from the regime of the parent companies.

It is for a fraction of the taxes mentioned in the preceding paragraph that, via several rulings of 5 July 2011, the Administrative Court of Paris – meeting in full sessions and handing down on the same day four clearly motivated identical decisions – upheld the request of ACANTHE DEVELOPPEMENT and released it from the additional disputed taxes as well as the related penalties charged to it for the fiscal years 2002 and 2003 and for a fraction of the taxes and penalties charged to it for fiscal year 2005 by confirming the eligibility of the dividends collected for the tax exemption provided for in the framework of the parent-daughter regime.

The taxes and penalties relating to fiscal 2004 and the balance of taxes and penalties concerning fiscal 2005 are the object of a separate proceeding and are still pending with the Administrative Court of Paris.

The Administrative Court of Paris also sentenced the State to pay 1,500 euros to ACANTHE DEVELOPPEMENT in terms of Article L. 761-1 of the French Code of Administrative Justice, which underlines the weight given to the analysis defended by the company.

The tax authorities appealed these rulings with the Administrative Court of Paris. Nevertheless, the ruling under dispute remains immediately executable and the administration has already recovered and remitted a portion of the taxes for which the Administrative Court has pronounced discharge.

The administration has also proceeded in partially releasing the guarantees taken for the taxes in question.

Moreover, the Administrative Appeals Court of Paris has rendered in identical proceedings relief decisions setting to this day jurisprudence in the matter (Rulings FINANCIERE MN, KERRY).

For information, the position defended by the tax authorities in that it could moreover result in double taxation for the same profits of a company, once when they are generated, and a second time at the stage when they are distributed to the associates or partners, fuelled strong criticism, entailing companies established within the space of the European Union. If this taxation were to be maintained, it would be submitted to censure of the Court of Justice of the European Union.

The position of the French tax authorities also appeared and 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 proceedings with GOLDFARB and AXA, 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 companies in which are held the investments in question are inactive, whereas the law defining 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 for abuse of power, 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, the proposals for correction sent to ACANTHE DEVELOPPEMENT questioned the valuation of the AD CAPITAL shares distributed as dividends in kind for an amount of 15.6 M€ as a base of which a portion is taxed in terms of long-term capital gains, which results in back taxes in principal for an amount of 3.4 M€. ACANTHE DEVELOPPEMENT had valued these securities based on the Net Asset Value (NAV) and the Tax Authorities is proposing other methods which were contested by the Company and its advisors, the firm CMS Bureau Francis Lefebvre, in their response to the correction proposal.

On 07 July 2008, the departmental representative of the French tax authorities met the company's counsel, CMS Bureau Francis Lefebvre, and, following the meeting, the authorities, although confirming the principle of the challenge to the initial valuation method, accepted some of the submitted elements for the valuation and correlatively reduced the amount of the tax adjustment to 11.8 M€ that is, a tax adjustment in the principal amount of 2.5M€.

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 M€ that is, a tax adjustment of 2.15 M€ (excluding interest of 0.34 M€ and surcharges of 0.82 M€).

Here again, the company, upon receiving collection notice for the corresponding tax, filed a claim and, following the rejection of the latter, referred, on 7 September 2011, to the Administrative Court of Paris for this disagreement, as the instruction of the request is currently considered as underway.

For all of these reasons, in light of the completeness of the information provided and with regards to the opinion of its experts and of jurisprudence, the company considers that it should win across all of these disputes, which justifies the absence of the booking of provisions.

Note that a preferential right of the Treasury for 11,072 K€ was recorded in respect of the Company and that a mortgage was taken on the building on rue d'Athènes for 9,080 K€ as a guarantee for these adjustments.

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

In three judgements of the Commercial Court of Paris on 28 September 2009, the Ordinary and Extraordinary General Meeting of FIG on 24 February 2004 was cancelled and all of its resolutions as well as all of the acts related to it and all subsequent acts. The purpose of the cancelled Meeting consisted in particular to clear the debts by reducing the capital to zero immediately followed by an increase in the share capital.

FIG and its shareholder, the société anonyme TAMPICO which is not a part of the procedure, considered that the purpose of these judgements was to replace it (as well as its shareholders), in all of the aspects, in the situation that was theirs before the Meeting of 24 February 2004 and has such had cancelled all of the transactions carried out since 24 January 2004, since they formed acts related to it or subsequent acts, which needed to be corrected.

At 24 January 2004, FIG (as is the case today) did not belong to the ACANTHE DÉVELOPPEMENT Group.

In order to implement the enforceable judgements of 28 September 2009, FIG was obliged to make 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 cancelled meeting, with BALTIMORE (dissolved on this occasion) at the end of which all of the real estate activity was fully contributed to it by its sole partner at the time. On the date of the merger, in July 2005, FIG indeed no longer had any minority shareholders (and this since 24 February 2004) and was not under any procedure since it was only in February 2007 (on the day before the prescription) that the minority shareholders requested that the General Meeting of 24 February 2004 be cancelled.

As such, a demerger was carried out for the activities of FIG by means of a distribution of all of its real estate assets.

This demerger was carried out by means of a payment of an advance on dividends on 9 December 2009 and a capital reduction on 10 December 2009. These sums were distributed to TAMPICO then to ACANTHE DEVELOPPEMENT by TAMPICO.

The Company was then informed by the legal representative of FIG that the liquidator of FIG had re-enlisted the appeals against the three judgments from 28 September 2009.

b/ Judgments of 7 July 2010

By two judgments of the Commercial Court of Paris on 7 July 2010 (one judgment rendered in the BARTHES & CEUZIN dossier and the other in the NOYER dossier), the decision of 10 December 2009, concerning the reduction in capital of FIG and that of 31 December 2009, noting this reduction and modifying the articles of association were cancelled.

The Company was then informed by the legal representative of FIG that the liquidator of FIG had re-enlisted the appeals against the two judgements from 7 July 2010.

c/ Judgments of 14 January 2011

Two judgments of the Commercial Court of Paris on 14 January 2011 (one judgment rendered in the BARTHES & CEUZIN dossier and the other in the NOYER dossier) explicitly indicated that there was no cause to question these distributions carried out in December 2009.

These judgments indeed ruled against the former minority shareholders from their requests of nullity for operations after the cancelled Meeting of FIG of 24 February 2004, and for the same reasons for their requests formed against ACANTHE DEVELOPPEMENT.

As these judgments were appealed by the former minority shareholders, ACANTHE DEVELOPPEMENT continues to monitor the developments in these procedures and is aware of the elements developed hereinafter.

The two judgments of 14 January 2011 sentenced FIG and TAMPICO (which is no longer part of the Group) to indemnify 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, assessor assigned by the commercial court, was commissioned to determine the sums to be borne by TAMPICO and FIG. Following the failure of the minority shareholders who refused to consign the costs of the appraisals at their expense, TAMPICO, through an order of the instruction measures control of 21 March 2011, was authorised to consign in place of them. To date, TAMPICO has consigned the total amount of 58,076 €.

Mr. KLING's report rendered on 10 October 2012 in the Barthes/ Ceuzin dossier concludes *"Following this work, the appraisal proposes to retain the share reverting to the minority shareholders at 0.093%, to be distributed, in particular in favour 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%;

The observations tracked in this report make it possible to determine as follows the rights of the requestors:

- In the distributions that took place after 24 February 2004:

The total amount to be taken into consideration is 162,804,098 €.

The share reverting to the requestors stands at:

*- For Mr. BARTHES 162,804,098 € x 0.071% or **115,591 euros***

*- For Mr. CEUZIN 162,804,098 € x 0.016% or **26,049 euros***

- In the equity at 24 February 2004:

The total amount to be taken into consideration is 19,664,353 €.

The share reverting to the requestors stands at:

*- For Mr. BARTHES 19,664,353 € x 0.071% or **13,961 euros***

*- For Mr. CEUZIN 19,664,353 € x 0.016% or **3,146 euros***

Mr. KLING's report rendered on 25 November 2012 in the Noyer dossier concludes *"Following this work, the appraisal proposes to retain the share reverting to the minority shareholders at 0.093%, to be distributed, in particular in favour of the following shareholders:*

- Mr NOYER 7,824 / 89,887 X 0.093% or 0.008%;

(...)

The observations tracked in this report make it possible to determine as follows the rights of the requestors:

- In the distributions that took place after 24 February 2004:

The total amount to be taken into consideration is 162,804,098 €.

The share reverting to the requestors stands, for Mr. NOYER, at:

*162,804,098 € x 0.008% or **13,024 euros***

- In the equity at 24 February 2004:

The total amount to be taken into consideration is 19,664,353 €.

The share reverting to the requestors stands, for Mr. NOYER, at:

*19,664,353 € x 0.071% or **1,573 euros***

The commercial court referred this matter to 10 April 2013 for the depositing of the conclusions of the parties on the reports from the expert Kling.

For comparison, in the framework of these proceedings having given rise to the judgments of 14 January 2011 detailed hereinabove, Barthes, Ceuzin and Noyer were respectively claiming 15,832,769.10 €, 3,820,021.30 € and 2,354,423.68 €.

The appeal pleadings against the two judgments from 14 January 2011 are set for 26 September 2013.

d/ the removal of FIG and TAMPICO from the scope of ACANTHE DEVELOPPEMENT

On 19 March 2010, FIG was transferred to the company 19B S.A., successor to the company ALLIANCE DESIGNERS, majority shareholder during the general meeting of shareholders of 24 February 2004 which was cancelled. FIG has therefore no longer been a company of the ACANTHE DEVELOPPEMENT Group since that date.

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

e/ reestablishment of the FIG minority shareholders

The new director of FIG convened an Extraordinary General Assembly of FIG on 1 September 2010. All of the shareholders at 24 February 2004 or their beneficiaries were properly invited. This Meeting observed that the shareholders of FIG at 24 February 2004 were re-established in the rights that they held on 24 February 2004 and therefore in the share capital, the nominal value of the shares and the number of shares held by each of the shareholders were the same as those that existed on the day of the cancelled Meeting. The minority shareholders, on the initiative of the judgments of 28 September 2009, refused to attend this General Meeting of 1 September 2010.

f/ court liquidation of FIG

On 6 January 2011, FIG was subject to a judgment of court liquidation following a court order delivered in particular by three minority shareholders also at the initiative of the cancelation of the General Meeting of 24 February 2004.

g/ Escrows

Via an interim order on 15 June 2010, upon request of BARTHES and CEUZIN, the President of the Commercial Court of Paris ordered "that the 95,496 VENUS shares held by ACANTHE DEVELOPPEMENT be held in escrow by SCP CHEVRIER de ZITTER-ASPERTI, bailiffs.

Via an order on a joint petition of 16 September 2010 upon request of BARTHES and CEUZIN, the President of the Commercial Court of Paris ordered the escrow of an amount of 15,179,894.85 € (corresponding to the full amount of the dividend voted by the General Meeting of the Shareholders of ACANTHE DEVELOPPEMENT on 18 June 2010) to SCP CHEVRIER de ZITTER-ASPERTI, bailiffs.

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 judgment on 8 October 2010 of the Paris Court of Appeal indicated in particular that "mindful of the fact that there is no objection, as argued by ACANTHE DÉVELOPPEMENT, that Barthes and Ceuzin have no direct or indirect debts towards this 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).

Via a judgment on 30 March 2012, the Paris Court of Appeal confirmed the order of 29 March 2011 in that it ruled against ACANTHE DEVELOPPEMENT in its request concerning the order of 15 June 2010 (escrow of the VENUS shares). The Court of Appeal in particular feels that since the judgments of 14 January 2011 were being appealed, they were not definitive in such a way that it did not end the dispute between the parties.

A certain number of inaccuracies were detected in the judgment rendered by the court of appeal on 30 March 2012 as in particular the fact the FIG … would "have been bought out by ACANTHE DEVELOPPEMENT Group in 2002" although this error committed by the President during the explanatory statement had however been corrected by our lawyer who had explained that FIG became part of the scope of ACANTHE DEVELOPPEMENT in 2005, after the minority shareholders had left. Likewise, it is indicated that "via a deliberation on 24 February 2004, the General Meeting of FIG decided to cancel the shares held by BARTHES and CEUZIN and to make SAS TAMPICO (company fully owned by the ACANTHE DEVELOPPEMENT Group) the sole shareholder of FIG". Yet, the agenda for this GM was obviously not to cancel the shares of BARTHES et CEUZIN but to offer all of the shareholders – including BARTHES and CEUZIN – to recapitalise the company. They decided on their own not to participate.

Concerning the appeal of the order of 29 March 2011 for its portion concerning the orders of 16 September and 8 October 2010 (escrow of 1.7 M€), a judgment of the Paris Court of Appeal of 25 October 2012 rejected the appeal of ACANTHE DEVELOPPEMENT and sentenced it to pay BARTHES and CEUZIN 10 K€ each of Article 700 CPC. An appeal with the court of cassation was formed against this judgment.

Request to extend the court liquidation procedure of FIG to ACANTHE DEVELOPPEMENT

The commercial court opened via a judgment of 6 January 2011 a court liquidation procedure against FIG on a court order from Monique RICHEZ and BARTHES, CEUZIN et NOYER.

RICHEZ was a creditor of FIG in virtue of a judgment of the enforcement judge on 29 June 2010 which had liquidated a penalty payment of 50.8 K€ ordered by a judgment of the Paris Court of Appeal on 9 June 2009.

The Paris Court of Appeal had requalified a service contract concluded between RICHEZ and FIG (then represented by François BARTHES) in September 2002 and cancelled in November 2005, as a labour contract and sentenced FIG in particular to remit to RICHEZ social documents as a penalty.

As FIG was not in a position to remit all of the social documents required, the penalty was liquidated.

By order of 5 May 2011, Monique RICHEZ was named, at her request, controller in the court liquidation procedure of FIG.

By a letter dated 19 September 2011, Monique RICHEZ gave formal notice to Me GORRIAS, liquidator of FIG, to act in extension of the court liquidation against la société ACANTHE DEVELOPPEMENT.

Since Maître GORRIAS did not, according to the latter, respond within the allotted timeframe to this formal demand, Monique RICHEZ, acting as controller, on 23 December 2011 summoned ACANTHE DEVELOPPEMENT to the Commercial Court of Paris for the purposes of extending the court liquidation proceedings of FIG for the payment of the liabilities of the latter.

Recall that the disputes opposing Monique RICHEZ and BARTHES, CEUZIN and NOYER with FIG have their origin 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 scope of the ACANTHE Group on 19 March 2010, which is prior to the judgment for the opening of the court liquidation for FIG.

By official letter dated 9 March 2012 sent to the advisor of Madame RICHEZ, ACANTHE DEVELOPPEMENT offered to purchase the receivable of Madame RICHEZ in order to protect its shareholders from the effects of publicity on this procedure.

Madame RICHEZ refused on 22 March 2012 this offer and indicated that she could accept it only "in the hypothesis where ACANTHE DEVELOPPEMENT would purchase all of the liabilities of FIG so that all of the creditors of the latter are disengaged. "

Subsequently, the former shareholder of FIG, TAMPICO, made this payment through an actual payment offer. This payment was presented in the form of a bank cheque. As Madame RICHEZ again refused this payment, TAMPICO solicited the judicial officer to consign this amount with the Caisse des dépôts et consignations and informed Madame RICHEZ of this. This procedure, in application of the provisions of the civil code, makes it possible to release the debtor.

Through a judgment on 30 October 2012, TAMPICO's request to have its actual payment offer validated was rejected. It has appealed this decision.

In a judgment of 6 July 2012, the Commercial Court of Paris decided to transmit to the Cour de cassation the QPC (priority preliminary ruling on constitutionality) concerning compliance of Article L 621-2 of the French Commercial Code with the Constitution. On 8 October 2012 the Cour de cassation decided to not send the QPC to the Constitutional Council. At the audience of 24 January 2013, the Court decided to transmit to the Cour de Cassation the prejudicial question to know whether an action in extension is an action in the collective interest of the creditors for the purposes of collection and consequently if the controller can initiate such an action based on Article L622-20 of the French Commercial Code. An audience with the Cour de Cassation is scheduled for 3 June 2013.

The action of Madame RICHEZ is moreover contested in terms of its admissibility as well as the merits.

Indeed, in order to allow an action in extension to prosper, it is required to demonstrate the fictiveness of the company or the confusion of the assets between the two companies.

Here, neither of the two conditions seems to be satisfied and ACANTHE DEVELOPPEMENT is disputing this request for extension.

Finally, Madame RICHEZ is arguing for liabilities of FIG which today appear greater lower than that mentioned by the latter.

The liabilities declared at the opening of the legal proceedings of FIG, which was 113,609 K€ is currently being verified and should decrease substantially, in particular for the following reasons:

- Receivables written off for an amount of 1,364 K€,
- A "provisional" debt of 42,411 K€ declared by the Government Treasury was reduced to 1,976 K€ through a definitive proposal for rectification dated 19 January 2012. This debt is disputed. In addition its extinction is solicited, as the Government Treasury did not make a definitive declaration within the allotted timeframe of one year after the publication in the BODACC nor an extension to this timeframe by the commercial court,
- A debt of 10,780 K€ from the tax authorities should be reduced to a maximum of 6,188 K€ in application of Article 1756 of the French General Tax Code (penalties are excluded in the event of court liquidation), an amount which in any case is also disputed and this, because it concerns a questioning by the tax authorities of the parent-daughter regime. Favourable decisions were obtained in similar proceedings by other companies in the Group,
- Other debts declared by the Government Treasury for 1,159 K€ were disputed as they all concern claims. One of them for 592 K€ has since been written off.
- BARTHES, CEUZIN and NOYER together declared a debt of 22,502 K€ on FIG. This debt would correspond to the *"rights that they held in the equity of FIG and in the distributions of dividends and reserves carried out since the combined annual and extraordinary shareholders' meeting of 24 February 2004"*, cancelled by judgment on 28 September 2009. This debt is disputed by KLING, court expert appointed by two judgments of 14 January 2011, having for purpose to assess these rights, indicated in his final reports that all of the minority shareholders including BARTHES, CEUZIN and NOYER would have rights to 0.093% which is about the sum of 151 K€ to date.
- Moreover, BARTHES declared a debt of 3,147 K€ in the liabilities of FIG. This is a joint sanction of FIG, ALLIANCE DESIGNERS, DOFIRAD and Alain DUMENIL, pronounced by a judgment of the Paris Court of Appeal on 19 May 2009. The Cour de

cassation, in a judgment of 16 April 2013, partially reversed this judgment of 19 May 2009 (not on the question of the sanction for the payment of the 3,147 K€ which therefore remains despite the judgment of the Cour de cassation of 16 April 2013 hereinbefore but on the means concerning the sanction of Alain DUMENIL, DOFIRAD, ALLIANCE DESIGNERS and FIG to the payment of 50,000 € in damages to BARTHES). A lawyer for the Council is looking into the opportunity to bring this dispute to the European Court of Human Rights.

- Finally, BARTHES, former manager of FIG, declared a debt of 846 K€ for back salaries, indemnities and damages. FIG has always considered that there was no labour contract, as this person was a corporate officer. The case was dismissed on 7 September 2012 by the Conseil des Prud'hommes of Paris, as BARTHES never filed any accounting transactions.

Finally 19B S.A successor to the majority shareholder on the day of the general meeting of 24 February 2004, declared a current account debt of 31,226 K€. This debt is subordinated to the payment of the rest of the liabilities.

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

Note that the Company has been informed by the legal representative of FIG that the liquidator of FIG had re-enlisted the appeal with the court of cassation against the aforementioned judgment of the Court of Appeal of 9 June 2009 which had requalified the contract concluded with SILC as a labour contract.

Proceedings for cancelling the operations carried out during the suspicious period of FIG.

On 2 May 2012, ACANTHE DEVELOPPEMENT, VENUS and TAMPICO were summoned by the liquidator of FIG, SCP BECHERET SENECHAL GORRIAS with the purpose in particular of obtaining the cancellation of the contribution by FIG of the building at 15 rue de la Banque – 75002 Paris and of the equity securities carried out on 24 November 2009 to the benefit of VENUS as well as the cancellation of the distributions of the advance on dividends and of the distributions of the issue premium carried out in December 2009.

The liquidator of FIG consequently asked VENUS to return the property of the building at 15 rue de la Banque – 75002 Paris and the equity securities, with a penalty payment of 10,000 euros a day for each day of delay.

The liquidator also asked for the sanction of VENUS to reimburse FIG for the rents collected, dividends and the fruits of any nature whatsoever, accessorial to the lease contracts related to the building at 15 rue de la Banque in Paris (75002) and the aforementioned equity securities that have accrued since 24 November 2009; the return by ACANTHE DEVELOPPEMENT to FIG of the 95,496 shares in Venus for the purposes of cancelling them, with a penalty payment of 10,000 € a day for each day of delay starting from the notification that it will receive of the judgment to intervene; the cancellation of the 95,496 shares of SNC Venus once the latter and the real estate complex at 15 rue de la Banque à Paris (75002), the related rental contracts and the equity securities have been returned to France Immobilier Group and the joint sanction of Acanthe Développement and Tampico to reimburse France Immobilier Group the sum of 4,047,975.50 € coming from the distributions paid in cash, plus interest at the legal rate starting on 31 December 2009.

At the audience of 15 March, the court referred this case to 7 June 2013 for the conclusions of the liquidator.

Request from PHRV to request the appointment of a management expert

PHRV (Paris Hôtels Roissy Vaugirard SA), minority shareholder holding more than 5% of the share capital and voting rights of ACANTHE DEVELOPPEMENT summoned the Company on 15 November 2011 for the purposes of designating a management expert. It was questioning the sales price of three real estate properties carried out by ACANTHE DEVELOPPEMENT and located in the 8th district of Paris as well as on the opportunity for acquiring a company Alliance 95. On the disposal of the three real estate properties, PHRV asserted that the motivations for the opportunity for sale were doubtful and that the sales prices were less than those of the market. ACANTHE DEVELOPPEMENT firmly opposed these arguments, and communicated 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 argumentation of ACANTHE DEVELOPPEMENT, and rejected the demands of PHRV and sanctioned it to pay ACANTHE DEVELOPPEMENT 5,000 € in terms of Article 700 of the French Civil Procedure Code and pay the costs of the proceedings.

Following an appeal of PHRV, the Paris Court of Appeal, in a ruling on 9 October 2012, confirmed in all of its dispositions the order of 26 January 2012 and sanctioned PHRV to pay ACANTHE DEVELOPPEMENT 15,000 € in terms of Article 700 of the French Civil Procedure Code and pay all of the costs of the proceedings

The amount of these sanctions was paid by PHRV at the beginning of January 2013.

On 29 January 2013, PHRV lodged an appeal with the court of cassation against the judgment of 9 October 2012.

Note 7. Other Information

At 31 December 2012, 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 130K € (gross) to be shared between the directors.

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

Tax losses and their changes are as follows:

(in thousands of euros)

Items	At 31/12/2011	Year's losses	Included in the year - Carryback	At 31/12/2012
Ordinary deficits	13.412	1.350		14.762
Long-term capital loss	-	-	-	-
Total	**13.412**	**1.350**	**-**	**14.762**

Breakdown of the results of the period between recurring income and non-recurring income

(in thousands of euros)

Income	2012	IFA	tax at 33.33%	tax at 16.50%	Total
Operating results	-1.584				-1.584
Joint operations	0				0
Financial income	-272				-272
Non-recurring income	0	0			0
Corp. tax	0	0			0
Total	**-1.857**	**0**	**0**	**0**	**-1.857**

CONSOLIDATED STATEMENTS 2012

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Comparative consolidated balance sheets

(in thousands of €)

	31/12/2012	31/12/2011
ASSETS		
Investment properties	250.027	253.552
Current assets		
Tangible assets	6.099	6.130
Consolidated goodwill		
Intangible assets		2
Financial assets in K	5.605	7.608
Total non-current assets	**261.731**	**267.292**
Property inventory	475	10
Customers and related accounts	2.717	2.556
Other receivables	7.822	14.789
Other current assets	62	64
Current financial assets	1.033	1.362
Cash flow and cash equivalents	4.553	1.754
Buildings held for sale	8.505	
Total current assets	**25.166**	**20.534**
TOTAL ASSETS	**286.897**	**287.827**

(in thousands of €)

	31/12/2012	31/12/2011
LIABILITIES		
Capital	17.206	16.416
Reserves	164.938	173.292
Net consolidated result	14.705	(1.087)
Total Equity, group share	**196.849**	**188.622**
Minority interest reserves	12.276	8.153
Minority interest result	558	164
Total Equity	**209.684**	**196.939**
Non-current financial liabilities	64.372	75.492
Provisions for risks and expenses	129	4.101
Deferred taxes	-	-
Total non-current debt	**64.500**	**79.593**
Current financial liabilities	6.103	3.171
Deposits and guarantees	1.915	1.957
Suppliers	2.827	2.876
Tax and social liabilities	1.034	2.713
Other liabilities	834	578
Other current liabilities		
Total current debt	**12.713**	**11.295**
Total debt	**77.213**	**90.888**
TOTAL LIABILITIES	**286.897**	**287.827**

Comparative consolidated income statements

(in thousands of €)

	31/12/2012	31/12/2011
Rents	7.280	8,052
Rebilled occupancy expenses	1.458	1.916
Global occupancy expenses	(2.967)	(3.402)
Net revenue from property	**5.772**	**6.567**
Income from real property development	10	
Expenses from real property development	(1)	
Changes in real property stocks	(10)	
Net income from real property development	**(1)**	
Income from other activities		
Personnel expenses	(1.067)	(2.489)
Other overhead costs	(3.540)	(2.607)
Other earnings and other expenses	(3.868)	312
Change in value of investment property.	13.618	7.059
New reserves for other depreciation and provisions	(483)	(4.241)
Renewed reserves for other depreciation and provisions	4.046	168
Operating income before disposals	**14.477**	**4.769**
Income from disposal of investment properties	2.545	(384)
Operating income	**17.022**	**4,385**
Cash flow and cash equivalents	116	(3.610)
Cost of gross financial debt	(3,142)	(4.100)
Cost of net financial debt	**(3,026)**	**(7.711)**
Other financial earnings and expenses	1.289	558
Earnings before taxes	**15.286**	**(2,768)**
Tax on profits	(22)	(64)
Earnings after tax from transferred activities		1.909
Net result	**15.263**	**(923)**
Minority interests	558	164
Group share of net profit and loss	**14.705**	**(1.087)**
Earnings per share		
Basic earnings per share (in €)	0.120	-0.009
Diluted earnings per share (in €)	0.120	-0.009
Earnings per share for operations		
Basic earnings per share (in €)	0.120	-0.028
Diluted earnings per share (in €)	0.120	-0.028
Other components of aggregate earnings		
Net result	**15.263**	**(923)**
Remeasurement of available-for-sale financial assets	36	(246)
Remeasurement of fixed assets	89	133
Taxes		
Total profits and losses recognised as equity	**125**	**(113)**
Aggregate earnings	**15.388**	**(1.036)**
(Net earnings and profits and losses recognised as equity)		
Aggregate earnings - Group share	14.830	(1.200)
Aggregate earnings - minority share	558	164

Statement of changes in equity

	Group share						
	Share capital	Reserves linked to the capital	Self-held securities	Reserves and results consolidated	Equity equity group	Equity equity minority	Total shares
Equity on 31/12/10	**41.721**	**36.167**	**-21.636**	**241.094**	**297.347**	**8.133**	**305.480**
Capital operations	778	9.054			9.832		9.832
Decrease in capital	-26.722	26.722					
Share-based transactions		1.182			1.182		1.182
Operations for self-held securities			10.044	-13.519	-3.475		-3.475
Dividends *reinvestments in shares*	638	4.294			4.932		4.932
Dividends				-119.934	-119.934		-119.934
Foreign exchange differences				162	162	20	182
Net profit or loss for the period				-1.087	-1.087	164	-923
Profits and losses recognised directly as equity				-113	-113		-113
(Net earnings and profits and losses recognised directly as equity)				**-1.200**	**-1.200**	**164**	**-1.036**
Change in scope				-226	-226		-226
Equity on 31/12/2011	**16.415**	**77.419**	**-11.592**	**106.377**	**188.622**	**8.317**	**196.939**
Capital operations							
Decrease in capital							
Share-based transactions							
Operations for self-held securities			2.501		2.501		2.501
Dividends *reinvestments in shares*	790	954			1.744		1.744
Dividends				-10.874	-10.874		-10.874
Foreign exchange differences							
Net profit or loss for the period				14.705	14.705	558	15.263
Profits and losses recognised directly as equity				125	125		125
(Net earnings and profits and losses recognised directly as equity)				**14.830**	**14.830**	**558**	**15.388**
Change in scope				25	25	3.959	3.984
Equity on 31/12/2012	**17.205**	**78.373**	**-9.091**	**110.358**	**196.849**	**12.835**	**209.684**

Statement of changes in cash flow (K€)

		31/12/2012	31/12/2011
Cashflow related to operations			
Net consolidated result		15.263	(923)
Derecognition of expenses and income with no impact on cash flow			
Depreciation and provisions		(3.541)	4.003
Change in fair value for property		(13.618)	(10.476)
Free shares and stock options			(6.848)
Other IFRS restatements		3.741	(1.145)
Other unpaid expenses and income			
Transfer profits/losses		(2.588)	281
Impact of changes in scope			(1.186)
Badwill			
Share of earnings for companies applying the equity method			
Self-financing ability after the cost of net financial debt and taxes		(744)	(16.294)
Cost of net debt		3.532	(4.811)
Taxes (including deferred taxes)			
Self-financing ability before the cost of net financial debt and taxes		**(4.276)**	**(11.483)**
Taxes paid	B		
Activity-based changes in working capital requirements	D	4.836	(4.014)
Changes in working capital requirements related to transferred activities			(5.594)
Net cash flow generated by operations	**E=A+B+C+D**	**560**	**(21.091)**
Cash flow relating to investment operations			
Acquisitions of fixed assets		(5.193)	(5.494)
Sales of fixed assets		22.605	78.596
Acquisitions of financial assets		(42)	(6.303)
Refunding of financial assets		2.286	
Impact of changes in scope (other than discontinued activities)			102
Changes in loans and advance payments accorded			
Other flows relating to investment operations			
Change in investment cash flow from transferred activities			(9.456)
Net cash flows relating to investment operations	**F**	**19.656**	**57.445**
Cash flow relating to financing operations			
Increase in capital			
Paid by the shareholders of the parent company			14.765
Paid by minority shareholders in consolidated companies			
Dividends paid		(9.128)	(51.262)
Acquisition or transfer of self-held securities		2.500	2.733
Receipts relating to new loans		6.000	15.000
Loan repayments		(13.985)	(13.965)
Net interest paid		3.532	(4.811)
Impact of changes in scope		(6.336)	
Other flows relating to financing operations			(899)
Change in financing cash flow from transferred activities			(1.909)
Net cash flow relating to financing operations	**G**	**(17.417)**	**(40.349)**
Changes in net cash flow	**E+F+G**	**2.799**	**(3.995)**
Changes in net cash flow		**2.799**	**(3.995)**
Opening cash flow			
Available assets		677	3.035
Bank overdrafts		0	(16.204)
Securities		1.077	18.918
		1.754	**5.749**
Closing cash flow			
Available assets		4.553	677
Bank overdrafts			0
Securities			1.077
		4.553	**1.754**

DISCLOSURE FOR THE CONSOLIDATED STATEMENTS AT 31 DECEMBER 2012

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Note 1. Main events of the financial year

General information

ACANTHE DEVELOPPEMENT is a European Company, with a capital of 17,206,397 €, whose head office is located at Paris 16th district, 2 rue de Bassano, and listed in the Company and Trade Registry of Paris under number 735,620,205. ACANTHE DEVELOPPEMENT shares are listed on Euronext Paris of NYSE Euronext (compartment C, ISIN FR 0000064602).

1.1. Distribution of dividends

On 29 June 2012, the Annual Ordinary and Extraordinary General Meeting decided to allocate the loss of (9,583,931.61 €) as a carried forward credit balance that amounted at 31 December 2011 to 101,557,214.50 €; this resulted in a distributable profit of 91,973,282.89 € which was allocated as follows:

• Dividend	10,873,518.30 €
• Other reserves	40,000,000.00 €
• and, the rest in the "carry forward" balance	41,099,764.59 €

The General Meeting decided that each of the 120,816,870 shares comprising the share capital at 31 December 2011 would receive a dividend of 0.09 € per share. This distribution allows the company to fulfil its obligation to distribute in terms of the SIIC tax regime which amounted for the year to 10,185,341 €.

The General Meeting allowed each shareholder to opt either for a payment of the dividend distributed in cash or in new shares to be issued by the Company; the effective date of payment shall be determined by the Board of Directors, in accordance with the law. The price of the share for the reinvestment is 0.30 €.

On 28 September 2012, the Board of Directors observed that 19,400,211 coupons out of the 120,816,870 coupons sent to the bearers of shares comprising the share capital on 31 December 2011 opted to reinvest the capital. This reinvestment generated an increase in the share capital of 789,997.78 € through the creation of 5,814,007 new shares , after a rounding of 0.22 €, deducted from the "premium" item, the share capital stands at 17,206,397 €, divided into 126,630,877 shares.

1.2. Acquisition of FINANCE CONSULTING and transformation into a European Company

On 11 April 2012, ACANTHE DEVELOPPEMENT acquired from FIPP all of the securities of FINANCE CONSULTING (société anonyme governed by Belgian law with a capital of 61,973.38€, located at 9, avenue de l'Astronomie, 1210 Brussels, Belgium); This company held 100% of the securities of TRENUBEL; and the real estate assets held (a mansion house located in Brussels and adjoining land) by this sub-group was evaluated at fair value at 6 M€.

A merger project between ACANTHE DEVELOPPEMENT and FINANCE CONSULTING for the purposes of forming a European Company was submitted to the Annual Ordinary and Extraordinary General Meeting on 29 June 2012 The Meeting approved both the merger project et the simultaneous adoption of the European form, this transformation will facilitate the integration of the company in countries where it has or intends to acquire real estate. FINANCE CONSULTING, which had the project of transforming its building in Brussels into a luxury hotel found in the merger with ACANTHE DEVELOPPEMENT, the financial capacity to complete this project.

The company was registered on 23 August 2012 as a European Company.

The securities of FINANCE CONSULTING were acquired by ACANTHE DEVELOPPEMENT for an amount of 1€ for a net financial situation of -2.2 M€, the latter including the fair value of the real estate property of 6 M€.

In parallel, ACANTHE DEVELOPPEMENT acquired at a price of 6 M€ from LIPO, subsidiary of FIPP, a current account of 8.2 M€ which is a write-down of goodwill on current account of 2.2 M€ offsetting the acquisition of the net negative situation.

In order to finance this current account acquisition, LIPO granted a loan of 6 M€ to ACANTHE DEVELOPPEMENT for a period of one year that is renewable, at a fixed interest rate of 4% per year and linked to a first-demand mortgage on the building at 26 rue d'Athènes in Paris (8th district)

After the repayments which were made over the period, the remaining capital due at 31 December 2012 on this loan was 2.1 M€. This amount was repaid at the end of March 2013.

■ 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 12-month period.

Consolidated accounts were closed by the Executive board on 26 April 2013.

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 no. 1606 / 2002 of 19 July 2002, the consolidated financial statements of the ACANTHE DEVELOPPEMENT Group at 31 December 2012 (which can be consulted on the Group's website: www.acanthedeveloppement.com) were draw up in accordance with the international accounting standards as approved by the European Union on the date of the closing of these financial statements and which are of a mandatory nature on that date (standard 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) and the interpretations of the IFRIC (International Financial Reporting Interpretations Committee) and of the SIC (Standing Interpretations Committee).

The consolidated financial statements are established based on the accounting policies and methods applied by the Group to the financial statements for the period 2011, with the exception of the following standards and amendments, applicable from 1 January 2012, either in a compulsory manner or in advance:

- IFRS 7 amended "Disclosures - Transfers of Financial Assets",
- IFRS 1 revised "Severe Hyperinflation";
- IFRS 1 revised "Government Grants";
- IFRS 7 revised "Disclosures – Offsetting Financial Assets and Financial Liabilities";
- IFRS 9 "Financial Instruments";
- IFRS 10 "Consolidated Financial Statements";
- IFRS 11 "Joint Arrangements";
- IFRS 12 "Disclosure of Interests in Other Entities";
- IFRS 13 "Fair Value Measurement";
- IAS 1 revised "Presentation of Items of Other Comprehensive Income";
- IAS 12 revised "Recovery of Underlying Assets";
- IAS 19 revised "Employee Benefits";
- IAS 27 revised "Separate Financial Statements"
- IAS 28 "Investments in Associates and Joint Ventures";

- IAS 32 revised "Offsetting Financial Assets and Liabilities";

- Annual Improvements of IFRS standards, May 2012.

The Group did not opt for early application of the standards and interpretations for which application is not mandatory at 1 January 2012. Moreover, the process of determining by the Group of the potential impacts on the consolidated financial statements of the standards or interpretations that apply later is currently being evaluated.

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 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;
- 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 economic 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 2012, 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.

Consolidated statements cover the financial period from 1 January to 31 December 2012. All consolidated companies have a year-end on 31 December.

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

In accordance with IFRS 5, the assets or group of assets held for sale and transferred activities satisfy such a classification if their carrying value is primarily covered by a sale rather than by their continual use.

This condition is considered to be satisfied when the sale is highly likely and that the asset is available for sale in its current state; moreover, the management must be committed to a sales plan that has progressed sufficiently, and the execution of the sale is expected within a period of 12 months starting on the date of the classification of the asset held for sale.

An entity must evaluate a non-current asset that is classed as held for sale at the lower amount between its carrying value and its fair value less the costs of the sale. Starting on the date of such classification, the asset is no longer depreciated.

In order to respond to this definition the management reclasses a building held for sale when, at the time a period is closed, the building is under a sales agreement and that the latter is effectively transferred on the date the accounts are closed for this same fiscal period.

The fair value of buildings held for sale is that stipulated in the sales agreement less costs linked to the sale.

A discontinued activity is a component that the entity has abandoned or which is classed as held for sale, and:

- which represents a primary and separate business line or geographical region,
- is part of a single and coordinated plan in order to discontinue a primary and separate business line or a geographical region,

or

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

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

- of the profit or of the loss after tax of the discontinued (or transferred) activities;
- of the profit or of the loss booked after tax resulting from the evaluation of the fair value less the costs of sale, or of the transfer of the assets held for transfer comprising the activity transferred.

This amount must undergo an analysis that provides details, in particular, of the income, expenses and pre-tax income of the activities transferred; the specific tax expense; the result of the transfer of the activity transferred. The reclassification of the transferred activities is carried out retrospectively for all prior periods.

The net cash flow from these transferred activities is also presented in specific sections in the cash flow statement, comprising the flows generated by these activities until the date they were transferred as well as the cash flow not including tax generated by their transfer, for the current period and the comparative period presented.

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).

The total assets of the Group at 31 December 2012 falls into the "investment property" category, except for a floor located at 2 rue Bassano in Paris occupied by the Group, which is 389 m² (15.35% of the building) classed as "Tangible assets" and an apartment located in Ajaccio and recognised as stock.

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

- either at fair value
- 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 recognise 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 secured 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 leads 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 (CREDIT FONCIER EXPERTISE, 4 quai de Bercy in CHARENTON 94220) to determine fair value on 31 December 2012.

The company evaluate most of its properties.

These evaluations were carried out on the evaluation date of 31 December 2012, in light of the work yet to be carried out, of the commerciality to be transferred and of the rental situation of the 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 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 the level of expenses for 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.

Among these breakdowns or variations in the two main methods, two analysis approaches via revenue capitalisation were in particular used to assess the residential apartments intended for individual sale.

Revenue-based methods:

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 retained for offices for the portion of QCA between 4.5 and 5.25%.

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 method, the property on the 3rd floor at 2 rue de Bassano PARIS 16th district 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 carried out for this purpose on each statement date.

The change in fair value is recognised in "revaluation reserves" in equity in the event of a positive variation. In the event of a loss in value, it is recognised as profit and loss for the period, after using the revaluation reserve that was formed beforehand.

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 the rent is recorded in the results (cf. note 2.17).

2.8. Property inventory

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 marketing costs 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.

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 in K€

Financial assets are classed in one of the following seven categories:

- financial assets held for trading;
- assets held until expiry;
- loans and advances;
- assets available for sale;
- own stock
- cash flow and cash equivalents;
- financial derivative 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.

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

According to IAS 32, all treasury stock held by a 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 flow includes available cash in bank accounts and liquidities held in cashboxes.

Cash flow and cash equivalents are held in order to handle short-term cash commitments rather than for investment or other purposes. For this, it must be easily convertible into a known amount of cash and be subjected to a negligible risk of a change in value and cannot have a maturity exceeding 3 months at the time they are acquired.

2.11.7. Financial derivative instruments

The Group trades, with first-rate institutions, financial derivative instruments in order to reduce its exposure to the risk of changes in interest rates. 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 2011 and 2012, 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 subscribed to.

2.12. 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

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. Tax on profits

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 remaining 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. Staff benefits

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.

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. 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.

2.17. Property revenues

Rents are recognised linearly over the entire duration of the lease, as such, the impact of rent franchises is distributed over the duration of the lease when they satisfy the application of the standard.

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 renewal clauses for the leasing period and 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.

2.18. Income from disposal of investment properties

Income resulting from the sale of investment property is obtained from the difference between, on one hand, the sale price and allowances for depreciation, and on the other hand, the latest fair value (the consolidated net book value), plus transfer costs.

2.19. Operational sectors

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 2012 are 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.

■ Note 3. Scope of consolidation

3.1. List of consolidated companies

Company	2012			2011		
	% of interest	% controlled	Consolidation method	% of interest	% controlled	Consolidation method
Parent company						
SA ACANTHE DÉVELOPPEMENT						
Company under global consolidation						
BALDAVINE SA	100%	100%	I G	100%	100%	I G
SC BASNO (2)	97.34%	100%	I G	97.34%	100%	I G
SAS BRUXYS	100%	100%	I G	100%	100%	I G
SAS CEDRIANE (2)	97.34%	100%	I G	97.34%	100%	I G
SC CHARRON (2)	97.34%	100%	I G	97.34%	100%	I G
SC CORDYLIERE (2)	97.34%	100%	I G	97.34%	100%	I G
SA FINPLAT	100%	100%	I G	97.34%	100%	I G
SC FONCIERE DU 17 RUE FRANCOIS 1ER (2)	97.34%	100%	I G	97.34%	100%	I G
SCI FONCIERE DU ROCHER (2)	97.34%	100%	I G	97.34%	100%	I G
SAS FONCIERE ROMAINE	100%	100%	I G	100%	100%	I G
SCI FRANCOIS VII (2)	97.34%	100%	I G	97.34%	100%	I G
SCI LA PLANCHE BRULEE	100%	100%	I G	100%	100%	I G
EURL LORGA (2)	97.34%	100%	I G	97.34%	100%	I G
SNC PONT BOISSIERE (2)	97.34%	100%	I G	97.34%	100%	I G
SA SAUMAN FINANCE (2)	97.34%	100%	I G	97.34%	100%	I G
SAS SIF DEVELOPPEMENT (2)	97.34%	100%	I G	97.34%	100%	I G
SAS SIN	100%	100%	I G	100%	100%	I G
SC SOGEB (1)	66.67%	66.67%	I G	88.89%	88.89%	I G
EURL SURBAK (2)	97.34%	100%	I G	97.34%	100%	I G
SAS VELO	100%	100%	I G	100%	100%	I G
SNC VENUS (2)	97.34%	97.34%	I G	97.34%	97.34%	I G
EURL VOLPAR (2)	97.34%	100%	I G	97.34%	100%	I G
SCI HALPYLLES (2)	97.34%	100%	I G	97.34%	100%	I G
SCI HOTEL AMELOT	100%	100%	I G	100%	100%	I G
SA IMOGEST	100%	100%	I G	100%	100%	I G
Entered into the scope during the period						
SA TRENUBEL	100%	100%	IG			
SAS SFIF	100%	100%	IG			
SARL ATREE	100%	100%	IG			

IG = Consolidation by Global Integration

1) The change in the percentages of interest and of control of SOGEB is explained in § 9.3.2.

(2) The percentages of interest equal to 97.34% are all subsidiaries of VENUS in which there are minority interests.

The scope of consolidation as at the current year end, includes 29 integrated companies overall, of which 10 are SCI's (Property Investment Partnerships/PIPs).

3.2. Changes in scope

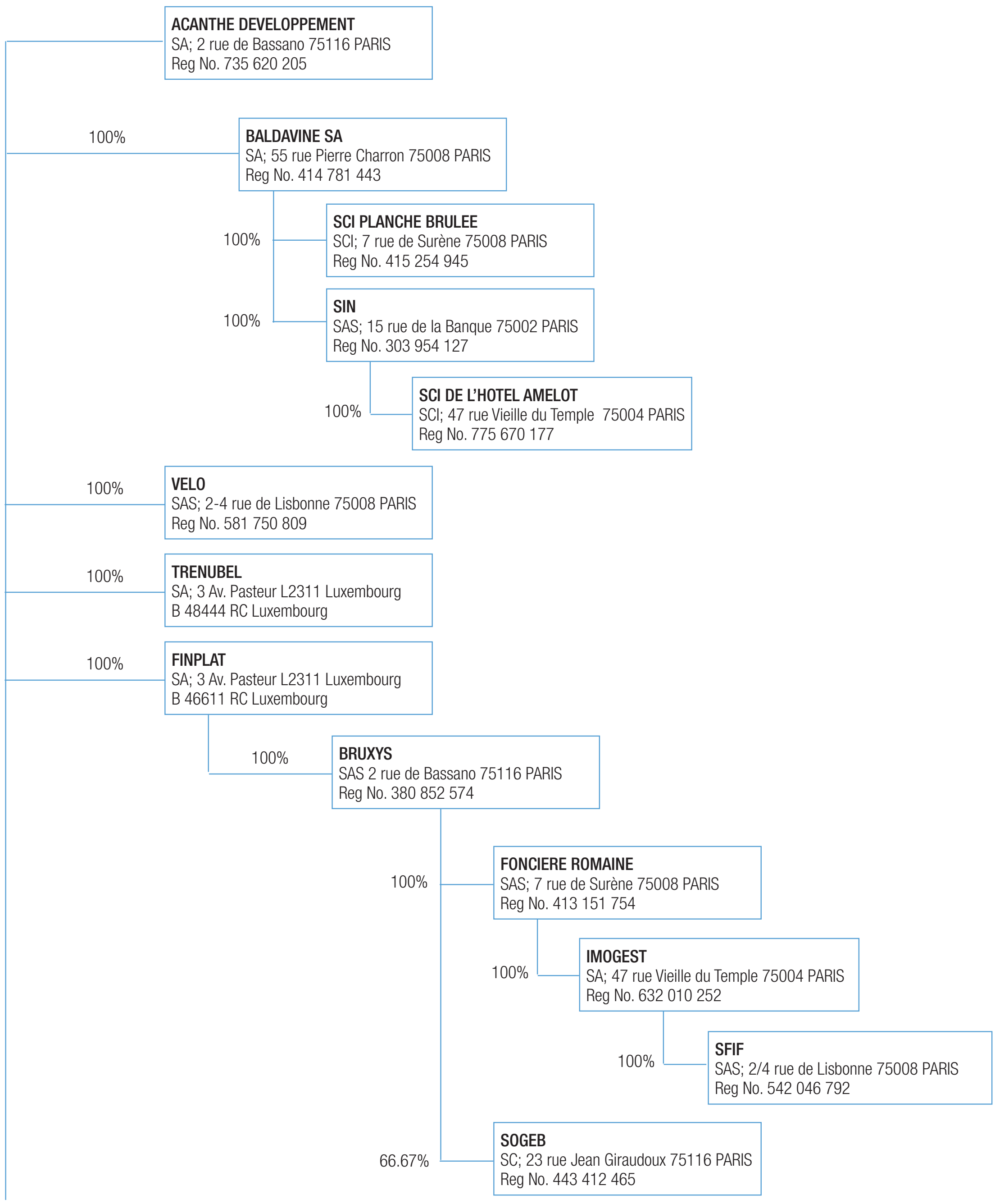
During fiscal 2012, the consolidation scope changed due to the entry of:

- FINANCE CONSULTING and TRENUBEL, described in § 1.2. FINANCE CONSULTING was absorbed via a merger by ACANTHE DEVELOPPEMENT at the same time it entered the group;
- SFIF which was acquired on equity by the subsidiary IMOGEST from FIPP for 340 K€, which is the amount of the net financial situation, the assets of this company include in particular land of about 10 ha located in Villeneuve d'Ascq and stock comprised of an duplex apartment of 138 m² with terraces and loggias of 137 m² in Ajaccio (Corsica).

Finally, ATREE was created in the form of a SARL with a capital of 1,000 €, located at 2 rue de Bassano in Paris 16th district, and which has for company objective the provision of services and assistance for companies.

3.3. Organisation chart

The percentage mentioned for each subsidiary expresses the rate of holding.



- 97.34% — **VENUS**
  SNC; 2 rue de Bassano 75116 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% — **CEDRIANE**
    SAS; 2 rue de Bassano 75116 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 75116 PARIS
  Reg No. 410 384 879
- 100% — **VOLPAR**
  EURL; 26 rue d'Athènes 75009 PARIS
  Reg No. 428 668 164
  - 99.9% / 0.1% — **ATREE**
    SARL; 2 rue de Bassano 75116 PARIS
    Reg No. 789 536 174
- 100% — **LORGA**
  EURL; 7 rue de Surène 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. 447 569 021
- 100% — **SIF DEVELOPPEMENT**
  SAS; 7 rue de Surène 75008 PARIS
  Reg No. 394 765 580
  - 100% — **SCI CORDYLIERE**
    SC; 7 rue de Surène 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. 447 746 371
- 100% — **HALPYLLES**
  SCI; 6 allée des Cyclades 74960 CRAN GEVRIER
  Reg No. 438 756 231

Note 4. Reports on disclosure: balance sheet

4.1. Non-current non-financial assets

4.1.1. Change in worth of investment property

At 31 December 2012:

The appraised value taxes excluded of the investment property at 31 December 2012 stands at 250 027 K€.

In K€	Net carrying value 31/12/2011	Entries (New acquisitions) (1)	Entries (Capitalised expenses) (2)	Disposals (3)	Change in fair value (4)	Reclassification (5)	Value at 31/12/2012
Investment properties (IAS 40)	253,552	6,200	5,179	-20,017	13,618	-8,505	250,027

(1) Entry value of the building held by FINANCE CONSULTING for 6 000 K€ and land at Villeneuve d'Ascq for 200 K€ (cf. note 3.2).

(2) Capitalised costs primarily concern the work for the buildings located in Paris on rue François 1er (2,977 K€), rue Georges Bizet (1,265 K€), rue d'Argenteuil (342 K€) and rue d'Athènes (522 K€).

(3) The last five properties in the jointly-owned building at 21 boulevard Poissonnière, in Paris 2nd district were transferred during the period for 6,377 K€ as well as the building located at 77 de la rue Boissière, in Paris 16th district for 13,640 K€ (disposed of at the fair value at the opening of the period of the building).

(4) In light of the evaluation of the buildings carried out at 31 December 2012, the change in value of 5.54% on a like-for-like basis of the "investment property" assets had a positive impact on results of 13,618 K€; the appreciation of the buildings is in particular linked to the concluding of new leases in the buildings on rues François 1er, de Surène, de la Banque, d'Argenteuil in Paris.

(5) The building located at 7 rue d' Argenteuil in Paris 1st district held for transfer was reclassed as a current asset (cf. § 4.3.6). The sale took place in January 2013.

At 31 December 2011:

The appraised value taxes excluded of the investment property at 31 December 2011 stands at 253,552 K€.

In K€	Net carrying value 31/12/2010	Entries (New acquisitions) (1)	Entries (capitalised expense) (2)	Disposals (3)	Contributions (4)	Change in fair value restated for transferred activities	Change in fair value transferred 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 of the building held by HILLGROVE.

(2) Capitalised costs correspond to the work carried out on the investment properties primarily:

- at 17 rue François 1er in Paris (8th district) for 4,549 K€,
- at 21 Bd Poissonnière in Paris (2nd district) for 162 K€,
- at 23 Bd Poissonnière in Paris (2nd) for 496 K€.

(3) The transfers concern the buildings located at:

- 23, Bd Poissonnière and 10, rue d'Uzès in Paris 2nd district,
- the lot held at 8 de la rue de Marignan in Paris 8th district,
- the lot held in tour Atlantique at la Défense (92),
- the last lot on rue Le Marois in Paris 16th district,
- 7, rue des Guillemites in Paris 4th district,
- the lot held at 25, rue de La Boétie in Paris 8th district,
- 15-17 avenue Jean Jaurès in Ivry sur Seine,
- The Planche Brulée building in Fernay-Voltaire (01),
- The lots held at 21, Bd Poissonnière in Paris 2nd district,
- Lots in the residence La Forêt (Flaine) (except for the cellars and reserves contributed to FIPP);
- A carpark in the PARIS NORD Business Centre at Blanc Mesnil (93).

(4) The buildings that were contributed to FIPP;

(5) The other changes primarily concern the foreign exchange difference on the building located in London in the United Kingdom.

4.1.2. Changes in the gross value of tangible assets excluding investment property

<u>At 31 December 2012</u>:

In Ke	Gross value 31/12/2011	Acquisitions	Disposals	Changes in scope	Revaluation variance	Transfers .	Gross value 31/12/2012
Land	660	-	-	-	9	-	669
Buildings and Fixtures	5.946	-	-	-	76	-	6.022
Tangible assets	299	15	-2		-	-	312
TOTAL	**6.905**	**15**	**-2**	**0**	**85**	**-**	**7.003**

In accordance with IAS 40§57a, which requires that administrative premises used by the company be recognised according to the IAS method, the property on the 3rd floor at 2 rue de Bassano PARIS 16th district 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 85 K€ for 2010, and finds its equivalent in equity capital in compliance with IAS 16§39.

At 31 December 2011:

In K€	Gross value 31/12/2010	Acquisitions	Disposals	Changes in scope	Revaluation difference	Transfers .	Gross value 31/12/2011
Land	647	-	-	-	13	-	660
Buildings and Fixtures	5.830	-	-	-	116	-	5.946
Tangible assets	294	33	-22	-6	-	-	299
TOTAL	**6.771**	**33**	**-22**	**-6**	**129**	**-**	**6.905**

The revaluation of the premises used as an administrative building posts a gross value of 129 K€ for 2011, 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 2012:

In K€	31/12/2011	Provisions	Change in scope	Reversal following transfer and disposal	Revaluation difference	Transfer of item	31/12/2012
Buildings and Fixtures	542	103			-4		641
Tangible assets	234	31		-2			263
TOTAL	**776**	**134**	**0**	**-2**	**-4**	**-**	**904**

At 31 December 2011:

In K€	31/12/2010	Provisions	Change in scope	Reversal following transfer and disposal	Revaluation difference	Transfer of item	31/12/2011
Buildings and Fixtures	443	102	-	-	-3	-	542
Tangible assets	232	28	-4	-22	-	-	234
TOTAL	**675**	**130**	**-4**	**-22**	**-3**	**-**	**776**

4.1.4. Variation in net value of intangible assets

At 31 December 2012:

In K€	Net value 31/12/2011	Acquisitions	Change in scope	Amortisation and depreciation	Disposal	Net value 31/12/2012
Intangible assets	3	-	-	-3	-	
TOTAL	**3**	**-**	**-**	**-3**	**-**	

At 31 December 2011:

In K€	Net value 31/12/2010	Acquisitions	Change in scope	Amortisation and depreciation	Disposal	Net value 31/12/2011
Intangible assets	3	-	-	-1	-	3
TOTAL	**3**	**-**	**-**	**-1**	**-**	**3**

4.2. Property inventory

At 31 December 2012:

In K€	31/12/2011	Acquisitions	Change in inventory	Change in scope	Depreciation	31/12/2012
Real property stocks	10	-	-10	475		475
TOTAL	**10**	**-**	**-10**	**475**	**-**	**475**

The last lot on 27 rue de Rome in Paris 8th district, which is a shed on the ground floor at the back of the courtyard, was transferred.

SFIF, which has entered into the scope, has a duplex apartment of 138 m² with terraces and loggias of 137 m² located in Ajaccio (Corsica) which is being renovated. This apartment is recognised as stock.

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**

4.3. Financial assets in K€

Financial assets broken down according to the various categories defined by IFRS 7 are as such:

Financial assets in K€	Assets held for the purposes of transaction	Assets held until maturity	Loans and advances	Assets available for sale	Total balance sheet
			31/12/2012		
Non-current financial assets	5.339	-	265		5.605
Customers and related accounts	-	-	2.717	-	2.717
Other receivables	-	-	7.822	-	7.822
Other current assets	-	-	62	-	62
Current financial assets	957	-	75	-	1.033
Cash flow and cash equivalents	4.553	-	-	-	4.553
			31/12/2011		
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

4.3.1. Non-current financial assets

At 31 December 2012:

Financial assets in K in K€	31/12/2011	In-creases	Reductions	Change of scope	31/12/2012	Due date at 1 year at most	Due date from 1 to 5 years	Due date More than 5 years
Pledged fixed term deposits (1)	725		515		210			210
Financial assets available for sale (2)	6.741		1.402		5.339		5.339	-
Deposits (working capital)(3)	4	8			12	12	-	-
Loans	-				-	-	-	-
Trading financial assets (5)	-				-	-	-	-
Other (4)	138		94		44	44	-	-
TOTAL	**7.608**	**8**	**2.011**	**0**	**5.065**	**56**	**5.339**	**210**

(1) The term deposit is pledged in favour of DEUTSCHE PFANDBRIEFBANK for 210 K€ as a guarantee for the repayment of the loan that it granted to us. The decrease in this item comes from the transfer of the building at 77 rue Pont Boissière in Paris 16th for which the financing loan was guaranteed by a pledged term deposit.

(2) Financial assets held for sale are comprised solely of securities of BASSANO DEVELOPPEMENT for 5,339 K€ which have appreciated 161 K€ which is the share of the net financial situation of this company; The monetary investment funds, guarantee for a tax debt (1,488 K€) were released to the benefit of the Treasury during the period; and, the monetary investment funds guaranteeing a minimum amount of rent on the building at 7 rue d'Argenteuil in Paris 1st district, sold on 29 January 2013, were reclassed as current financial assets.

(3) Deposits (working capital) include the amounts paid to the trustees of the properties exploited.

(4) This item in particular includes the value assessment of derivative instruments for a value of 8 K€ at 31 December 2012 and which depreciated over the period by - 87 K€ (cf. details hereinbelow).

Derivative instruments at 31/12/2012:

Instruments	Due date	Notional at 31/12/2012 in K€	Valuation at 31/12/2011 in K€ Assets	Valuation at 31/12/2012 in K€ Assets	Change of valuation in K€
Swap CAP (guaranteed rate 3.65%)	30/06/2016	14.906	81	5	-76
Swap CAP (guaranteed rate 3.50%)	14/05/2014	8.000	13	3	-11
TOTAL		**22.906**	**94**	**8**	**-87**

These derivatives are recorded individually and appraised at their 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€	31/12/2012	
	Profit recorded in Equity	Loss transferred from Equity to Results
Financial assets available for sale	36	

At 31 December 2011:

Financial assets in K in K€	31/12/2010	Increases	Reductions	Change in scope	31/12/2011	Due date at 1 year at most	Due date at more than 1 and 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 (5)	35		35				
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 K€ and DEUTSCHE PFANDBRIEFBANK for 210 K€.

(2) Financial assets held for sale are comprised of monetary investment funds pledged as a guarantee for a bank security delivered for the benefit of the Treasury (1,488 K€) and as a guarantee for a minimum amount of rent (75 K€), and, the securities of BASSANO DEVELOPPEMENT for 5,178 K€ and representing 15.01% of the share capital of the latter and the forward rate agreement taken out to cover the risk of the interest rate for the loan taken out with LANDESBANK SAARL standing at 94 K€ at 31 December 2011.

(3) Deposits (working capital) include the amounts paid to the trustees of the properties exploited.

(4) This is loans and advances granted to ADT for 5,652 K€ which were contributed to the FIPP group.

In K€	31/12/2011	
	Profit recorded in Equity	Loss transferred from Equity to Results
Financial assets available for sale	246	-2.936

4.3.2. Customers and related accounts, and other receivables

At 31 December 2012:

in K€	31/12/2012					
	Gross value	Depreciation	Net value	Due date at one year at most	Due date at more than 1 year and less than 5 years	Due date at more than 5 years
Customers and related accounts	3.687	970	2.717	2.717	-	-
Other receivables	7.822	-	7.822	3.421	4.401	
TOTAL	11.509	970	10.539	6.138	4.401	0

Other receivables at 31 December 2011, are comprised primarily of:

- VAT receivables worth 1,107 K€,
- Funds held by notaries worth 456 K€,
- Real property managers with 334 K€,
- Staggering of rents as per IAS 17 worth 631 K€: - Staggering of rents as per IAS 17 worth 1.360 Ke: 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 K€: this escrow stemmed from the litigation mentioned in Note 9.3.4,
- Escrow for 393 K€ in the dispute opposing VELO against GERY DUTHEIL (cf. § 9.3.3)
- A claim on the company SEK HOLDING of 1,059 K€ (with an agreement on the payment),
- Seized by the Treasury against LORGA for 1,080 K€ during the transfer of the building on rue d'Edimbourg in Paris in the framework of the tax dispute in progress.

At 31 December 2011:

in K€	31/12/2011					
	Gross value	Depreciation	Net value	Due date at one year at most	Due date at more than 1 year and less than 5 years	Due date 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 K€,
- Funds held by notaries worth 556 K€,
- Real property managers with 257 K€,
- Revenue accruals: refundable corporate tax deposit (paid in advance) of 4,626 K€,

- Staggering of rents as per IAS 17 worth 611 K€: - Staggering of rents as per IAS 17 worth 1.360 Ke: 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 K€: 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 K€,
- A claim on the company SEK HOLDING of 1,110 K€ (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.

4.3.3. Current financial assets

The FIPP securities, received in the framework of the distribution in kind from the previous period, constitute the main component of this item; securities are evaluated at the last stock market price, which is 0.14 € per share for a total of 957 K€, the change in value (loss of - 68 K€) was recognised on the income statement.

The FIPP securities underwent partial reimbursement and 330,000 securities were transferred during the period.

A reclassification was carried out as "Current financial assets" for the monetary investment funds guaranteeing for the lending bank a minimum amount of rent on the building at 7 rue d'Argenteuil in Paris 1st district, the latter, sold on 29 January 2013, was reclassed as a building held for sale.

in thousands of €	Beginning of the period	Reimburse-ment	Change in fair value	Reclassi-fication	Disposal	End of the period
Assets held for trading purposes FIPP securities (price at 31/12/12 at 0.15 € compared to NAV at 30/06/12 at 0.60 €)	1,362	-274	-68		-63	957
Mutual monetary funds				75		75
	1,362	**-274**	**-68**	**75**	**-63**	**1.032**

4.3.4. Cash and cash equivalents

In thousands of €	31/12/2012	31/12/2011
Mutual monetary funds		1,076
Cash in hand	4.552	678
Total financial assets for trading	**4.552**	**1.754**

4.3.5. Fair value of financial assets

The value on the balance sheet for trade receivables, other receivables and other current assets corresponds to their fair value which is equal to their carrying value. Actually, in the perception of depreciation indexes (customer receivables and other bad debts), depreciation is set aside in order to adjust the amount of the receivable when entering potential resources.

4.3.6. Buildings held for sale

The building at 7 rue d'Argenteuil in Paris 1st district was reclassed as a building held for transfer; such a reclassification is carried out by the group in terms of IFRS 5 when the sale of an asset no longer has any unknowns and is carried out after the closing of the period but prior to the closing date of the books of the latter.

4.4. Equity

At 31 December 2012, the share capital is made up of 126,630,877 shares for a global amount of 17,206,397€, fully paid up. These are both nominal and bearer shares. On this date, treasury shares represent 1,532 shares for which the value on the balance sheet is zero which requires no restatement in terms of equity.

Moreover, the change in the share capital during the period is tracked in §1.1.

4.4.1. Description of the capital structure

The structure of the capital is as follows:

	Situation at 31/12/2012:			Situation at 31/12/2011:			Situation at 31/12/2010:		
Shareholding	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of cap-ital	% of voting rights
A.Duménil and controlled companies									
A. Duménil	137.000	0.11%	0.11%	137.000	0.11%	0.12%	4,330,000	3.92%	4.28%
Rodra Investissement	64,037,908	50.57%	50.57%	59,437,076	49.20%	51.62%	45,723,360	41.42%	45.19%
Acanthe Group									
Acanthe Développement	1.532	0.00%	0.00%	1.532	0.00%	0.00%	123.560	0.11%	0.00%
Surbak	0	0.00%	0.00%	5,681,209	4.70%	0.00%	0	0.00%	0.00%
Alliance 1995	0	0.00%	0.00%	0	0.00%	0.00%	9,081,578	8.23%	0.00%
Subtotal Acanthe Group	**1.532**	**0.00%**	**0.00%**	**5,682,741**	**4.70%**	**0.00%**	**9,205,138**	**8.34%**	**0.00%**
Subtotal Alain Duménil and controlled companies (including Acanthe Group)	**64,176,440**	**50.68%**	**50.68%**	**65,256,817**	**54.01%**	**51.74%**	**59,258,498**	**53.68%**	**49.47%**
PUBLIC									
Public	62,454,437	49.32%	49.32%	55,560,053	45.99%	48.26%	51,133,707	46.32%	50.53%
TOTAL	**126,630,877**	**100.00%**	**100.00%**	**120,816,870**	**100.00%**	**100.00%**	**110,392,205**	**100.00%**	**100.00%**

In addition, in February 2008 the PARIS HOTELS ROISSY VAUGIRARD (P.H.R.V) SA, which is a subsidiary of the Allianz 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 statements supplied by P.H.R.V (3/11/2011) mentioned 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 French Commercial Code and Article 223-18 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

Over the 2012 financial year, the capital was raised, through various movements, from 16,416,399 € represented by 120,816,870 shares to 17,206,397 € represented by 126,630,877 shares at 31 December 2012 (cf. § 1.1).

4.4.5. Share distributions

On 29 June 2012, the General Assembly retained a distribution of 0.09 € per share with an option to pay with shares. This distribution generates a reduction in consolidated equity of 9,129 K€. The gross distribution stood at 10,873 K€ and the reinvestment of shares proposed to shareholders generated an increase in capital and the issue premium of up to 1,744 K€.

4.4.6. Dilutive instruments

The plan for granting stock options decided by the Board of Directors of 28 August 2009 and specified by the Board of Directors of 31 December 2009, had granted 9,936,436 options at an exercise price of 1.24 €.

At 31 December 2012, there are still 4,896,436 options to be exercised before 28 August 2019. However, as the exercise price for the options (1.24 €) is substantially higher than the average price observed over fiscal 2012 (0.42€), no exercising of options was observed during this period.

The plan was not included in the calculation of diluted earnings; There are no other dilutive instruments.

4.4.7. Minority interests

Details on minority interests

Company	Minorities	% held	Reserves (in K€)	Results (in K€)
SOGEB (1)		33.33%	6.237	62
VENUS	ADC	1.07%	2.420	198
VENUS (2)	FIPP	1.60%	3.619	297
			12.276	**558**

(1) The share of minority interests in the shareholding of SOGEB was re-established at 33.33%. Indeed, the General Meeting of 10 July 2012 as such executing the judgment of the Court of First Instance of Paris from 13 October 2011 cancelled the increase in the share capital of 15 January 2009 which had then reduced the minority interests from 33.33% to 11.11% following their absence in subscribing to the capital increase. This adjustment resulted in an increase in the minority interests in SOGEB of 3,984 K€ which stand as such at 6,237 K€ (cf. § 9.3.2). The judgment of the Paris Court of Appeal of 22 January 2013 (cf. §9.3.2) against which the company Bruxys has appealed with the court of cassation, in particular pronounced the dissolution of SOGEB, as such, the liquidation operations subsequent to this decision will result in the distribution between the partners of the net situation and will generate a cash outlay for the group of 6.3 M€ to the benefit of the minorities.

(2) During the period, FIPP acquired the VENUS securities that FPN (ex ADT SIIC) held.

4.5. Provisions for risks and expenses

in thousands of €	31/12/2012	31/12/2011
Provisions for risks and expenses	129	4.101
TOTAL	**129**	**4.101**

The provisions for risks and expenses concern solely the provision for retirement indemnities for an amount of 129 K€ and allocated during the period of 11 K€;

The provision of an amount of 3,984 K€, allocated on 31 December 2011, and intended to cover the risk of a reestablishment of the minority interests of SOGEB for the amount at which they were prior to the capital increase of 15 January 2009, in accordance with the enforceable decision in the first instance of the Court of First Instance of Paris of 13 October 2011, was fully reversed. Indeed, the Annual Ordinary and Extraordinary General Meeting of 10 July 2012 of SOGEB formally noted the legal decision of 13 October 2011 cancelling the capital increase and re-establishing the minority interests at their former proportions.

4.6. Financial liabilities

4.6.1. Details of current and non-current financial liabilities

Liabilities in thousands of €	31/12/2012	31/12/2011
Non-current financial liabilities		
Loans and debts with credit institutions > 1 year	64,372	75,492
Liability derivatives		
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**64,372**	**75,492**
Current financial liabilities		
Loans and debts with credit institutions < 1 year	3,576	2,396
Miscellaneous borrowing	2,100	
Bank overdrafts		
Accrued interest	427	385
Liability derivatives		390
TOTAL CURRENT FINANCIAL LIABILITIES	**6,103**	**3,171**
TOTAL FINANCIAL LIABILITIES	**70,475**	**78,663**
Cash flow	4,552	1,754
NET DEBT	**65,923**	**76,909**

ACANTHE DEVELOPPEMENT took out a loan for 6,000 K€ with LIPO in order to finance the acquisition of a current account on FINANCE CONSULTING (cf. § 1.1), its balance of 2,100 K€ at 31 December is presented hereinabove in the "Miscellaneous borrowings" item. This loan was fully paid back in March 2013.

The outstanding remaining capital of loans and debts with credit institutions stood at 67,948 K€ at 31 December 2012. This amount is comprised of:

- fixed rate loans for 15,454 K€,
- fixed rate loans with an interest rate resetting deadline set at 5 years for the sum of 17,871 K€,
- fixed rate loans for 34,623 K€.

The table below presents the due dates, interest rate resetting periods and loan debt extinction dates for all contracts take out at 31 December 2012.

Buildings	Borrowings	Type of the rate	Date of change in rate	Ending date of loan	Interest rate	Shares				Outstanding capital due at 31/12/12
						<3 months	>3 months and <1 year	>1 year and <5 years	+5 years	
55 rue Charron	ING Lease	FIXED RATE	NA	Nov-2023	6.550%	80	257	1.859	13.258	15.454
Sub-total Fixed rate						**80**	**257**	**1.859**	**13.258**	**15.454**
2-4 rue de Lisbonne	Munchener Hypotenkenbank	EURIBOR 3 M+1.85%	Quarterly	May-2021	2.374%	95	293	1.807	11.861	14.056
rue François 1er	Crédit Foncier	EURIBOR 3 M+1.00 %	Quarterly	Nov-2017	1.960%	37	110	8.625		8.772
rue François 1er	Crédit Foncier	EURIBOR 3 M+1.00 %	Quarterly	Nov-2017	2.167%	17	51	3.719		3.788
rue de Surène	Crédit Foncier	EURIBOR 3 M+1.00%	Quarterly	June-2022	1.230%	43	138	943	5.566	6.689
quai Malaquais	Deutsche Pfandbriefbank	EURIBOR 3 M+0.90%	Quarterly	Oct-2019	2.492%		188	753	377	1.318
Sub-total Euribor						**192**	**780**	**15.848**	**17.803**	**34.623**
26 rue d'Athènes	Deutsche Pfandbriefbank	5 YEAR PEX +0.85%	01/2011	July-2021	3.680%		125	567	643	1.335
2 rue de Bassano	Deutsche Pfandbriefbank	5 YEAR PEX +1.05%	10/2008	Oct-2018	5.333%	257	771	4.597	9.797	15.421
7 rue d'Argenteuil	Deutsche Pfandbriefbank	5 YEAR PEX +0.85%	07/2011	July-2021	3.703%	1.115				1.115
Sub-total 5 year PEX						**1.372**	**895**	**5.164**	**10.440**	**17.871**
GRAND TOTAL						**1.644**	**1.933**	**22.870**	**41.501**	**67.948**

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 (rate of return for Pfandbreife, German mortgage bonds).

The term for the loan that financed the building at 7 rue d'Argenteuil in Paris 1st district, if fully positioned at less than three months, as the latter was repaid early at the time the building was transferred on 23 January 2013.

The rate SWAP financial instrument for which the notional was 20,000 K€, expired in June, at the opening of the period it represented a liability of 390 K€ for which the reversal formed financial income.

Derivative instruments at 31/12/2012:

Instruments	Due date	Notional at 31/12/2011 in K€	Value assessment on 31/12/2012 in K€ Liabilities	Value assessment on 31/12/2011 in K€ Liabilities	Change of valuation in K€
Swap CAP on slope 0% - 6.94%	June 2012	20,000		390	390

This derivative is recorded individually and appraised at its fair value based on income without resorting to hedge accounting.

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 2012:

in thousands of €	TOTAL	Due date at one year at most	Due date at more than 1 year and less than 5 years	Due date at more than 5 years
Miscellaneous loans and borrowings (1)	70,475	6,103	22,870	41,502
Deposits and guarantees	1,915	1,915	-	-
Supplier debts	2,827	2,827	-	-
Tax and social liabilities	1,034	1,034	-	-
Other liabilities	834	834	-	-
Other current liabilities	0	0	-	-
TOTAL	**77,085**	**12,713**	**22,870**	**41,502**

(1) including accrued interest (427 K€) at 31 December 2012.

The item “Tax and social liabilities” is composed of:

- Personnel expenses worth 306 K€,
- VAT payable upon cash receipts: 686 K€,
- Other taxes worth 43 K€.

The item "Other liabilities" is primarily made up of:

- Accounts payable for 309 K€ (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 for 182 K€, deriving from submission of accounts for tenant expenses,
- A debt linked to the acquisition by tendering the apartment in Ajaccio for 216 K€ which is opposed to a trade receivable on the asset side for the same amount

At 31 December 2011:

in thousands of €	TOTAL	Due date at one year at most	Due date at more than 1 year and less than 5 years	Due date 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 instruments - liability (390 K€) and accrued interest (385 K€) at 31 December 2011.

The item “Tax and social liabilities” is composed of:

- Personnel expenses worth 309 K€,
- VAT payable upon cash receipts: 588 K€,
- Liabilities on adjustment of rights to set up office for 1,234 K€,
- Registration fees on acquisitions of securities for 533 K€,
- Other taxes worth 49 K€.

The item "Other liabilities" is primarily made up of:

- Accounts payable for 279 K€ (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 for 204 K€, deriving from submission of accounts for tenants,

The liquidation operations of SOGEB could result in time by recognising the debt with regards to minority interests for 6.3 M€ (cf. §9.3.2 and 4.4.7)

Note 5. Reports on disclosure: income statement

5.1. Net income from real properties

Net income from property includes all products and costs directly related to the operating of these properties.

in thousands of €	31/12/2012	31/12/2011
Rents	7.280	8.052
Rebilled occupancy expenses	1.458	1.916
Global occupancy expenses	-2.967	-3.402
NET INCOME FROM REAL PROPERTIES	**5.772**	**6.567**

Over the year 2012, the group generated turnover of 8,738 K€ (7,280 K€ in rents and 1,458 K€ in expenses), compared to 9,968 K€ (8,052 K€ in rents and 1,916 K€ in expenses) over the year 2011 after restatement for transferred activities (contribution to the FIPP group) in 2011, which is a decline of 12.34%. This drop is primarily due to the transfer during financial year 2012 of the building at rue Boissière and on the other hand to the presence over a portion of financial year 2011 of rents for buildings at 23 bd Poissonnière and 10 rue d'Uzès in Paris (16th district) transferred on 16 May 2011.

The change in rents on a like-for-like basis, concerning the buildings already held by the group at the previous closing, is:

	31/12/2012	31/12/2011	Change	Change in %
Rents	6.638	6.012	+626	+10.41%

This increase is primarily due to the installation of new lessees, especially in the building on rue François Ier: following the restructuring work that was completed in 2012, the building is now fully rented, with effective date of 1 November 2012 for the latest lease signed (Nina Ricci). Also note the arrival of new lessees in buildings on rue de Surène, rue de la Banque and rue d'Argenteuil in Paris.

The impact of these new leases on revenue exceeds 1,000 K€.

The few departures of lessees especially in the buildings on rue Pierre Charron and rue de Lisbonne resulted in a decrease in revenue between 2011 and 2012 (-179 and -20 K€).

The effect of the global indexing of rents at 31 December 2012 stood at 4,67% against 3.45% at 31 December 2011.

Unbilled building expenses (1,509 K€) corresponding to expenses that by nature are not rebillable (at the owner's expense) or not rebilled due to the vacancy.

5.2. Operating income

Operating income is defined as the difference of all of the expenses and income that do not result from financial activities, negative goodwill, transferred activities and taxes, in accordance with the CNC recommendation 2009-R03.

in thousands of €	31/12/2012	31/12/2011
Personnel expenses	(1.067)	(2.489)
Other overhead costs	(3.540)	(2.607)
Other earnings and other expenses	(3.868)	312
Change in value of investment property.	13.618	7.059
New reserves for other depreciation and provisions	(483)	(4.241)
Renewed reserves for other depreciation and provisions	4.046	168
Operating Expenses	**8.706**	**(1.798)**
Operating income before disposals	**14.477**	**4.769**
Income from disposal of investment properties	2.545	(384)
Operating Income	**17.022**	**4.385**

At the end of December 2012, operating income excluding income from disposal of investment properties was 14,477 K€ compared to 4,769 K€ for the period 2011 which is an improvement of 9,708 K€. The main components in this change are:

- the change in the fair value of investment properties of 13,618 K€ in 2012 compared to an increase of 7,059 K€ in 2011 which is a positive change of 6,559 K€;
- the change in the provision for risk related to the minority interests of SOGEB (cf. §4.5), indeed, in 2011, this provision had been allocated for 3,984 K€ then was fully reversed in 2012,

- other expenses increased 4,180 K€. These record for 3 984 K€ the cancellation of the badwill that was recognised during the capital increase in SOGEB (2,788 K€) and in the group's reserves reallocated to minority interests (1,196 K€); this expense was covered by a provision for risks from the previous close-out which was reversed over the period (Cf. supra).
- personnel expenses decreased 1,422 K€ due in particular to the recognition in 2011, in accordance with IFRS 2, of the expense linked to granting the free shares granted in 2007 for which the period of acquisition was four years for 1.3 M€. The expense recognised was booked against consolidated reserves. In 2012, there was no longer any effect of expenses in the granting of free shares.
- other overhead costs increased 933 K€. These in particular include registration fees for 1 M€ related to the acquisition of the securities of the SCI of HOTEL AMELOT by SIN from IMOGEST.

Income from disposal of investment properties is a profit of 2,545 K€. The details of the results from transfers is indicated in Note 5.4 hereinbelow.

5.3. Net result

in thousands of €	31/12/2012	31/12/2011
Operating income	**17.022**	**4.385**
Cash flow and cash equivalents	116	(3.610)
Cost of gross financial debt	(3.142)	(4.100)
Cost of net financial debt	(3.026)	(7.711)
Other financial earnings and expenses	1.289	558
Earnings before taxes	**15.286**	**(2.768)**
Negative goodwill		
Tax expense	(22)	(64)
Income from transferred activities		1.909
Net result	**15.263**	**(923)**
Group share	14.705	(1.087)
Share of minority shareholders	558	164

The "Cash flow and cash equivalents" item recorded in 2011 the impairment for the FIPP shares for -2,936 K€; the impact of the valuation of the FIPP securities that were still held is in 2012 -76 K€.

The "Other financial earnings and expenses" record in particular for this period:

- for 1,021 K€ the interest in arrears obtained on the reimbursement of the Government Treasury for an Exit Tax debt;
- for 172 K€ the dividends collected from BASSANO DEVELOPPEMENT in which ACANTHE DEVELOPPEMENT has a minority interest;
- for 76 K€ in interest in arrears obtained from the Government Treasury on an VAT adjustment on margin.

Net earnings - Group share is a profit of 14,705 K€ at 31 December 2012 compared to a loss of 1,087 K€ at 31 December 2011.

5.4. Income from disposal of investment properties

2012 financial year:

The transfer of the building at 77 rue de Boissière in Paris 16th district that was carried out under favourable conditions generated a profit of 2,930 K€ moreover, the transfer of the last five lots of the building at 21 Bd Poissonnière in Paris 2nd district generated a result of -385 K€, which is 6% of the consolidated net value of 6,390 K€. These results take into account all expenses and earnings deriving from the disposals, particularly selling fees and legal fees.

2011 financial year:

Disposal of properties located at:

- 23, Bd Poissonnière and 10, rue d'Uzès in Paris 2nd district,
- 7, rue des Guillemites in Paris 4th district,
- 15-17 avenue Jean Jaurès in Ivry sur Seine,
- The Planche Brulée building 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 8th district,
- the lot held in tour Atlantique at la Défense (92),
- the last lot on rue Le Marois in Paris 16th district,
- the lot held at 25, rue de La Boétie in Paris 8th district,
- The lots held at 21, Bd Poissonnière in Paris 2nd district,
- A carpark in the PARIS NORD Business Centre at Blanc Mesnil (93).

generated as disposal results, a capital loss of 384 K€. These results take into account all expenses and earnings deriving from the disposals, particularly selling fees and legal fees.

5.5. Checking tax expenses

in thousands of €	31/12/2012	31/12/2011
Net consolidated result	**15.263**	**-923**
Corporate income tax	-22	-64
Earnings before taxes	**15.285**	**-859**
French taxation rate	33.33%	33.33%
Theoretical tax charge or income	**-5.094**	**286**
Restatement of foreign company accounts	-9	-386
Other restatements and slippages	1.154	5.871
Untaxed income (SIIC regime)	5.739	4.238
Other tax items	-1.812	-10.073
Tax charge or income in the results	**-22**	**-64**

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.

5.6. Income from transferred activities

There was no activity transferred in 2012.

During fiscal 2011, the specialising of ACANTHE DEVELOPPEMENT group in QCA (Central Business District) real estate and the contribution during the year to FIPP of other properties had characterised in the sense of IFRS 5, a discontinued activity.

Net earnings from transferred activities stood at 1,909 K€ and can be analysed as follows:

in k€	31/12/2012	31/12/2011
Earnings after tax from transferred activities	0	1.284
Tax on earnings from transferred activities		
Disposal results on transferred activities	0	625
Tax on earnings from the transfer of transferred activities		
Earnings after tax from transferred activities	**0**	**1.909**

■ Note 6. Operating segments

The Group generated all of its turnover in the Euro zone from the real estate sector.

At 31 December 2012, the Group boasted real property holdings spanning a total surface area of 24,510 m² (24,004 m² at 31 December 2011) broken down as follows:

	Breakdown by type		Geographical breakdown		
in m²	31-Dec-12	31-Dec-11	% established according to m²	31-Dec-12	31-Dec-11
Offices	16,257 m²	15,392 m²	Paris	80%	93%
Housing	1,072 m²	1,246 m²	Paris region (outside Paris) (2)	7%	7%
Business premises	3,778 m²	5,649 m²	Province	1%	0%
Others (1)	3,403 m²	1,718 m²	Abroad (3)	12%	0%
TOTAL	**24,510 m²**	**24,004 m²**	**Total**	**100%**	**100%**

(1) This is, on the one hand, a building purchased in October 2010 and which is going to be restructured; the distribution of the surface area of this building into offices, commercial premises and apartments is not yet final, on the other hand, the land of 1,685 m² on avenue Joffre in Nanterre, previously classed as "Commercial premises" now appears in the "Miscellaneous" section.

(2) The only property still held in the Paris area is the land on avenue Joffre in Nanterre (under an agreement).

(3) The real estate property of FINANCE CONSULTING and TRENUBEL, which came into the scope this period, forms the only property located abroad (3,043 m²).

Real estate assets (a) by geographical sector in K€	
Paris	257.282
Paris region	1.100
Province	675
Abroad	6.000
	265.057
Other non-chargeable assets (b)	21.841
Total assets	**286.897**

(a) details of real estate assets	
Investment property	250.027
Buildings in tangible assets	6.050
Buildings in inventory	475
Buildings held for sale	8.505
	265.057

(b) These are non-real estate assets. These are covered in Notes 4.1.2 and 4.2

At 31 December 2012:

Income statement by line of business at 31 December 2012

in K€	Offices	Business premises	Hotels	Housing	Non-chargeable	TOTAL
Rents	5.357	1.378		545	-	7.280
Rebilled occupancy expenses	1.199	135		125		1.458
Global occupancy expenses	(2.234)	(326)		(286)	(122)	(2.967)
Net income from real properties	**4.322**	**1.187**	**-**	**384**	**(122)**	**5.772**
Income from real property development	-	10	-	-	-	10
Expenses from real property development	-	(1)	-	-	-	(1)
Changes in real property stocks	-	(10)	-	-	-	(10)
Net income from real property development	**-**	**(1)**	**-**	**-**	-	**(1)**
Income from other activities	-	-	-	-	-	-
Personnel expenses (1)	(708)	(164)	-	(47)	(148)	(1.067)
Other overhead costs (2)	(2.348)	(546)	-	(155)	(491)	(3.540)
Other earnings and expenses (3)	217	23	-	3	(4.111)	(3.868)
Change in value of investment properties (4)	9.500	2.953	-	343	822	13.618
New reserves for other depreciation and provisions	(411)	(12)		22	(82)	(483)
Renewed reserves for other depreciations and provisions (5)	46		-	16	3,984	4.046
Income from disposal of investment properties	1.671	305		569		2.545
Cash income	77	18	-	5	16	116
Cost of gross financial debt	(2.084)	(484)	-	(137)	(436)	(3.142)
Other financial earnings and expenses	855	199	-	56	179	1.289
Earnings before taxes	**11.137**	**3.478**	**-**	**1.059**	**(389)**	**15.286**
Corporate income tax	-	-	-	-	(22)	(22)
Disposal results on transferred subsidiaries	-	-	-	-	-	-
Net result	**11.137**	**3.478**	**-**	**1.059**	**(411)**	**15.263**

(1) Personnel 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 other expenses which cannot be allocated are, for 3,983 K€, the expense for re-establishing the minority interests (Cf.§ 9.3.2).

(4) The change in the value of investment property that cannot be allocated concern land as well as investment properties for which the characteristics do not correspond to an identified operating sector.

(5) The reversal of the provision that cannot be allocated concerns the risk of re-establishing the minority interests for which a provision was booked in 2011 (Cf.§4.5)

Balance sheet data by line of business at 31 December 2012

in K€	Offices	Business premises	Hotels	Housing	Non-chargeable	TOTAL
Assets						
Investment property	145.364	71.070	-	11.882	21.710	250.027
Tangible assets: Bassano QP administrative offices	6.050	-	-	-	-	6.050
Real property stocks	-	-	-	475	-	475
Buildings held for sale	4.689	1.535		2.281	0	8.505
Liabilities						
Non-current financial liabilities	44.458	18.784	-	1.130		64.372
Current financial liabilities	4.596	593	-	487	428	6.103

Non-allocatable asset items are constituted primarily of land and the building under restructuring and in the process of allocation.

The unchargeable items in the liabilities are bank overdrafts and related items, and the fair value of the derivative.

Acquisition of identifiable assets at 31/12/2012

in K€	Offices	Business premises	Hotels	Housing	Non-chargeable	TOTAL
Investment property (land)	-	-	-	-	200	200
Real property stocks				475		475

Financial statement by geographical location at 31 December 2012

in K€	Paris	Paris Region outside of Paris	Province	Abroad	Non-chargeable	TOTAL
Rents	7.249	30	-	-	-	7.280
Rebilled occupancy expenses	1.421	38	-	-	-	1.458
Global occupancy expenses	(2.811)	(3)	-	(153)	-	(2.967)
Net income from real properties	**5.859**	**65**	**-**	**(153)**	**-**	**5.772**
Income from real property development	10	-	-	-	-	10
Expenses from real property development	(1)	-	-	-	-	(1)
Changes in real property stocks	(10)	-	-	-	-	(10)
Net income from real property development	**(1)**	**-**	**-**	**-**	**-**	**(1)**
Income from other activities	-	-	-	-	-	-
Personnel expenses (1)	(854)	(73)	(8)	(132)	-	(1.067)
Other overhead costs (2)	(2.832)	(243)	(25)	(440)	-	(3.540)
Other earnings and expenses (3)	223	24	2	43	(4.160)	(3.867)
Change in value of investment property.	13.618	-	-	-	-	13.618
New reserves for other depreciation and provisions	(345)	-	(56)	(11)	(71)	(483)
Renewed reserves for other (4) depreciations and provisions	62	-	-	-	3.984	4.046
Income from disposal of investment properties	2.545	-	-	-	-	2,545
Cash income	93	8	1	14	-	116
Cost of gross financial debt	(2.514)	(216)	(22)	(390)	-	(3.142)
Other financial earnings and expenses	1.031	89	9	160	-	1.289
Earnings before taxes	**16.885**	**(346)**	**(99)**	**(909)**	**(247)**	**15.286**
Corporate income tax	-	-	-	-	(22)	(22)
Disposal results on transferred subsidiaries	-	-	-	-	-	-
Net result	**16.885**	**(346)**	**(99)**	**(909)**	**(269)**	**15.264**

(1) Personnel 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 other expenses which cannot be allocated are, for 3,983 K€, the expense for re-establishing the minority interests (Cf. § 9.3.2).

(4) The reversal of the provision that cannot be allocated concerns the risk of re-establishing the minority interests for which a provision was booked in 2011 (Cf. §4.5).

Balance sheet data by geographical location at 31 December 2012

in K€	Paris	Region outside of Paris	Province	Abroad	Non chargeable	TOTAL BALANCE SHEET
Assets						
Investment property	242.727	1.100	200	6.000	-	250.027
Tangible assets: Bassano QP administrative offices	6.050	-	-	-	-	6.050
Real property stocks		-	475	-	-	475
Buildings held for sale	8.505					8.505
Liabilities						
Non-current financial liabilities	64.372	-	-	-	-	64.372
Current financial liabilities	3.576	-	-	2.100	427	6.103

The unchargeable items in the liabilities are bank overdrafts and related items, and the fair value of the derivative.

The loan of 2,100 K€ allocated to the building in Brussels is with a French company, subsidiary of the FIPP group.

Acquisition of identifiable assets at 31/12/2012

in K€	Paris	Paris Region outside of Paris	Province	Abroad	TOTAL
Investment property	-	-	200	-	200
Real property stocks			475		475

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	-	-	-	-	-	-
Personnel 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 depreciation 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)
Disposal results on transferred subsidiaries (4)	-	-	-	-	1.909	1.909
Net result	**(666)**	**(1.632)**	**12**	**890**	**471**	**(923)**

(1) Personnel 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 change in the value of investment property that cannot be allocated concern land as well as investment properties for which the characteristics do not correspond to an identified operating sector.

(4) Disposal results on transferred subsidiaries is explained in § 5.7. the notes to the consolidated 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 unchargeable items in the assets are mainly made up of land.

The unchargeable 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 property	-	-	-	-	-	-

The acquisitions for the period were transferred during the period therefore their value in the consolidated financial statements at 31 December 2011 is zero (cf. note 4.1.1 of the Notes to the consolidated financial statements at 31 December 2011).

Income statement by geographical location at 31 December 2011

in K€	Paris	Region outside of 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	-	-	-	-	-	-
Personnel 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
Change in value of investment property.	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)
Disposal results on transferred subsidiaries (3)	15	710	1,053	132		1.909
Net result	**2.369**	**45**	**639**	**132**	**(4.107)**	**(923)**

(1) Personnel 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) Disposal results on transferred subsidiaries is explained in § 5.7. the notes to the consolidated financial statements at 31 December 2011.

Balance sheet data by geographical location at 31 December 2011

in K€	Paris	Region outside of 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 unchargeable 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	Region outside Paris	Province	Abroad	TOTAL
Investment properties	-	-	-	-	-

The acquisitions for the period were transferred during the period therefore their value in the consolidated financial statements at 31 December 2011 is zero (cf. note 4.1.1 of the Notes to the consolidated financial statements at 31 December 2011).

Note 7. Off-balance sheet commitments

The Group's internal or external commitments were as follows:

7.1. Off-balance sheet commitments deriving from the Group's scope of consolidation

7.1.1. Commitments given

Off-balance sheet liabilities deriving from the Group's scope of consolidation	Key features (type, date, equivalent)	31/12/2012 in K€	31/12/2011 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. Commitments received

Off-balance sheet assets deriving from the Group's scope of consolidation	Key features (type, date, equivalent)	31/12/2012 in K€	31/12/2011 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 thousands of euros	31/12/2012	31/12/2011
Guarantees provided for financial institutions	52.856	56.501
Mortgage registrations on real properties acquired Amount of outstanding loan plus a coefficient 1.2	82.446	94.548
Collateral for commercial rents	68.705	78.790

To the mortgages formalised hereinabove, is added the promise of a first-demand mortgage as a guarantee for the loan granted by LIPO (Cf. § 1.2) for which the outstanding capital at 31 December 2012 is 2,100 K€ and which was fully repaid during the 1st quarter of 2013.

Period of commitments

In thousands of euros	Total at 31/12/2012	at less than one year	from 1 to 5 years	more than 5
Guarantees provided	52.856	3.629	9.655	39.572
Mortgages	82.446	4.443	13.803	64.200
Collateral for commercial rents	68.705	3.702	11.502	53.500

The commitment periods are aligned with the loan periods.

Collateral, Guarantees and Sureties:

Companies with guaranteed shares or stock	Name of shareholder or partner	Beneficiary	Starting date	Due date	Number of stocks or common shares guaranteed	% of Capital guaranteed.
BASNO	VENUS	DEUTSCHEPFANDBRIEFBANK	13/08/2003	01/10/2018	100	100%
BASNO has pledged of the FONCIERE DU ROCHER securities	VENUS	DEUTSCHEPFANDBRIEFBANK	29/09/2003	01/10/2018	2,801,000	100%
BALDAVINE	ACANTHE DÉVELOPPEMENT AND VELO	MUNCHENER HYPOTHEKEN BANK	20/05/2011	19/05/2021	4.676	100%

Securities are pledged against the amount of the capital remaining to be paid on the loans concerned.

OTHER OFF-BALANCE SHEET LIABILITIES (in K€)		
TYPE	31/12/2012	31/12/2011
Collateral for mutual monetary funds or financial instrument accounts on behalf of banks	76	1.563
Collateral for fixed term deposits and interest-bearing accounts on behalf of banks	210	725

Other commitments

A transfer agreement and insurance indemnities were taken by BALDAVINE benefitting MUNCHENER HYPOTHEKEN BANK (building at 2/4 rue de Lisbonne in Paris).

In addition, concerning the same loan BALDAVINE has agreed to not transfer the building that it holds without approval from the lender and to maintain:

- an interest coverage ratio (ICR ratio) at a level greater than or equal to 145% during the first five years of the loan and at 165% for the remaining duration,
- a debt service cover ratio (DSCR ratio) at a level greater than or equal to 101% throughout the entire duration of the loan,
- a loan-to-value ratio for the buildings (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. Commitments received

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 for 1 318 K€.

7.3. Off-balance sheet commitments from the Group's core operations

7.3.1. Commitments given

Registrations of "Treasury preferential rights" were made against a number of companies belonging to the ACANTHE DEVELOPPEMENT Group to guarantee contentious taxes amounting to 12,616 K€ at 31 December 2012 (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 thousands of euros	31/12/2012	31/12/2011
Mortgage registrations on real properties (1)	22.956	38.505

The amounts related to this assumption break down as follows:

In thousands of euros	Total at 31/12/2012	at less than one year	from 1 to 5 years	more than 5 years
Mortgages	22.956	0	0	22,956

(1) Of which 13,876 K€ concerning buildings which were the property of FIG and which became, following the publication of the asset transfer agreement, the property of SNC VENUS which has no debt with the tax authorities.

The decrease in the amount of the mortgages taken by the Government Treasury in relation to 31 December 2011 can be explained in particular by the releases obtained, during fiscal 2012, following favourable judgments in the framework of the tax disputes.

7.3.2. Commitments received

NA

■ Note 8. Risk exposure

The exposure to the risks and to the factors of uncertainty and the management of the latter are explained in Notes 2.3 et 2.4 of the management report for the accounts of fiscal 2012.

■ Note 9. Other Information

9.1. Restated net assets

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 economic and financial crisis that rocked the global economy as from the 2nd half of 2008 has particularly reinforced the special emphasis that the Group has already been laying on appraising the fair value of its properties, given that, by virtue of the Group's core activities, these properties have a considerable incidence on the financial statements.

2012 was in line with the last few quarters of 2011 showing lifeless growth. With no real engine for the economy, the situation should not see any major changes in 2013.

However, the monetary policy in the euro zone remains very accommodating, with a main refinancing rate of 0.75%. The year 2012 was a good year for the French stock market with +15% growth in the CAC40 index, although it has not reached its pre-crisis level. As such, if the economic situation remains difficult, 2013 could be a pivotal year in terms of present and future challenges: coming out of the crisis, reduction in public debt, structural reforms...

- **The Investment Market in 2012:**

The year 2012 closed out with a significant volume of about 14.5 billion euros invested in company real estate.

As in 2011, to the role of an engine played by certain traditional stakeholders in the French market (insurers, SCPI, OPCI) was added a few newcomers with substantial investment capacities, confirming the attractiveness of the French market on the international stage.

Nevertheless, investor interest for the French market continues to assert itself under the angle of high selectivity in asset allocations.

The market's resistance can be explained in particular by the signing of major transactions (38 operations exceeding 100 million euros) which sustained the volume all throughout the year. AT the other end of the scale, the small transaction segment remained dynamic while the intermediate slots went through an air pocket.

The Paris area market concentrates 75% of the total amounts invested in France. Paris captures 64% of the commitments in Ile de France and totals 6.8 billion euros invested (of which the Central Business District – QCA- for 3.8 billion euros), which is al all-time record for the capital and an increase of 26% compared to 2011.

The market is still dominated by acquisitions of office space which represented 70% of the investments in 2012.

The "premium" rates of return amount for 2012 to about 4.25% for the best commercial properties in Paris QCA.

With regards to the residential sector, activity on the high-end market is continuing its good momentum and appears rather oblivious to the ups and down of the economic situation. The interest of well-off clients is still increasing, despite the sharp increases on prices on the "premium" markets that are extremely tight.

Investments in commercial properties in France have been practically stable for three years around 3 billion euros. In Ile de France, they recorded their best performance in 2012 exceeding the record year of 2010 (1.7 billion euros).

The beginning of the year however did not get off to a good start, but activity increased over the months, with a fourth quarter which alone accounted for 44% of the total volume. As over all of the company real estate markets, activity was driven by the return of major transactions: 12 operations over 80 M€, totalling 65% of the volumes committed.

Investors were caution in choosing the location, preferring boutiques at the foot of buildings and shopping arcades in the town centre (60% of the volumes recorded) to the detriment of the periphery.

The "premium" rate for the capital was stabilised at the end of the year, bottomed out at 4% for boutiques compared to 4.5% at the end of 2011.

- **The Rentals Market in 2012:**

In 2012, demand for the Paris area was 2,245 million m², which is a decline limited to 8% compared to 2011.

In the Paris Central Business District, the most active sector in Paris, the volume of transactions declined 13% over one year but was corrected somewhat in the 4th quarter of 2012.

In Paris, nominal rents are decreasing everywhere except in Paris QCA which is resisting with a change that is still slightly positive. But note that, in a difficult market, transparency in transactions is no longer relevant. Although maintaining posted rents is still a institutional clients, the economic rent is the one taken into consideration by the users, ready if need be to widen their field of prospection: granted franchises and fittings are in full swing.

The market for commercial premises is split in two, with "premium" directions and no. 1 on one side, and the secondary direction on the other. Stores are favouring the "premium" locations of the town centres, at the heart of the catchment areas and established pedestrian flows. Indeed, these zones are benefitting from increased demand for new stores that want to install a "flagship", and also stores that are looking to rationalise their points of sale benefitting from the best locations.

In Paris, the best locations are rare and highly sought, in particular for luxury and high-end brands. The major "mass market" stores are also very selective. As such, "premium" values are driven upwards in the "Golden Triangle", such as the avenues of Champs Elysées, Montaigne and Georges V.

- **2013 Outlook:**

The economic outlook remain sombre for 2013. However, the French real estate market in 2012 demonstrated its ability to resist despite a highly degraded economic context.

2013 should therefore be a pivotal year: France will without a doubt remain, through liquidity, securitisation and the depth of its market, attractive for international investment capital. Credit could also return to the scene in a targeted manner. But the economic context risks to continue bearing down on the inclinations to open for many investors who will still favour the "premium" wondering about the drying up of the offer in quality products.

(Source: CBRE –Crédit Foncier Immobilier)

• **The Group's property assets:**

Other than the buildings undergoing restructuring (rue Bizet, rue Vieille du Temple, Brussels) and that on rue Bassano mainly occupied by the group and related companies, the assets of the ACANTHE DEVELOPPEMENT group have a good occupancy rate (90%).

As such, the group has had an increase in its turnover on a like-for-like basis of nearly 11%.

This increase is primarily due to the installation of new lessees, especially in the building on rue François 1er: following the restructuring work that was completed in 2012 (only the interior fittings work remains to be finalised), the building is now fully rented, with effective date of 1 November 2012 for the latest lease signed (Nina Ricci). Also note the arrival of new lessees in buildings on rue de Surène, rue de la Banque and rue d'Argenteuil in Paris.

The impact of these new leases on revenue exceeds 1,000 K€.

There were a few departures of lessees especially in the buildings on rue Pierre Charron and rue de Lisbonne, which resulted in a decrease in revenue between 2011 and 2012 (-179 K€ and -20 K€).

But, the group's strategy to recentre its assets and to focus on high-end properties has proven to be effective: indeed, the properties left vacant in 2012 found takers immediately, and these buildings were once again fully occupied at the beginning of 2013.

During fiscal 2012, the group disposed of assets for 22,615 K€ including in particular:

- In the building at 21, boulevard Poissonnière, Paris 2nd district, currently being divided for individual sales, the last five lots for 6,005 K€.
- The building at 77 rue Boissière, Paris 16th district for 16,600 K€;

During the 4th quarter of 2012, the group signed a sales agreement for the mixed-use building (offices, commercial premises, apartments) located on rue d'Argenteuil (75001). The building was sold in January 2013 for a net price of 8.8 M€.

With regards to acquisitions, ACANTHE DEVELOPPEMENT in April 2012 acquired from FIPP the company FINANCE CONSULTING and its subsidiary, TRENUBEL, owners of a prestigious mansion house with a rental surface area of 3.043 m² located in Brussels. FINANCE CONSULTING was indeed planning to transform this building into a luxury hotel, its shareholder FIPP then contacted ACANTHE DEVELOPPEMENT, in a better position to finance this development project.

At the end of the year 2012, the group also acquired a company which owns 2 minor pieces of real estate (200 K€ and 500 K€), of which one acquired as trading goods.

This year, as recommended by the AMF, the Group has rotated its real estate valuation experts.

The Group's portfolio underwent appraisals carried out by CREDIT FONCIER EXPERTISE and valued on the date of 31 December 2012.

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.

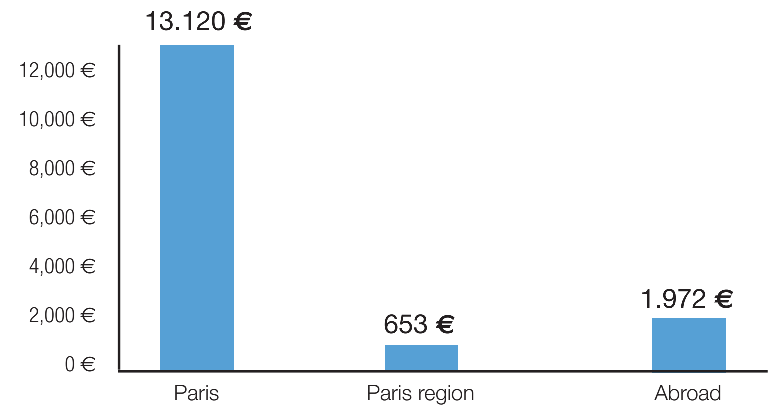
For any properties which, at 31 December, were the subject of sales agreements or accepted offers signed by the Group, the transfer price was taken as their value.

The group's assets are estimated to be 265,057 K€. This is comprised of 150,425 K€ in offices, 78,714 K€ in commercial premises, 15,306 K€ in residential buildings and 655 K€ in carparks to which is added 19,755 K€ corresponding to the mansion house on rue Vieille du Temple acquired in October 2010 and which is going to be restructured into offices, commercial premises and possibly apartments as well as land for 200 K€. In terms of surface area, offices represent 16,257 m², commercial premises represent 3,778 m², and the residential sector represents 1,072 m². Unallocated surface area represents 3,403 m², of which the building being restructured represents 1,718 m² and 1.685 m² for the land in Nanterre.

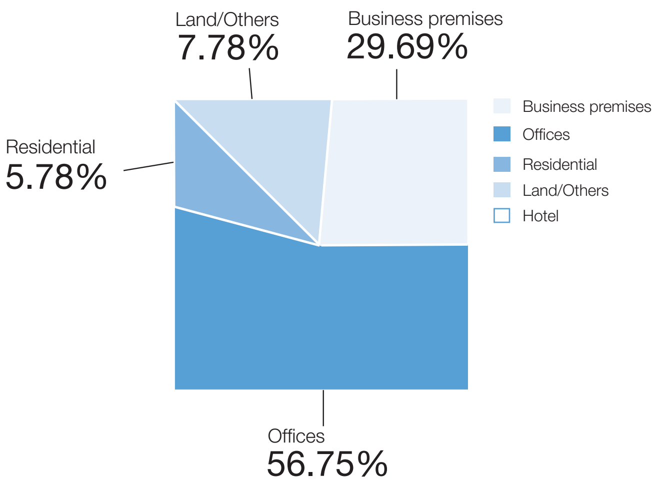
The appraisals on the property of the ACANTHE DEVELOPPEMENT group generated, compared to 31 December 2011, and on a like-for-like basis, an increase of 5.54 %.

The following average values per m² emerge from these appraisals:

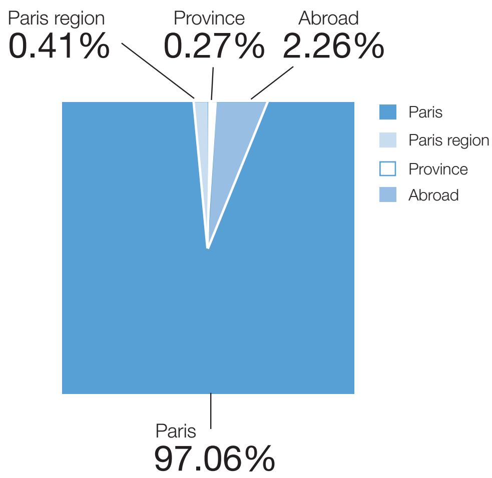
Value per m²



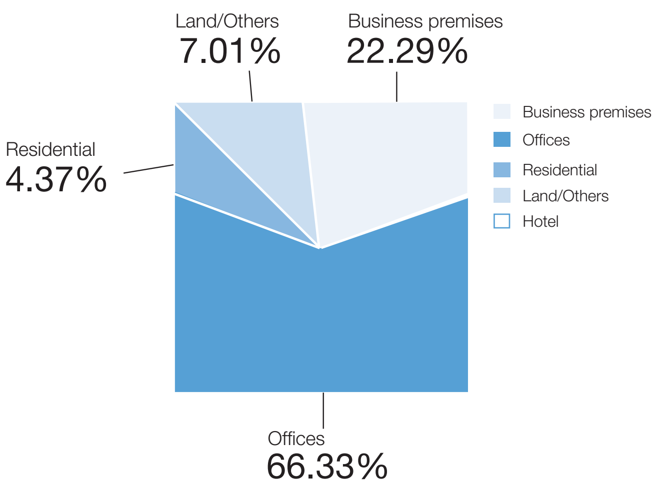
Type of Property in value



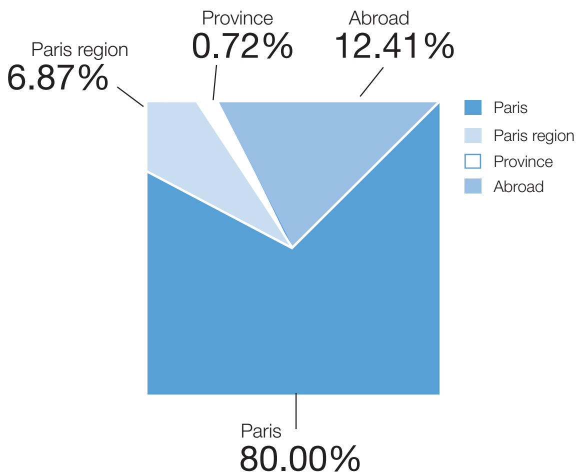
Breakdown of Property (value per geographical location)



Type of Property in M²



Breakdown of Property in M²



In view of this fact, the Group's net financial situation, therefore amounts to 196.849 K€. In calculating the Net Asset Value (NAV), the treasury stock amount (shares) has been added and the acquisition value has been deducted from shareholders' equity at fair value. The Restated Net Assets, excluding fees, was thus determined at 31 December 2012:

In K€	
Consolidated equity	196.849
Goodwill on inventory	25
Treasury stock:	0
Net Asset Value at 31/12/2012	**196.874**

Number of shares at 31/12/2012 **126,630,877**

- NAV: 1.555 € per share

At 31 December 2012, dilutive instruments are not taken into account. Indeed, the second envelope of free shares was acquired in July 2011. The last share subscription warrants that were still in circulation matured on 31 October 2011.

There are 4,896,436 stock options (to be exercised no later than 28 August 2019) granted in August 2009 at a subscription price of 1.24 € per share. Their exercise was not however taken into account due to the little interest that this exercise represents for the beneficiary with regards to the stock market price (closing price at 31 December 2012: 0.42 €).

In comparison, the Restated Net Assets at 31 December 2011 stood as follows:

In K€	
Consolidated equity	188.622
Treasury stock:	
- 5,682,741 shares	9.310
Net Asset Value at 31/12/2011	**197.932**

Number of shares at 31/12/2011 **120,816,870**

- NAV: 1.638 € per share

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

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

Their exercise was not however taken into account due to the little interest that this exercise represents for the beneficiary with regards to the stock market price (closing price at 31 December 2011: 0.50 €).

9.2. Tax status

In the ACANTHE DEVELOPPEMENT group, two companies form a fiscal integration group of which the head is FONCIERE ROMAINE.

Its fiscal deficits, particularly the portion under the (non-SIIC) taxable regime is broken down as follows:

	31/12/2012 in K€	31/12/2011 in K€
Allowable loss carry-forwards	48.884	44.304
Long-term capital losses	-	-
Total	**48.884**	**44.304**

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 tax debits were charged to the non-SIIC results The latter will be marginal in light of the Group's primarily real estate activity. In addition, the government has taken measures to ceiling the charging of prior deficits on future profits (100% up to 1M€ and 50% above 1 M€). The 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. Possible liabilities and disputes

9.3.1. Tax disputes

Following several tax audits regarding the financial years from 2002 to 2005, the French tax authorities sent to various companies in the group including ACANTHE DEVELOPPEMENT proposals for a correction resulting in back taxes for a total principal amount of 9.27 M€ (excluding interest of 0.92 M€ and surcharges of 3.81 M€).

These amounts are to be reduced to an estimated amount of 5.22 M€ (excluding interest of 0.45 M€ and surcharges of 0.94 M€) in light of the discharge for a portion of the disputed taxes as ruled by the Administrative Court of Paris (see hereinafter), with the tax authorities appealing however the aforementioned favourable rulings.

The corrective proposals put forth by the tax authorities primarily questioned, for a significant portion of the aforementioned back taxes, namely 6.08 M€ (excluding interest of 0.56 M€ and surcharges of 2.99 M€) and in terms of prior periods with the option for the SIIC exemption tax regime the principle of non-taxation of the dividends in the framework of the parent-daughter regime, and therefore the right to have the dividends collected benefit from the regime of the parent companies.

It is for a fraction of the taxes mentioned in the preceding paragraph that, via several rulings of 5 July 2011, the Administrative Court of Paris – meeting in full sessions and handing down on the same day four clearly motivated identical decisions – upheld the request of ACANTHE DEVELOPPEMENT and released it from the additional disputed taxes as well as the related penalties charged to it for the fiscal years 2002 and 2003 and for a fraction of the taxes and penalties charged to it for fiscal year 2005 by confirming the eligibility of the dividends collected for the tax exemption provided for in the framework of the parent-daughter regime.

The taxes and penalties relating to fiscal 2004 and the balance of taxes and penalties concerning fiscal 2005 are the object of a separate proceeding and are still pending with the Administrative Court of Paris.

The Administrative Court of Paris also sentenced the State to pay 1,500 euros to ACANTHE DEVELOPPEMENT in terms of Article L. 761-1 of the French Code of Administrative Justice, which underlines the weight given to the analysis defended by the company.

The tax authorities appealed these rulings with the Administrative Court of Paris. Nevertheless, the ruling under dispute remains immediately executable and the administration has already recovered and remitted a portion of the taxes for which the Administrative Court has pronounced discharge.

The administration has also proceeded in partially releasing the guarantees taken for the taxes in question.

Moreover, the Administrative Appeals Court of Paris has rendered in identical proceedings relief decisions setting to this day jurisprudence in the matter (Rulings FINANCIERE MN, KERRY).

For information, the position defended by the tax authorities in that it could moreover result in double taxation for the same profits of a company, once when they are generated, and a second time at the stage when they are distributed to the associates or partners, fuelled strong criticism, entailing companies established within the space of the European Union. If this taxation were to be maintained, it would be submitted to censure of the Court of Justice of the European Union.

The position of the French tax authorities also appeared and 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 proceedings with GOLDFARB and AXA, 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 companies in which are held the investments in question are inactive, whereas the law defining 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 for abuse of power, 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, the proposals for correction sent to ACANTHE DEVELOPPEMENT questioned the valuation of the AD CAPITAL shares distributed as dividends in kind for an amount of 15.6 M€ as a base of which a portion is taxed in terms of long-term capital gains, which results in back taxes in principal for an amount of 3.4 M€. ACANTHE DEVELOPPEMENT had valued these securities based on the Net Asset Value (NAV) and the Tax Authorities is proposing other methods which were contested by the Company and its advisors, the firm CMS Bureau Francis Lefebvre, in their response to the correction proposal.

On 07 July 2008, the departmental representative of the French tax authorities met the company's counsel, CMS Bureau Francis Lefebvre, and, following the meeting, the authorities, although confirming the principle of the challenge to the initial valuation method, accepted some of the submitted elements for the valuation and correlatively reduced the amount of the tax adjustment to 11.8 M€ that is, a tax adjustment in the principal amount of 2.5.5M€.

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 M€ that is, a tax adjustment of 2.15 M€ (excluding interest of 0.34 M€ and surcharges of 0.82 M€).

Here again, the company, upon receiving collection notice for the corresponding tax, filed a claim and, following the rejection of the latter, referred, on 7 September 2011, to the Administrative Court of Paris for this disagreement, in order to obtain the taking into consideration of all of the arguments presented, as the instruction of the request is currently considered as underway.

The tax authorities also sent a subsidiary of the group a proposal for correction concerning the questioning of a loss on transfer of a receivable and on the enhancement of a capital gain recognised by the company during the option for the SIIC regime (4.4 M€). This has stemmed, after having had recourse to the hierarchical levels, back taxes for 2005 for an amount of 1.08 M€ (excluding interest of 0.02 M€).

The method for valuation retained by the tax authorities was disputed in light of the elements that the group has. The resulting tax was the object of a claim, presented in August 2009 by the company with the assistance of CMS Bureau Francis Lefebvre and along with an application for suspension of payment.

Following the rejection of this claim, the claim was taken, in December 2009, to the Administrative Court of Paris. The latter rejected the Company's request via a judgment rendered on 25 October 2011. The Company appealed this judgment on 16 January 2012 and the instruction of this request is still pending with the Administrative Appeals Court.

Finally, the tax authorities also sent to another subsidiary of the group a proposal for correction (principal 0.51 M€ and interest 21 K€ on fiscal years 2009 et 2010) concerning the questioning of the application of the SIIC regime by the subsidiary and on the qualification of the activity of this company. The administration in fact considers that the company has acted as a trader of goods, which the company contests in consideration of the conditions of acquisition and management of the buildings concerned and of the duration of conservation (between 2 and 10 years according to the lots) prior to their transfer.

For all of these reasons, in light of the completeness of the information provided and with regards to the opinion of its experts and of jurisprudence, the Group considers that it should win across all of these disputes, which justifies the absence of the booking of provisions.

The other tax claims are insignificant.

9.3.2. SOGEB minority shares

a/ Following the court order on BRUXYS and the managers of SOGEB by a minority partner of SOGEB in August 2009, a judgment of the Court of First Instance of Paris on 13 October 2011 pronounced the nullity of the deliberations of the General Meeting of 15 January 2009 of SOGEB having decided a capital increase, sentenced three successive managers to pay to the minority partner the total sum of 100 K€ in proportion to the duration of their functions for his personal prejudice.

The General Meeting of 10 July 2012, called by the manager following the adjournment of the latter on 26 June 2012, proceeded to execute this judgment and modified Articles 6 and 7 of the articles of association as well as the financial statements for the period ended 31 December 2011. The share capital of the Company now held by BRUXYS (2/3) and M. BERGOUGNAN (1/3) was as such brought to the amount of 771,600 €.

A judgement of the Paris Court of Appeal of 22 January 2013 confirmed this judgment in that it pronounced the nullity of the deliberations of the general meeting of 15 January 2009 and in addition, pronounced the nullity of the resolution of the general meeting of SOGEB of 16 March 2009 that had noted the realisation of the capital increase, pronounced the nullity of the resolution of the general meeting of SOGEB of 30 March 2009 concerning the modification of the corporate purpose, pronounced the nullity of the resolutions of the general meetings of SOGEB of 21 June 2010, 23 June 2011 and 10 July 2012 concerning the allocation of the results.

This judgment declared as inadmissible M. BERGOUGNAN in his request for damages directed against the successive managers and overturned the sentencing of the three successive managers to pay to the minority partner the total sum of 100 K€ in proportion to the duration of their functions for his personal prejudice.

Finally, this judgment pronounced the dissolution of the Company. Selarl FHB-Facques Hess Bourbouloux was appointed as the administrator with the assignment to proceed with liquidation operations.

An appeal with the court of cassation against the judgment of 22 January 2013 was filed by BRUXYS. (Cf. §4.4.7 and 4.7)

b/ The minority partner also summoned SOGEB and LAILA TWO (acquirer of the building on rue Clément Marot) on 8 June 2011 with the purpose of pronouncing the nullity of the sale of this building, deeming LAILA TWO to be without a right or title to occupy the building and order it to vacate. At the audience of 30 May 2012, the court postponed ruling while waiting for the results of the appeals procedure recalled hereinabove. In all logic, the postponing should last until the Cour de cassation decides on the appeal against the judgment of 22 January 2013.

9.3.3. Tax 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 conditions that VELO was summoned by GERY DUTHEIL for the payment of invoices amounting to 927 K€, noting that 404 K€ had been settled directly by VELO with the sub-contractors.

In our latest writings deposited on 6 May 2011, we asked the court to say and judge that the cancellation of the work contract occurred exclusively at the fault of DUTHEIL.

Consequently, VELO is asking the court to sentence DUTHEIL to pay it the following amounts:

- 502 K€ inc. tax for the extra costs to resume the project,
- 227 K€ representing the legal interest for one year over the amount of 5,995 K€ representing the cost of the immobilisation of the investment of VELO for the duration of one additional year.
- 1,408 K€ for the loss it suffered due to the delivery delay caused by the slowdown in real estate activities.
- 20 K€ in terms of Article 700 of the CPC.

We are also asking for compensation for the amounts respectively owed by each of the parties and the release of the amount of 393 K€ deposited with the President of the Bar of the Order of Lawyers of Paris in virtue of the decision of the Enforcement Judge of the Court of First Instance of PARIS of 15 April 2010 to the benefit of VELO.

At the audience of 28 October 2011, the court referred the case without a date to the role of the parties for correction of the proceedings by GERY DUTHEIL, with the latter undergoing a legal redress procedure. We have moreover declared our receivable in the liabilities of GERY DUTHEIL in accordance with the amount of the sentence claimed in our writings.

The Court referred to the audience of 29 March 2013 to correct the procedure, i.e. the questioning of the bodies of the procedure through our care for this audience. VELO will correct the procedure during this audience.

9.3.4. Other disputes

<u>FIG</u>

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

In three judgements of the Commercial Court of Paris on 28 September 2009, the Ordinary and Extraordinary General Meeting of FIG on 24 February 2004 was cancelled and all of its resolutions as well as all of the acts related to it and all subsequent acts. The purpose of the cancelled Meeting consisted in particular to clear the debts by reducing the capital to zero immediately followed by an increase in the share capital.

FIG and its shareholder, the société anonyme TAMPICO which is not a part of the procedure, considered that the purpose of these judgements was to replace it (as well as its shareholders), in all of the aspects, in the situation that was theirs before the Meeting of 24 February 2004 and has such had cancelled all of the transactions carried out since 24 January 2004, since they formed acts related to it or subsequent acts, which needed to be corrected.

At 24 January 2004, FIG (as is the case today) did not belong to the ACANTHE DÉVELOPPEMENT Group.

In order to implement the enforceable judgements of 28 September 2009, FIG was obliged to make 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 cancelled meeting, with BALTIMORE (dissolved on this occasion) at the end of which all of the real estate activity was fully contributed to it by its sole partner at the time. On the date of the merger, in July 2005, FIG indeed no longer had any minority shareholders (and this since 24 February 2004) and was not under any procedure since it was only in February 2007 (on the day before the prescription) that the minority shareholders requested that the General Meeting of 24 February 2004 be cancelled.

As such, a demerger was carried out for the activities of FIG by means of a distribution of all of its real estate assets.

This demerger was carried out by means of a payment of an advance on dividends on 9 December 2009 and a capital reduction on 10 December 2009. These sums were distributed to TAMPICO then to ACANTHE DEVELOPPEMENT by TAMPICO.

The Company was then informed by the legal representative of FIG that the liquidator of FIG had re-enlisted the appeals against the three judgements from 28 September 2009.

b/ Judgements of 07 July 2010

By two judgments of the Commercial Court of Paris on 7 July 2010 (one judgment rendered in the BARTHES & CEUZIN dossier and the other in the NOYER dossier), the decision of 10 December 2009, concerning the reduction in capital of FIG and that of 31 December 2009, noting this reduction and modifying the articles of association were cancelled.

The Company was then informed by the legal representative of FIG that the liquidator of FIG had re-enlisted the appeals against the two judgements from 7 July 2010.

c/ Judgements of 14 January 2011

Two judgments of the Commercial Court of Paris on 14 January 2011 (one judgment rendered in the BARTHES & CEUZIN dossier and the other in the NOYER dossier) explicitly indicated that there was no cause to question these distributions carried out in December 2009.

These judgments indeed ruled against the former minority shareholders from their requests of nullity for operations after the cancelled Meeting of FIG of 24 February 2004, and for the same reasons for their requests formed against ACANTHE DEVELOPPEMENT.

As these judgments were appealed by the former minority shareholders, ACANTHE DEVELOPPEMENT continues to monitor the developments in these procedures and is aware of the elements developed hereinafter.

The two judgments of 14 January 2011 sentenced FIG and TAMPICO (which is no longer part of the Group) to indemnify 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, assessor assigned by the commercial court, was commissioned to determine the sums to be borne by TAMPICO and FIG. Following the failure of the minority shareholders who refused to consign the costs of the appraisals at their expense, TAMPICO, through an order of the instruction measures control of 21 March 2011, was authorised to consign in place of them. To date, TAMPICO has consigned the total amount of 58,076 €.

Mr. KLING's report rendered on 10 October 2012 in the Barthes/ Ceuzin dossier concludes *"Following this work, the appraisal proposes to retain the share reverting to the minority shareholders at 0.093%, to be distributed, in particular in favour of the following shareholders:*

- *BARTHES 65,296 / 89,887 X 0.093% or 0.071%;*
- *CEUZIN 15,764 / 89,887 X 0.093% or 0.016%;*

The observations tracked in this report make it possible to determine as follows the rights of the requestors:

- ***In the distributions that took place after 24 February 2004:***

The total amount to be taken into consideration is 162,804,098 €.

The share reverting to the requestors stands at:

- *For M. BARTHES 162,804,098 € x 0.071% or **115,591 euros***
- *For Mr. CEUZIN 162,804,098 € x 0.016% or **26,049 euros***

- ***In the equity at 24 February 2004:***

The total amount to be taken into consideration is 19,664,353 €.

The share reverting to the requestors stands at:

- *For M. BARTHES 19,664,353 € x 0.071% or **13,961 euros***
- *For Mr. CEUZIN 19,664,353 € x 0.016% or **3,146 euros**"*

Mr. KLING's report rendered on 25 November 2012 in the Noyer dossier concludes *"Following this work, the appraisal proposes to retain the share reverting to the minority shareholders at 0.093%, to be distributed, in particular in favour of the following shareholders:*

- *Mr NOYER 7,824 / 89,887 X 0.093% or 0.008%;*

(...)

The observations tracked in this report make it possible to determine as follows the rights of the requestors:

- ***In the distributions that took place after 24 February 2004:***

The total amount to be taken into consideration is 162,804,098 €.

The share reverting to the requestors stands, for Mr. NOYER, at:

- *162,804,098 € x 0.008% or **13,024 euros***

- ***In the equity at 24 February 2004:***

The total amount to be taken into consideration is 19,664,353 €.

The share reverting to the requestors stands, for Mr. NOYER, at:

- *19,664,353 € x 0.071% or **1,573 euros.** "*

The commercial court referred this matter to 10 April 2013 for the depositing of the conclusions of the parties on the reports from the expert Kling.

For the purposes of comparison, in the framework of these procedures that gave rise to the judgments of 14 January 2011 detailed hereinabove. Barthes, Ceuzin and Noyer claimed respectively 15,832,769.10 €, 3,820,021.30 € and 2,354,423.68 €.

The appeal pleadings against the two judgments from 14 January 2011 are set for 26 September 2013.

d/ The removal of FIG and TAMPICO from the scope of ACANTHE DEVELOPPEMENT

On 19 March 2010, FIG was transferred to the company 19B S.A., successor to the company ALLIANCE DESIGNERS, majority shareholder during the general meeting of shareholders of 24 February 2004 which was cancelled. FIG has therefore no longer been a company of the ACANTHE DEVELOPPEMENT Group since that date.

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

e/ Re-establishment of the FIG minority shareholders

The new director of FIG convened an Extraordinary General Assembly of FIG on 1 September 2010. All of the shareholders at 24 February 2004 or their beneficiaries were properly invited. This Meeting observed that the shareholders of FIG at 24 February 2004 were re-established in the rights that they held on 24 February 2004 and therefore in the share capital, the nominal value of the shares and the number of shares held by each of the shareholders were the same as those that existed on the day of the cancelled Meeting. The minority shareholders, on the initiative of the judgments of 28 September 2009, refused to attend this General Meeting of 1 September 2010.

f/ Court liquidation of FIG

On 6 January 2011, FIG was subject to a judgment of court liquidation following a court order delivered in particular by three minority shareholders also at the initiative of the cancelation of the General Meeting of 24 February 2004.

g/ Escrows

Via an interim order on 15 June 2010, upon request of BARTHES and CEUZIN, the President of the Commercial Court of Paris ordered "that the 95,496 VENUS shares held by ACANTHE DEVELOPPEMENT be held in escrow by SCP CHEVRIER de ZITTER-ASPERTI, bailiffs.

Via an order on a joint petition of 16 September 2010 upon request of BARTHES and CEUZIN, the President of the Commercial Court of Paris ordered the escrow of an amount of 15,179,894.85 € (corresponding to the full amount of the dividend voted by the General Meeting of the Shareholders of ACANTHE DEVELOPPEMENT on 18 June 2010) to SCP CHEVRIER de ZITTER-ASPERTI, bailiffs.

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 judgment on 8 October 2010 of the Paris Court of Appeal indicated in particular that “mindful of the fact that there is no objection, as argued by ACANTHE DÉVELOPPEMENT, that Barthes and Ceuzin have no direct or indirect debts towards this 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).

Via a judgment on 30 March 2012, the Paris Court of Appeal confirmed the order of 29 March 2011 in that it ruled against ACANTHE DEVELOPPEMENT in its request concerning the order of 15 June 2010 (escrow of the VENUS shares). The Court of Appeal in particular feels that since the judgments of 14 January 2011 were being appealed, they were not definitive in such a way that it did not end the dispute between the parties.

A certain number of inaccuracies were detected in the judgment rendered by the court of appeal on 30 March 2012 as in particular the fact the FIG … would "have been bought out by ACANTHE DEVELOPPEMENT Group in 2002" although this error committed by the President during the explanatory statement had however been corrected by our lawyer who had explained that FIG became part of the scope of ACANTHE DEVELOPPEMENT in 2005, after the minority shareholders had left. Likewise, it is indicated that "via a deliberation on 24 February 2004, the General Meeting of FIG decided to cancel the shares held by BARTHES and CEUZIN and to make SAS TAMPICO (company fully owned by the ACANTHE DEVELOPPEMENT Group) the sole shareholder of FIG". Yet, the agenda for this GM was obviously not to cancel the shares of BARTHES et CEUZIN but to offer all of the shareholders – including BARTHES and CEUZIN – to recapitalise the company. They decided on their own not to participate.

Concerning the appeal of the order of 29 March 2011 for its portion concerning the orders of 16 September and 8 October 2010 (escrow of 1.7 M€), a judgment of the Paris Court of Appeal of 25 October 2012 rejected the appeal of ACANTHE DEVELOPPEMENT and sentenced it to pay BARTHES and CEUZIN 10 K€ each of Article 700 CPC. An appeal with the court of cassation was formed against this judgment.

Request to extend the court liquidation procedure of FIG to ACANTHE DEVELOPPEMENT

The commercial court opened via a judgment of 6 January 2011 a court liquidation procedure against FIG on a court order from Monique RICHEZ and BARTHES, CEUZIN et NOYER.

RICHEZ was a creditor of FIG in virtue of a judgment of the enforcement judge on 29 June 2010 which had liquidated a penalty payment of 50.8 K€ ordered by a judgment of the Paris Court of Appeal on 9 June 2009.

The Paris Court of Appeal had requalified a service contract concluded between RICHEZ and FIG (then represented by François BARTHES) in September 2002 and cancelled in November 2005, as a labour contract and sentenced FIG in particular to remit to RICHEZ social documents as a penalty.

As FIG was not in a position to remit all of the social documents required, the penalty was liquidated.

By order of 5 May 2011, Monique RICHEZ was named, at her request, controller in the court liquidation procedure of FIG.

By a letter dated 19 September 2011, Monique RICHEZ gave formal notice to Me GORRIAS, liquidator of FIG, to act in extension of the court liquidation against la société ACANTHE DEVELOPPEMENT.

Since Maître GORRIAS did not, according to the latter, respond within the allotted timeframe to this formal demand, Monique RICHEZ, acting as controller, on 23 December 2011 summoned ACANTHE DEVELOPPEMENT to the Commercial Court of Paris for the purposes of extending the court liquidation proceedings of FIG for the payment of the liabilities of the latter.

Recall that the disputes opposing Monique RICHEZ and BARTHES, CEUZIN and NOYER with FIG have their origin 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 scope of the ACANTHE Group on 19 March 2010, which is prior to the judgment for the opening of the court liquidation for FIG.

By official letter dated 9 March 2012 sent to the advisor of Madame RICHEZ, ACANTHE DEVELOPPEMENT offered to purchase the receivable of Madame RICHEZ in order to protect its shareholders from the effects of publicity on this procedure.

Madame RICHEZ refused on 22 March 2012 this offer and indicated that she could accept it only "in the hypothesis where ACANTHE DEVELOPPEMENT would purchase all of the liabilities of FIG so that all of the creditors of the latter are disengaged. "

Subsequently, the former shareholder of FIG, TAMPICO, made this payment through an actual payment offer. This payment was presented in the form of a bank cheque. As Madame RICHEZ again refused this payment, TAMPICO solicited the judicial officer to consign this amount with the Caisse des dépôts et consignations and informed Madame RICHEZ of this. This procedure, in application of the provisions of the civil code, makes it possible to release the debtor.

Through a judgment on 30 October 2012, TAMPICO's request to have its actual payment offer validated was rejected. It has appealed this decision.

In a judgment of 6 July 2012, the Commercial Court of Paris decided to transmit to the Cour de cassation the QPC (priority preliminary ruling on constitutionality) concerning compliance of Article L 621-2 of the French Commercial Code with the Constitution. On 8 October 2012 the Cour de cassation decided to not send the QPC to the Constitutional Council. At the audience of 24 January 2013, the Court decided to transmit to the Cour de Cassation the prejudicial question to know whether an action in extension is an action in the collective interest of the creditors for the purposes of collection and consequently if the controller can initiate such an action based on Article L622-20 of the French Commercial Code. The prejudicial question shall be examined on 3 June 2013 by the Cour de Cassation.

The action of Madame RICHEZ is moreover contested in terms of its admissibility as well as the merits.

Indeed, in order to allow an action in extension to prosper, it is required to demonstrate the fictiveness of the company or the confusion of the assets between the two companies.

Here, neither of the two conditions seems to be satisfied and ACANTHE DEVELOPPEMENT is disputing this request for extension.

Finally, Madame RICHEZ is arguing for liabilities of FIG which today appear greater lower than that mentioned by the latter.

The liabilities declared at the opening of the legal proceedings of FIG, which was 113,609 K€ is currently being verified and should decrease substantially, in particular for the following reasons:

- Receivables written off for an amount of 1,364 K€,
- A "provisional" debt of 42,411 K€ declared by the Government Treasury was reduced to 1,976 K€ through a definitive proposal for rectification dated 19 January 2012. This debt is disputed. In addition its extinction is solicited, as the Government Treasury did not make a definitive declaration within the allotted timeframe of one year after the publication in the BODACC nor an extension to this timeframe by the commercial court,
- A debt of 10,780 K€ from the tax authorities should be reduced to a maximum of 6,188 K€ in application of Article 1756 of the French General Tax Code (penalties are excluded in the event of court liquidation), an amount which in any case is also disputed and this, because it concerns a questioning by the tax authorities of the parent-daughter regime. Favourable decisions were obtained in similar proceedings by other companies in the Group,
- Other debts declared by the Government Treasury for 1,159 K€ were disputed as they all concern claims. One of them for 592 K€ has since been written off.
- BARTHES, CEUZIN and NOYER together declared a debt of 22,502 K€ on FIG. This debt would correspond to the *"rights that they held in the equity of FIG and in the distributions of dividends and reserves carried out since the combined annual and extraordinary shareholders' meeting of 24 February 2004"*, cancelled by judgment on 28 September 2009. This debt is disputed by KLING, court expert appointed by two judgments of 14 January 2011, having for purpose to assess these rights, indicated in his final reports that all of the minority shareholders including BARTHES, CEUZIN and NOYER would have rights to 0.093% which is about the sum of 151 K€ to date.
- Moreover, BARTHES declared a debt of 3,147 K€ in the liabilities of FIG. This is a joint sanction of FIG, ALLIANCE DESIGNERS, DOFIRAD and Alain DUMENIL, pronounced by a judgment of the Paris Court of Appeal on 19 May 2009. The Cour de cassation, in a judgment of 16 April 2013, partially reversed this judgment of 19 May 2009 (not on the question of the sanction for the payment of the 3,147 K€ which therefore remains despite the judgment of the Cour de cassation of 16 April 2013 hereinbefore but on the means concerning the sanction of Alain DUMENIL, DOFIRAD, ALLIANCE DESIGNERS and FIG to the payment of 50,000 € in damages to BARTHES). A lawyer for the Council is looking into the opportunity to bring this dispute to the European Court of Human Rights.
- Finally, BARTHES, former manager of FIG, declared a debt of 846 K€ for back salaries, indemnities and damages. FIG has always considered that there was no labour contract, as this person was a corporate officer. The case was dismissed on 7 September 2012 by the Conseil des Prud'hommes of Paris, as BARTHES never filed any accounting transactions.

Finally 19B S.A successor to the majority shareholder on the day of the general meeting of 24 February 2004, declared a current account debt of 31,226 K€. This debt is subordinated to the rest of the liabilities.

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

Note that the Company has been informed by the legal representative of FIG that the liquidator of FIG had re-enlisted the appeal with the court of cassation against the aforementioned judgment of the Court of Appeal of 9 June 2009 which had requalified the contract concluded with SILC as a labour contract.

Proceedings for cancelling the operations carried out during the suspicious period of FIG.

On 2 May 2012, ACANTHE DEVELOPPEMENT, VENUS and TAMPICO were summoned by the liquidator of FIG, SCP BECHERET SENECHAL GORRIAS with the purpose in particular of obtaining the cancellation of the contribution by FIG of the building at 15 rue de la Banque – 75002 Paris and of the equity securities carried out on 24 November 2009 to the benefit of VENUS as well as the cancellation of the distributions of the advance on dividends and of the distributions of the issue premium carried out in December 2009.

The liquidator of FIG consequently asked VENUS to return the property of the building at 15 rue de la Banque – 75002 Paris and the equity securities, with a penalty payment of 10,000 euros a day for each day of delay.

The liquidator also asked for the sanction of VENUS to reimburse FIG for the rents collected, dividends and the fruits of any nature whatsoever, accessorial to the lease contracts related to the building at 15 rue de la Banque in Paris (75002) and the aforementioned equity securities that have accrued since 24 November 2009; the return by ACANTHE DEVELOPPEMENT to FIG of the 95,496 shares in Venus for the purposes of cancelling them, with a penalty payment of 10,000 € a day for each day of delay starting from the notification that it will receive of the judgment to intervene; the cancellation of the 95,496 shares of SNC Venus once the latter and the real estate complex at 15 rue de la Banque à Paris (75002), the related rental contracts and the equity securities have been returned to France Immobilier Group and the joint sanction of Acanthe Développement and Tampico to reimburse France Immobilier Group the sum of 4,047,975.50 € coming from the distributions paid in cash, plus interest at the legal rate starting on 31 December 2009.

The audience was referred to 7 June 2013 for the conclusions of the liquidator.

Request from PHRV to request the appointment of a management expert

PHRV (Paris Hôtels Roissy Vaugirard SA), minority shareholder holding more than 5% of the share capital and voting rights of ACANTHE DEVELOPPEMENT summoned the Company on 15 November 2011 for the purposes of designating a management expert. It was questioning the sales price of three real estate properties carried out by ACANTHE DEVELOPPEMENT and located in the 8th district of Paris as well as on the opportunity for acquiring a company Alliance 95. On the disposal of the three real estate properties, PHRV asserted that the motivations for the opportunity for sale were doubtful and that the sales prices were less than those of the market. ACANTHE DEVELOPPEMENT firmly opposed these arguments, and communicated 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 argumentation of ACANTHE DEVELOPPEMENT, and rejected the demands of PHRV and sanctioned it to pay ACANTHE DEVELOPPEMENT 5,000 € in terms of Article 700 of the French Civil Procedure Code and expenses.

Following an appeal of PHRV, the Paris Court of Appeal, in a ruling on 9 October 2012, confirmed in all of its dispositions the order of 26 January 2012 and sanctioned PHRV to pay ACANTHE DEVELOPPEMENT 15,000 € in terms of Article 700 of the French Civil Procedure Code and pay all of the costs of the proceedings.

These sanctions were settled by PHRV in January 2013.

On 29 January 2013, PHRV lodged an appeal with the court of cassation against the judgment of 9 October 2012.

9.4. Ad hoc entities

The Group does not conduct any transactions through ad hoc entities.

9.5. Binding parties

The ACANTHE DEVELOPPEMENT Group carried out transactions with ARDOR CAPITAL, a company that is indirectly controlled by Alain DUMENIL.

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 (1)	Impact on income (2)
Management fees paid to	ARDOR CAPITAL	Reference shareholder Acanthe Developpement.	-100	-200
Provision of personnel	ARDOR CAPITAL	Reference shareholder of Acanthe Developpement.	41	41

(1) A positive amount indicates a receivable and a negative amount a debt.
(2) A positive amount indicates an income and a negative amount an expense.

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 7,716 K€ in interest from current accounts, 1,254 K€ in salaries and 973 K€ 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

f) Key leaders of the entity or its parent company:

In K€ Nature of service	Related counterparty Name	Related counterparty Affiliation	Balance sheet bottom-line	Impact on income on income (2)
Provision of personnel	ADC SIIC	Shared Leaders/board members	0	206
Rents and rental expenses	ADC SIIC	Shared Leaders/board members	258	142
Security deposit	ADC SIIC	Shared Leaders/board members	-27	0
Provision of personnel	FPN	Shared Leaders/board members	24	20
Rents and rental expenses	FPN	Shared Leaders/board members	0	7
Security deposit	FPN	Shared Leaders/board members	-2	0
Management fees	MEP	Shared Board members	-18	-188
Provision of personnel	FIPP	Shared Board members	627	534
Provision of personnel	FIPP	Shared Board members	-14	-12
Rents and rental expenses	SMALTO	Shared Leaders/board members	370	887
Security deposit	SMALTO	Shared Leaders/board members	-168	0
Provision of personnel	SMALTO	Shared Leaders/board members	0	34
Sundry receivables	SEK	Joint indirect shareholder	1.112	12
Provision of personnel	SEK	Joint indirect shareholder	0	-13
Rents and rental expenses	POIRAY	Shared Leaders/board members	102	205
Security deposit	POIRAY	Shared Leaders/board members	-38	0
Provision of personnel	POIRAY	Shared Leaders/board members	0	7
Provision of personnel	AD INDUSTRIE	Shared Leaders/board members	0	13
Rents and rental expenses	AD INDUSTRIE	Shared Leaders/board members	48	191
Security deposit	AD INDUSTRIE	Shared Leaders/board members	-32	0
Financial expenses/Borrowings	LIPO	Joint indirect shareholder	-2.100	-109
Dividends	BASSANO DEVELOPPEMENT	Shared Leaders/board members	0	172

(1) A positive amount indicates a receivable, and a negative amount a debt.
(2) A positive amount indicates an income and a negative amount an expense.

The acquisitions of FINANCE CONSULTING, TRENUBEL, and SFIF also constitute transactions with related parties (Cf. § 1.2 and 3.2).

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. They are not accompanied by any specific guarantees except with SEK Holding which benefits from an agreement for the settling of its debts with regards to the Group.

g) Other related parties.
ALLIANCE DESIGNERS, under legal redress since January 2010, controlled indirectly by M. DUMENIL has a debt primarily of rent for 559 K€ with the Group which is depreciated in the books of the group for 524 K€.

9.6. Staff headcounts

The Group's headcounts, excluding property employees, stood at 19 (excluding leaders), broken down at 31 December 2012 (16.5 au 31 December 2011) into:

- Executives: 9.5
- Non-executives: 9.5

Some employees are equally leaders of subsidiaries. They benefit from a labour contract in terms of their salaried activities. These 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 information defined by IAS 24 is included hereinbelow:

Moreover, the Annual General Meeting of Shareholders set directors fees at 130K € (gross) to be shared between the directors. These were distributed amongst the various directors as follows:

Mr Patrick Engler:	60 K€
Mr Pierre Berneau:	40 K€
Mr Bernard Tixier:	25 K€
Mr Philippe Mamez:	5 K€

The gross salaries paid to the other leaders (non-representatives of ACANTHE DÉVELOPPEMENT) stood at 18 K€ 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 Joint General Meeting of 21 March 2007 had authorised the granting to M. DUMENIL of 9,936,436 share subscription or purchase options at a price of 1.24 € per option; with M DUMENIL charged to retain 1% of the shares coming from the exercising of the options until he ceases his functions as Chairman and CEO, (with the condition that this obligation does not have for consequence the questioning, for the company, of the benefit of 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.

Designation	Date of allocation	Date of entitlement	End of exercise period	Number of stocks or options allocated	Cost retained in the accounts for the securities or the option
Share subscription or purchase options	28/08/2009	31/12/2009	28/08/2019	9,936,436	0.21 €

The valuations were carried out on the date of granting by a financial company.
The data concerning the cost results from the application of IFRS 2 which is mandatory for companies subjected to IAS-IFRS,

calculated using the Cox, Ross & Rubinstein model and are used only for this purpose. Note that these costs do not constitute an indication of the price given by the company.

At 31 December 2012, there were 4,894,904 stock options that could be exercised. However, at 31 December 2012, the exercise price for the options (1.24 euros) was substantially higher than the stock market price of 31 December 2011 (0.42 euros).

9.9. Retirement provision

The valuation of the restatement provision is based on the following assumptions:

Rate of wage increase: 2% per year;

Discount rate: 3.40% (TMO 1st half-year 2012 + 0.25%);

The rate of rotation retained is calculated using resignations and compared to the workforce present at 1 January for the year, the rate retained corresponds to the average of the last three years restated with any statistical anomalies. On the other hand, the workforce is broken down into three age brackets (- 40 years, - from 55 years, and + 55 years) and into two socio-professional categories (non-executives, and executives);

The life expectancy has been determined using new mortality tables for the years 2008-2010 provided by INSEE.

The provision at 31 December 2010 stood at 129 K€ compared to 117 K€ at 31 December 2011.

The full amount of the change is recorded in the income statement.

9.10. Earnings per share

The basic earnings per share stood at 0.120 € at 31 December 2012 (with the weighted average number of shares being 122,330,179).

Diluted earnings per share is identical to the basic earnings per share, indeed the taking into account of the purchase options such as described in Note 9.8 for which the exercise price (1.24 €) is higher than the average price of the stock market during the period (0.4168 €) would have had an anti-dilutive (or relutive) effect.

However, a future appreciation of the price of the share could make this instrument dilutive.

Numerator		
Net earnings - Group share at 31 December 2012 (in K€)	14.705	
Denominator		
Weighted average number of shares before dilutive effect	122,330,179	
Net earnings - Group share per undiluted share (in €)		**0.1202**

9.11. Information on rents at 31 December 2012

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 more year or less	Due date at more than 1 year… and less than from 5 years	Due date at …Due date at 5 years
Rents outstanding	46.746 **46.746**	9.385 **9.385**	30.896 **30.896**	6.465 **6.465**

The table shows the provisional instalments for the collection of rents based on the continuation of leases until their term; however as this concerns commercial leases, they can be interrupted by the tenant at the end of every three-year period.

The Group did not record any contingent rentals over the 2012 financial year.

The global description of the methods for recognising lease contracts is provided in note 2.17.

9.12. Key events since 31 December 2012

The sale of the building on rue d'Argenteuil was signed on 29 January 2013.

An agreement was signed on 5 April 2013 for the acquisition of a building for mixed use of about 2,300 m2, located at the heart of one of the historical sections of Paris, generating annual rents of about 880 K€. The acquisition should take place before the end of the 2nd quarter of 2013.

As the building on rue François 1er is now fully rented, a new credit of 28,000 K€ was able to be signed on 24 April 2013 with a German bank to refinance it. The old loan, for which there was a remaining capital of 12,996 K€, was fully repaid.

Finally, from a legal standpoint, in decisions made on 15 January 2013, the directors of the Company decided to dissociate the functions of Chairman of the Board of Directors and General Manager. Patrick Engler was named as General Manager for the remainder of his term as a Director, which is until the end of the General Meeting called to approve the accounts for the period ended 31 December 2012, while Alain Duménil and Philippe Mamez remained respectively Chairman of the Board of Directors and Deputy Managing Director.

AUDITOR'S REPORT

AUDITOR'S REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Year ended 31 December 2012

Dear 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 2012 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 have carried out our audit according to the professional standards applicable in France; these standards require the use of diligences that make it possible to obtain reasonable assurance that the annual financial statements are free from significant anomalies. An audit entails verifying, through sampling or other means of selection, the elements that justify the amounts and information mentioned in the annual financial statements. It also consists in assessing the accounting rules followed, the significant estimates retained and the overall presentation of the financial statements. We feel that the items that we have gathered are sufficient and relevant in order to base 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 notes 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 French Commercial Code as concerns justification of our assessments, we wish to bring the following to your attention:

- Based on our work and the information that was provided to us, we have checked that Note 6 "Disputes" provides suitable information on the situation of the company on the current disputes.

- 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 French 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.

Paris and Neuilly-sur-Seine, 30 April 2013

The Auditors

Auditors and Company Consulting

Alain AUVRAY

DELOITTE & PARTNERS

Albert AIDAN

AUDITOR'S REPORT

AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2012

Dear 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 2012 on:

- the auditing of the annual 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 annual financial statements

We have carried out our audit according to the professional standards applicable in France; these standards require the use of diligences that make it possible to obtain reasonable assurance that the annual consolidated financial statements are free from significant anomalies. An audit entails verifying, through sampling or other means of selection, the elements that justify the amounts and information mentioned in the annual consolidated financial statements. It also consists in assessing the accounting rules followed, the significant estimates retained and the overall presentation of the financial statements. We feel that the items that we have gathered are sufficient and relevant in order to base 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 hereinabove, we are hereby drawing your attention to the point set out in note 9.3 of the notes to the financial statements concerning disputes and other possible liabilities 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 French 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 provided appropriate information.

- Based on our work and the information that was provided to us, we have checked that Note 9.3 "Possible liabilities and disputes" provides suitable information on the situation of the company on the current disputes.

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.

Paris and Neuilly-sur-Seine, 30 April 2013

The Auditors

AUDITORS AND COMPANY CONSULTING

Alain AUVRAY

DELOITTE & PARTNERS

Albert AÏDAN

SPECIAL AUDITOR'S REPORT

SPECIAL AUDITOR'S REPORT ON COMMITMENTS AND REGULATED AGREEMENTS

Period ended 31 December 2012

AUDITORS AND COMPANY CONSULTING
5, avenue Franklin Roosevelt
75008 Paris

DELOITTE & PARTNERS
185 avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex

SPECIAL AUDITOR'S REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

GENERAL MEETING TO APPROVE THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

To the Shareholders,

In our capacity as auditors of your company, we are hereby presenting our report on regulated agreements and commitments.

We are required to communicate to you, based on the information that has been given to us, the characteristics and the main methods of the agreements and commitments of which we have been informed or that we have discovered during our work, without having to judge their utility and their well-founded nature or look for the existence of other agreements and commitments. According to the terms of Article R. 225-31 of the French Commercial Code, you are required to assess the interest attached to the conclusion of these agreements and commitments in order to approve them.

Moreover, where the need arises, the onus is on you to provide the information required in Article R.225-31 of the French Commercial Code on the implementation, over the year ended, of the agreements and commitments already approved by the General Assembly.

We have implemented the diligences that we felt were necessary with regards to the professional ethics of the Compagnie nationale des commissaires aux comptes relating to this assignment. These diligences consisted in verifying the coherency of the information that was provided to us with the basic documents from which they stem.

AGREEMENTS AND COMMITMENT SUBMITTED TO THE GENERAL ASSEMBLY FOR APPROVAL

Agreements and commitments authorised over the financial year ended

We inform you that we have not been informed of any agreement or commitment authorised during the course of the past period to be submitted for approval of the general meeting in application of the provisions of Article L. 225-38 of the French Code of Commerce.

Agreements and commitments not authorised beforehand

In application of Articles L. 225-42 and L. 823-12 of the French Commercial Code, we inform you that the following agreements and commitments were not subjected to prior authorisation from your Board of Directors.

We are required to provide you with the circumstances for why the authorisation procedure was not followed. The absence of prior authorisation for this agreement by your Board of Directors is the result of an omission.

An agreement was signed between the company, FIPP and AD Invest ordering the release of the guarantee of the company to the benefit of AD Invest, with retroactive effect on 29 September 2011. The company in fact had provided a guarantee, for 4,840,000 euros, in the favour of AD Invest in the framework of a leasing contract signed with ING Lease France and Eurosic, concerning a building complex located in Blanc-Mesnil. The company substituted for FIPP, a subsidiary of the Company until November 2012, in the act of acquisition of the real estate complex and of the leasing.

Person concerned: Patrick ENGLER, Director of the Company and Director of FIPP.

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.

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.

Amount: 188 K€

Person concerned: Mr Philippe MAMEZ, Deputy Managing Director and Board member and manager of MEP Consultants.

2 - In a Board of Directors meeting of 12 May 2011, the Company provided a guarantee for an amount of 15,000,000 euros, in favour of Baldavine SA, with MUNCHENER HYPOTHEKEN BANK eE.

Person concerned: Agreement concluded between Acanthe Développement and Baldavine, a subsidiary of Acanthe Développement.

3 - In a Board of Directors meeting of 22 March 2011, the Company made a commitment to not transfer shares of VENUS and gave its commitment as a guarantee for 6,995,955 euros, in the framework of the loan from 29 June 2007 for an amount of 7,800,000 euros granted by CREDIT FONCIER DE FRANCE benefitting ADC SIIC which contributed the building located at 7 rue Surène - 75008 Paris, and the loan related to it to Venus.

Person concerned: Agreement concluded between Acanthe Développement and Vénus, a subsidiary of Acanthe Développement.

4- In a Board meeting held on 6 July 2010, the company provided an on-demand guarantee to the company, ANTHURIUM, buyer of the property located at 3 rue d'Edimbourg – 75009 Paris, belonging to LORGA, for a maximum amount of 250,000 euros, for a period of 6 years effective from the date of conveyance of the property.

Person concerned: Agreement concluded between Acanthe Développement and Lorga, a sub-subsidiary of Acanthe Développement.

5 - In a Board of Directors meeting of 31 mars 2009, the company reiterated its commitment as a guarantee, without compensation, for an amount of 14,000,000 euros, in favour of FONCIERE DU 17 RUE FRANCOIS I ER with CREDIT FONCIER DE FRANCE in the framework of a rider to the loan contract dated 21 November 2007.

Person concerned: Agreement signed between Acanthe Développement and Foncière du 17 rue François 1er, sub-subsidiary of Acanthe Développement.

6 - In a Board of Directors meeting of 31 March 2009, the company reiterated its commitment as a guarantee, without compensation, for an amount of 6,000,000 euros, in favour of SCI FRANCOIS VII with CREDIT FONCIER DE FRANCE in the framework of a rider to the loan contract dated 21 November 2007.

Person concerned: Agreement concluded between Acanthe Développement and SCI François VII, a sub-subsidiary of Acanthe Développement.

7 - In a Board of Directors meeting of 28 April 2009, the Company provided a guarantee, without compensation, for an amount of 8,000,000 euros, in favour of PONT BOISSIERE, with LANDESBANK SAAR. The loan was repaid on 17 September 2012.

Person concerned: Agreement concluded between Acanthe Développement and Pont Boissière, a sub-subsidiary of Acanthe Développement.

8 - In a Board of Directors meeting of 8 December 2004, the company became a first-demand guarantor for BASNO for 21,000,000 euros with WURTEMBERGISCHE HYPOTHEKENBANK AG which became HYPO REAL ESTATE BANK INTERNATIONAL AG in the framework of a subscription for an equity loan for an amount of 21,000,000 euros.

In a Board of Directors meeting of 17 September 2003, the company also provided a guarantee without compensation for an amount of 21,000,000 euros on the same operation.

Person concerned: Agreement concluded between Acanthe Développement and BASNO, a sub-subsidiary of Acanthe Développement.

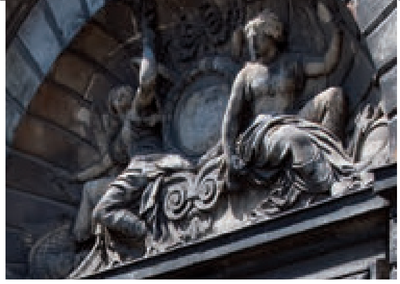
9 - In a Board of Directors meeting of 31 July 2001, our company provided a guarantee, without compensation, for an amount of 1,905,613 euros in favour of MIL WAUKEE, which became SAS LINDORAN, before a transfer of all of the assets with TAMPICO SA, on 24 December 2004, with BAYERISCHE HANDELSBANK AG which became HYPO REAL ESTATE BANK INTERNATIONAL AG. Following the contribution contract that took place between FRANCE IMMOBILIER GROUP, TAMPICO, ADC SIIC and VENUS on 23 November 2009, VENUS took over said loan and the guarantees related to it.

Person concerned: Agreement concluded between Acanthe Développement and VENUS, a subsidiary of Acanthe Développement.

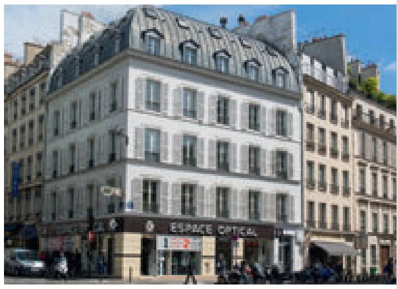
Paris and Neuilly-sur-Seine, 30 April 2013

The Auditors

AUDITORS AND COMPANY CONSULTING	DELOITTE & PARTNERS
Alain AUVRAY	Albert AÏDAN



ACANTHE DEVELOPPEMENT

Acanthe Développement

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