2010 Annual Report

A PORTFOLIO GENERATING A DYNAMIC, SECURE YIELD

ACANTHE DEVELOPPEMENT

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Company Profile

REAL ESTATE ASSETS

75%
office buildings and shops
(in terms of value)
at 31/12/2010

81%
(in terms of value)
in the central business district
and historic centre of Paris

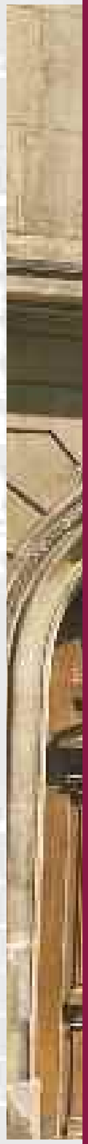
87,073 M2
total floor space
at 31/12/2010

33
buildings
at 31/12/2010

370.51
million euros
at 31/12/2010

297.3
million euros
in equity capital

Mandatory distribution
of dividends for 2010
117.04
million euros



INCREASING VALUE OF THE PORTFOLIO AND ONGOING FINANCIAL SOLIDITY – TWO INDISPUTABLE FACTORS BEHIND THE ATTRACTIVENESS OF ACANTHE DÉVELOPPEMENT

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

In terms of value, 81% of these assets are located in the central business district and historic centre of Paris. The constantly high demand in this area guarantees the ongoing profitability of the assets.

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

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

Chairman's message

In 2010, Acanthe Développement once again demonstrated its financial solidity despite a context still marked by the economic crisis. Its resistance confirms the appropriateness of its forceful strategy initiated several years ago. It further increases its attractiveness and strengthens its positioning as a crisis-proof investment.

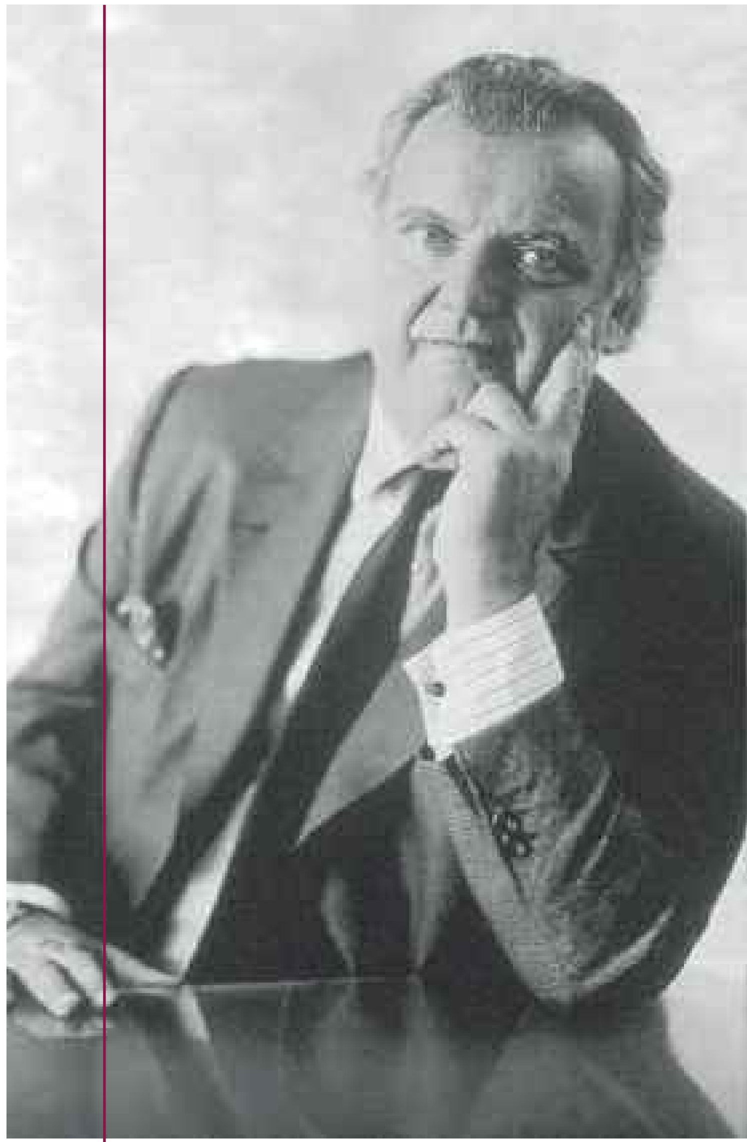
Despite an unfavourable economic situation, rental income remained practically stable (-1.2%) on a like-for-like basis. The year's operating income stands at €6.3 million; the appraisal value of the investment buildings is up €1.5 million, but due to non-current operating expenses (- €2.4 million stemming from the booking of bonus shares pursuant to IFRS requirements) the net income attributable to the Group is slightly negative(- €292 K).

The Group's debt remains very moderate, at around 25% of the value of the real estate assets and 1/3 of the equity. Acanthe Développement thus remains one of the rare real estate companies which has managed to significantly reduce its debt over recent years.

The rise in the value of the real estate assets concentrated in the central business district and centre of Paris and the Group's ongoing financial solidity guarantee the strong attractiveness of Acanthe Développement.

Its steady performance has made it possible to pay shareholders regular dividends, totalling nearly €210 million for the period 2004-2010, not including the distribution planned in 2011.

Alain DUMÉNIL



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

Mode of operation

The Board of Directors met 11 times in 2010. 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.

Board of Directors

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

Members

Alain DUMÉNIL
Chairman & Managing Director

Philippe MAMEZ
Deputy Managing Director

Patrick ENGLER
Director

Pierre BERNEAU
Independent Director

Bernard TIXIER
Independent Director

Executive management

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

Chairman & Managing Director
Alain DUMÉNIL

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

Auditors

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

Appraisal firm

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

The Group's portfolio was appraised at 31 December 2010 by CB Richard Ellis Valuation (CBRE) as well as by other recognised appraisal firms (BNP REAL ESTATE, 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.

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

> In 2010, Acanthe Développement pushed ahead with its strategy within the framework of a controlled disposal programme.

In 2010, several buildings were sold. The year's sales amount to €61M, comprising the sale of the office/shop/apartment building on Boulevard Haussmann, the hotel building located on Passage Dubail, the office buidlings located on Rue Edimbourg and Rue de Lisbonne as well as all the apartments on Rue Claude Terrasse in Paris 16. Moreover, at the beginning of 2011, the Group carried out other arbitrages, notably involving the office buildings located on Boulevard Poissonnière and Rue d'Uzès.

In 2010, Acanthe Développement acquired an office building next to the building on Rue de Bassano as well as two companies – one of which owns an exceptional mansion house in the Marais district and an apartment building in Paris 4, while the other ows buildings in Megève.

In addition, the restucturing of the building located at 17 rue François 1er (Paris 8) started on 1st September 2010 and is due to be completed by 31 March 2012.

In line with Acanthe Développement's positioning, the bulk of its real estate assets (in terms of value) remain in the capital.

Thus, at 31 December 2010, 82% of the assets (in terms of value) are concentrated in Paris, while the rest are mainly in the Rhône Alpes region and in Brussels.

Controlled environmental impact and strict compliance with standards

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

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

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

A workforce of 18 people, made up of an equal number of executives and employees (excluding building personnel), are involved in analysis and acquisition financing activities, as well as portfolio valuation and financial management.
The management and marketing of the buildings are outsourced to specialised firms.

Paris

Paris 1: 7 rue d’Argenteuil

675 m^2 of office space

323 m^2 of apartments

218 m^2 of shops

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

1 691 m^2 of office space and shops

223 m^2 of apartments

3 car parks

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

Paris 2: 21 bd Poissonnière

Paris 2: 15 rue de la Banque

2 020 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.

Mansion house

The former mansion house of Dutch ambassadors

1 700 m^2

Paris 4: 47 rue Vieille du Temple

Paris

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

Paris 6: 3/5 quai Malaquais

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 8: 2/4, rue de Lisbonne

Paris 8: 17, rue François 1er

2 095 m² of shops.

Building housing luxury shops, near Avenue Montaigne.

1 377 m² of office space and shops.

Paris 8: 7, rue de Surène

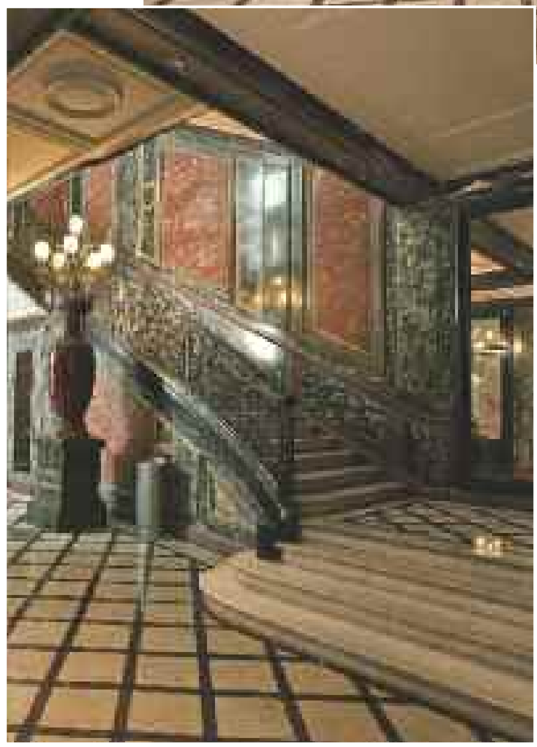
Paris

Paris 8: 55, rue Pierre-Charron

2 891 m² of office space and shops

Superb Haussmannian building, only a few steps away from the Champs-élysées, comprising an exceptional hall (70 m²) and vast spaces on the upper floors.

Public car park at the foot of the building.



Paris 9: 26, rue d'Athènes

963 m² of office space and shops

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

Paris 16: 77, rue Boissière

1 510 m² of office space and shops

276 m² of apartments

Near Place Victor Hugo, a Haussmannian building with attractive communal areas.

Paris

Paris 16: 2, rue de Bassano

3 400 m² of office space

20 car parks

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

956 m² of office space

Building next to the Bassano building.

Paris 16: 24, rue Georges Bizet

Paris region

Vanves 92: 10, rue Eugène-Baudoin

2 250 m²

Hotel located near the Parc des Expositions of Porte de Versailles.

Lognes 77: 1, Allée Rousseau + Allée Voltaire

2 697 m² of office space at Allée Rousseau

2 697 m² of office space at Allée Voltaire

Building with an attractive modern architecture next to a park and near the RER train station.

Fresnes 94: Clos la Garenne

4 920 m² of office space and shops and surface area to be developed on 3 levels.

Provinces

73 Club Med: Arc 2000

15 200 m²

Hotel complex composed of a residential hotel and a hotel operated by Club Med in the heart of a large ski resort.

Flaine 74: Hôtel Le Totem**, Hôtel Aujon***

11 310 m²

Two hotels in the highly reputed resort.

Megève 74

2 residential buildings in a prominent resort

900 m² (for the 2)

Outside France

3 043 m2
A vast luxury hotel in Brussels' business district.

Brussels: 10, avenue de l'Astronomie Hôtel Vaxelaire

Pro Forma

Address		Type of building	Occupancy rate, current	Building Surface area	Rent, current
PARIS					
7, rue d'Argenteuil	PARIS 2	Mixed building	75%	1,208 m²	289,813 €
15 rue de la Banque	PARIS 2	Office building	99%	2,019 m²	803,916 €
21, bd Poissonnière	PARIS 2	Mixed building	86%	1,914 m²	381,341 €
7, rue des Guillemites	PARIS 4	Apartments	97%	793 m²	168,135 €
47, rue Vieille du Temple	PARIS 4	Mansion house	0%	1,718 m²	0 €
3/5, quai Malaquais	PARIS 6	Apartments	100%	549 m²	330,000 €
2-4, rue de Lisbonne	PARIS 8	Office building	99%	2,458 m²	1,201,461 €
55, rue Pierre Charron	PARIS 8	Office building	100%	2,890 m²	1,534,571 €
17, rue François 1er	PARIS 8	Commercial building	0%	2,095 m²	0 €
8 rue de Chazelles	PARIS 8	Residential building	100%	391 m²	47,295 €
7, rue de Surène	PARIS 8	Mixed building	87%	1,378 m²	499,137 €
26, rue d'Athènes	PARIS 9	Mixed building	100%	963 m²	439,730 €
24, rue Georges Bizet	PARIS 16	Office building	0%	930 m²	0 €
2, rue de Bassano (Bât A & B)	PARIS 16	Office building	100%	2,535 m²	1,374,855 €
2, rue de Bassano (Building C)	PARIS 16	Office building	0%	865 m²	0 €
77, rue Boissière	PARIS 16	Mixed building	86%	1,786 m²	658,628 €
	TOTAL, PARIS		**73%**	**24,492 m²**	**7,728,882 €**
PARIS REGION					
Hôtel du Parc des Expositions - 16/18, rue	VANVES (92)	HOTEL	100%	2,250 m²	450,403 €
Le Rousseau	LOGNES (77)	Office building	25%	2,697 m²	67,496 €
Le Voltaire - 2 allée Voltaire	LOGNES (77)	BUILDING	44%	2,697 m²	134,150 €
	TOTAL, PARIS REGION		**54%**	**7,644 m²**	**652,048 €**
PROVINCES					
Chalets - route du Pleney	MEGEVE (74)	Residence	100%	898 m²	300,000 €
L'Aujon	FLAINE (74)	HOTEL	100%	6,347 m²	530,000 €
Le Totem	FLAINE (74)	HOTEL	100%	4,967 m²	392,727 €
Résidence La Forêt	FLAINE (74)	RESIDENTIAL	49%	750 m²	54,769 €
Le Varet	ARC 2000 (73)	HOTEL	100%	8,074 m²	376,308 €
Le Varet Construction lease	ARC 2000 (73)		100%	7,160 m²	0 €
	TOTAL, PROVINCES		**99%**	**28,196 m²**	**1,653,805 €**
OUTSIDE FRANCE					
Avenue de l'Astronomie	Brussels	Mansion house	0 %	3,043 m²	0 €
	TOTAL, ACANTHE GROUP		**78 %**	**63,375 m²**	**12,979,581 €**

Financial data

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

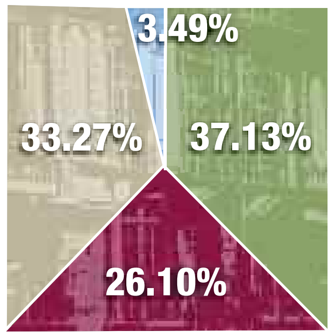
FOCUS ON THE VALUE OF THE REAL ESTATE

370 M€
Value of the real estate at 31/12/10

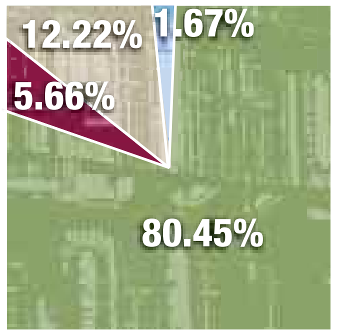
326 M€
After disposals underway

63,375 M²
Extent of the real estate at 31/05/11

Breakdown of real estate assets in square metres

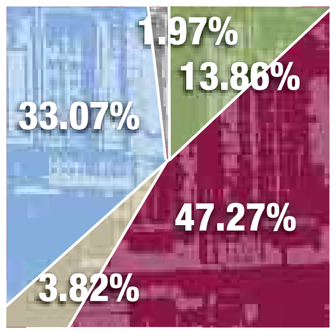


Breakdown of real estate assets in value

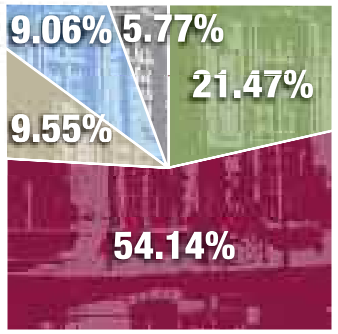


Paris
Paris region
Provinces
Outside France

Nature of real estate assets in square metres



Nature of real estate assets in value



Shops
Offices
Apartments
Hotels
Land/Misc.

FOCUS ON THE PROFITABILITY OF THE REAL ESTATE in 2010

12.82 M€
Rental income

19.11 M€
Potential rents

Financial occupancy rate **85 %**
in value (excluding buildings under restructuring) at 31/12/2010

Financial data

Focus on the financial position

Shareholders' equity, part du groupe	297.3 M€
Net debt	86.0 M€
Net debt/ equity ratio	28 %
Net asset value per share, after dilution	2.75 €

Focus on financial results

Operating income	6.3 M€
Cash flow from operations	0.8 M€
Change in the value of investment buildings	1.5 M€*

* Estimate by an appraisal firm, based on the criteria set out in the real estate appraisal Charter.
At 31 December 2010, the market value representst the price expected on the sale of a building within approximately six months.

Non-current operating expenses	2.4 M€*

Impact of the booking of stock options and bonus shares under IFRS:
•2.3 million € for the bonus share subscription plan adopted in July 2007 based on a potential subscription price of 3,29 €

Consolidated net income for the Group	- 0.3 M€

Focus on shareholder compensation

Progression of ordinary + supplementary dividend

2004 :	0.15 € + 0.53 €
2005 :	0.28 € + 0.47 €
2006 :	0.13 € + 0.45 €
2007 :	0.13 € + 0.16 €
2008 :	0.20 € + 0.19 €
2009 :	0.04 €
2010 :	0.15 €
2011:	117 million €in mandatory distribution

Total for the period 2004 - 2010	208 M€

Stock market data at 31/12/2010

Breakdown of capital

Float (of which PHRV holds more than 5%)	46.32 %
+ Alain Duménil directly and indirectly held (excluding treasury shares)	45.34 %
Treasury shares	8.34 %*

* Shares held by sub-subsidiaries.

STATEMENT OF THE NATURAL PERSONS RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

"I hereby certify that, to the best of my knowledge, the parent-company and consolidated financial statements for the year ended 31 December 2010 presented in the following financial report were prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and profit or loss of the company and all the companies included in the consolidation, and that the management report presents a true and fair view of the development and performance of the business and the financial position of the company and all the companies included in the consolidation, together with a description of the principal risks and uncertainties they face."

ACANTHE DÉVELOPPEMENT
Represented by: Alain Duménil
Chairman & Managing Director

of the Board of Directors

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of the Board of Directors

PRESENTED TO THE ORDINARY AND EXTRAORDINARY ANNUAL GENERAL MEETING OF 30 JUNE 2011

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 2010, (ii) seek your approval of the 2010 financial statements, (iii), renew the power given to the Board of Directors to buy and sell the Company's own shares on its behalf, (iv) authorise the Board of Directors to reduce the share capital through the cancellation of treasury shares, (v) increase the share capital for the compensation of contributions in kind, (vi) authorise the Board of Directors to carry out certain modifications of the share capital, (vii) grant the Board the power to increase the share capital through the issuing of shares exclusively intended for subscribers in a company savings plan, (viii) modify Article 48 of the Articles of Association and (ix) reduce the share capital.

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 2010 including the Group Management Report;
- Report of the Chairman of the Board of Directors on the internal control procedures required under Article L.225-37 of the French Commercial Code;
- Additional report of the Board of Directors on the use of the powers granted for capital increases (Articles L.225-129-1 and L.225-129-2 of the French Commercial Code);
- Special Report of the Board of Directors on the share buy-back programmes;
- Special Report of the Board of Directors on the free share allocation operations carried out by virtue of Articles L.225-197-1 to L.225-197-3 of the French Commercial Code and operations carried out by virtue of the provisions of Articles L.225-177 to L.225-186 of the French Commercial Code;
- Auditors' reports on the company's financial statements for the year ended 31 December 2010 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 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;
- 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 48 of the Articles of Association;
- Reduction of share capital;
- Consequent modification of Article 6 and 8 of the Articles of Association;
- Allocation of the statutory reserve;
- Powers for formalities.

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of the Board of Directors

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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)

For the year 2010 as a whole, real estate revenues amount to €15,368 K (of which €12,980 K in rental revenues and €2,388 K in re-invoiced rental expenses) versus €16,276 K (of which €14,106 K in rental revenues and €2,170 K in re-invoiced rental expenses) in 2009.

As far as business sectors are concerned, office revenues account for 63.81% (€9,806 K) of the total.
The other sectors (Hotels, Commercial premises and Apartments) respectively account for 14.41% (€2,214 K), 14.11% (€2,169 K) and 7.67% (€1,180 K) of total revenues.

On a geographical level, the buildings located in inner Paris generated 78.29% of total revenues.
The remaining 21.71% breaks down between the Paris region (8.63%) and the French provinces (13.08%), mainly in mountain resorts.

The 6% drop in revenues from 2009 to 2010 is partly due to a change in the scope (buildings held).
The sale of several assets in 2010 (cf. note 4.1.1 to the consolidated financial statements which lists the buildings sold during the year) generated a drop in revenues of €2,273 K in comparison with 2009.
This drop in revenues was partly offset by the consolidation of new assets at the end of 2009 through the transfer of assets to the VENUS subsidiary. These generated a surplus (full year in 2010 versus a month and a half in 2009) of €772 K.
Lastly, the revenues stemming from the year's acquisitions amounted to €674 K.

On a like-for-like basis, there was a slight drop in revenues in relation to 2009: -1.22%.

This drop is due to several factors:
- The vacancy of the mansion house located in Brussels, which had generated revenues of over €300 K in 2009, is partly responsible for this drop. The transformation of this office building into a hotel is currently under study.
- The lessee of hotel Le Totem in Flaine had given its notice for the end of May 2010. However, the Group signed a firm one-year agreement with this lessee, at a lower rent but with an obligation to restore the premises. This operation reduced the total revenues by €100 K but will give the Group time to make plans for the future use of the site; a split-sale project is currently under study.

These drops were partly offset by certain rises:
- Some unoccupied buildings found new lessees, notably the building located at 2-4 Rue de Lisbonne, generating an increase in revenues of €500 K, mainly due to the arrival of two major lessees.
- A very small rise – or even a drop at certain periods of the year – of the ICC index on which most rents are based.

In 2010, the Group sold the following assets, for a total of €61.1 million:
- The office/shop/apartment building covering 2,350 m² located on Bd Haussmann (Paris 8) was sold for €15.5 million.
- The office building covering 2,500 m² located on Rue d'Edimbourg (Paris 8) was sold for €15.1 million.
- The seven apartments making up the building located on Rue Claude Terrasse (Paris 16) were sold after completion of the construction work at the beginning of 2010, generating revenues of €6.5 million including tax.
- The office building covering 600 m² located at 55 Rue de Lisbonne (Paris 8) was sold for €4.2 million.
- The apartment hotel located in Paris 10 was sold for €6 million.
- Various real estate assets under joint ownership (two office platforms on Avenue de l'Opéra (Paris 1), three batches of assets on 15 Rue de Marignan (Paris 8), two shops on Rue de Rome (Paris 8) and nine apartments on Rue Le Marois (Paris 16) were sold for €11.45 million.
- An office/shop building (Bois Candide) and co-ownership units (in Le Brévent building) located in Ferney-Voltaire (01) were sold for €2.352 million.

In the same period, sales commitments were signed:
- For the premises on Rue La Boétie for €1.1 million (for their transformation into apartments, while the Group keeps the commercial rights which are allocated to the regularisation of the building on Rue de Surène).
- For the Tour Atlantique platform at La Défense; work was carried out to remove asbestos, improve fire safety and improve the premises. Two leases were signed and a sales commitment was signed with one of the lessees for €4.6 million; the sale is due to be completed in April 2011.
- Concerning the land in Ferney-Voltaire, following a change in zoning which became definitive and an agreement with the Municipality, a sales agreement was finally signed with a national developer for €2.8 million; the completion of the sale should take place in September 2011 once a building permit has been obtained (filed in December 2010).

The Group also made a few acquisitions:

An exception building with a surface area of 899 m² located in Megève in Haute Savoie, valued at €11.7 M.

A vacant office building with a surface area of approximately 930 m² located on Rue Georges Bizet, next to our building on Rue de Bassano, at a price of €9.8 M (including fees) .

A complex of two buildings in Paris 4 (Quartier du Marais): the fist building, which has a surface area of 1,718 m², consists of office space and shops; it is the former mansion house of the Dutch ambassadors. It will be vacated, renovated and re-rented. The second is an apartment building with a surface area of 793 m²; it will be sold in batches.

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

For the building on Rue François Ier (Paris 8), planning permission, aimed at increasing the building's useful area and improving traffic corridors, was applied for in March and obtained in December 2010. The renovation budget was agreed upon with the selected company and the preliminary work started in the 2nd half 2010 (installation of equipment, etc.).

Concerning the Ivry building (warehouses), following the departure of the lessee in August 2009, negotiations were relaunched with the Municipality and SADEV94, as this mixed enterprise is now in charge of the development of the entire Ivry Confluence area and land acquisitions. At the beginning of 2011, the price of €3.85 million was agreed upon and the sale should be completed before the end of the 1st half 2011.

Negotiations were initiated with a national developer for the sale of the Nanterre plot (on which there is a service station); they resulted in the signing of an agreement to sell at the price of €1,1 million; completion is scheduled for March 2012, once planning permission has been obtained for the construction of an apartment building.

The financing of your real estate assets stemmed mainly from medium and long term bank loans. The outstanding borrowings rose from €96.4 M at the end of 2009 to €106.7 M at 31 December 2010 (including a credit facility of €16 M obtained for the acquisition of IMOGEST, which must be reimbursed on the short term); on the same date, the cash & cash equivalents amounted to some €21.9 M.

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

Share capital increases

During the year ended 31 December 2010, your share capital rose from €38,247,014 made up of 101,199,299 shares at 31 December 2009 to €41,721,357 made up of 110,392,205 shares at 31 December 2010.

This increase was due to:

1/ the exercising of 99 000 share subscription (ISIN code: FR 0000346975)
giving rise to the issue of 3,074 fully paid-up shares (€1,160) and an issue premium of €4,118.29.

2/ shareholder re-investment within the scope of the payment of the dividend in shares:
The Annual Ordinary and Extraordinary General Meeting of 18 June 2010 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 73,034,264 shares. On 4 August 2010, based on the principles defined by the Meeting, the Board of Directors set the price of the new shares to €1.14 per share.

The Board took note that, following the payment of the dividend in shares, 9,189,832 new shares had been issued.

It noted that the new shares were fully paid up and the issue premium amounted to €10,476,408.48: (9,189,832 X €1.14). The difference between the total amount of the subscriptions and the amount of the capital increase, i.e. €7,003,226.15, was recognised in an "issue premium" account.

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

2. Parent-company and consolidated financial statements for the year ended 31 December 2010

2.1. Parent-company financial statements

The net value of the real estate assets totals €3.31 M and comprises:
- an office/shop building with a surface area of 963 m², located on Rue d'Athènes (Paris 9) worth €3.13 M, rented for €0.48 M like in 2009,
- land to be developed in Verdun (55) amounting to €0.18 M.

The stakes in your subsidiaries amounted to €222.47 M at 31 December 2010; the changes recognised (€214.98 M) comprise the distribution in kind by SAS TAMPICO of 97,34% of the shares in SNC VENUS (SIREN No. 334 284 890) amounting to €217.72 M as well as the subsequent sale of all shares in SAS TAMPICO (SIREN No. 413 855 339 – fully held company): at a price of €1; its acquisition price was €2.8 M.

The other receivables from equity investments mainly consist of advances granted to your subsidiaries for a gross amount of €53.48 M versus €45.08 M in 2009.

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

The "Trade receivables and other accounts receivable" item (2 M€) mainly consist of invoices to be issued (€1.93 M) including the re-invoicing of head office expenses as well as tenant receivables having fallen due (€0.07 M).

The "Other receivables" item amounting to €7.14 M mainly consists of VAT receivables amounting to €0.37 M, a tax receivable of €4.63 M due to a tax prepayment, an escrow of €1.7 M related to a dispute with minority holders of a former subsidiary (cf. Note 9.3.4 to the consolidated financial statements for the year ended 31 December 2010) and a carryback request of €0.04 M.

Short-term investments and cash & cash equivalents total €5.32 M
versus €9.7 M in 2009.

At 31 December 2010, the shareholders' equity amounted to €284.05 M. The difference in relation to 31 December 2009 is mainly due to the following:
- the exercising of 99,000 share subscription warrants generating the issue of 3,074 shares and a capital increase of €5.23 K;
- the re-investment of 73,034,264 coupons generating the issue of 9,189,832 shares and a capital increase of €10.5 M;
- dividend distributions of a gross amount of €15.18 M;
- profit of €226.19 M for fiscal 2010.

The "Debt to credit institutions" amounts to €1.69 M in 2010 versus €1.77 M in 2009.

The "Financial debt" amounts to €6.8 M versus €4.2 M at 31 December 2009; the difference is mainly due to an increase in cash advances from subsidiaries with surplus cash.

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

"Other liabilities" amounting to €0.44 M mainly consist of a VAT liability.

The profit for the year amounts to €226.19 M versus €14.61 M the previous year; it stems from the following:
• revenues of €2.22 M, comprising the rental income from the property located on Rue d'Athènes (Paris 8) amounting to €0.48 M€, the re-invoicing of the rent of the Bassano head office to the ADC SIIC Group in the amount of €0.13 M, as well as services re-invoiced to subsidiaries for €1.61 M (€1,3 M in head office expenses and €0.31 M in wages);
• operating expenses amounting to €3.5 M (part of which was re-invoiced, cf. previous paragraph). These mainly consist of fees amounting to €1.5 M (including €0.34 M in lawyers' fees related to the dispute with the minority shareholders of the former FIG subsidiary), financial publication costs amounting to €0.2 M, rents and rental expenses amounting to €0.85 M, wages amounting to €0.46 M (including €0.1 M for the salary of the Property Director who joined the company during the year and €0.12 M for the salary – re-invoiced to the subsidiaries – of the Group's Legal Affairs Director), directors' fees amounting to €0.12 M and a depreciation/amortisation allowance of €0.13 M;
• a share in the loss of the subsidiary SNC VENUS amounting to €6.48 M;
• interest received on cash accounts amounting to €0.08 M;
• interest of €0.08 M paid on loans for property investments;
• dividends received from subsidiaries amounting to €235.09 M and net interest of €1.5 M on advances granted or received from subsidiaries;
• the reversal of a provision of €0.20 M on treasury shares;
• an exceptional loss of €2.6 M on the sale of SAS TAMPICO
• corporate tax of €0.13 M.

2.2. Consolidated financial statements

Consolidated Balance Sheet

At 31 December 2010, real estate investments amounted to €364.48 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 2010.
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, we have decided to apply the revaluation method for Property, Plant and Equipment. At 31 December 2010, the net value of those premises was €6.03 M.

The split-sale programme concerning the building located on Rue de Rome (Paris 8) continued during the year: the commercial premises were sold and there is only one unsold reserve remaining, booked under "Building stock" for a net amount of €0.02 M at 31 December. The property development project located on Rue Claude Terrasse (Paris 16) was entirely sold off in 2010.

The "Cash & cash equivalent" item amounts to €24.15 M and mainly breaks down as follows:
• Monetary investment funds: €21.11 M
• Cash & cash equivalents: €3.04 M

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

At 31 December 2010, the shareholders' equity amounted to €297.47 M excluding minority interests.

The change in shareholders' equity in relation to 31 December 2010 is due to the following:
• The drop in the revaluation reserve (-€ 0.2 M) taking into account the valuation of the buildings used for administrative purposes according to the revaluation method (fair value) and the impact of the change in the fair value of the financial assets held for sale;
• The drop in the Group's consolidated reserves (-€ 0.3 M) due to the deconsolidation of FIG and TAMPICO
• The drop in the Group's consolidated reserves (-€13.96 M) due to dividend distributions;
• The capital increase (+€3.47 M) and issue premium (+€7 M), due to the exercising of share subscription warrants and re-investment of dividends into shares;
• In accordance with IFRS2 concerning the payment of dividend in shares, an increase of €2.34 M in the share premium was recognised for the year, following the allocation of free shares. The counterpart entry is booked under personnel costs;
• The changes relating to the share subscription warrants and treasury shares which had an impact of -€2.16 M on shareholders' equity.
• The consolidated result attributable to the Group, which stands at -€0.29 M

Financial liabilities (current and non-current) increased from €98.31 M in 2009 to €107.97 M at the end of 2010. This increase is mainly linked to the consolidation of a company which had taken out a loan to finance its real estate assets as well as an overdraft facility related to the acquisition of a new subsidiary.

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

Income statement

At 31 December 2010, consolidated revenues amounted to €15.37 M (of which €12.98 M in rents after deduction of the rents for the premises occupied by your Company amounting to €0.65 M and re-invoiced expenses of €2.39 M) versus €16.3 M at 31 December 2009 (of which €14.11 M in rents after deduction of the rents for the premises occupied by your Company amounting to €0.65 M and re-invoiced expenses of €2.17 M). The breakdown of revenues is detailed in section 1.1 of this management report.

At 31 December 2010, the net income stemming from the buildings amounted to €10.15 M versus €11.7 M at 31 December 2009.

The net income from split-sales amounted to €0.07 M.

In 2010, the allocation of stock options and bonus shares had an impact of €2.34 M (counterpart entry in shareholders' equity in accordance with IFRS2) on personnel costs, which amounted to €3.40 M. The sum of €2.34 M is composed of bonus shares with a 4-year acquisition period and is charged to issue premium. It therefore had no impact on the Group's shareholders' equity.

The expense booked in the fiscal years in which the employees acquired their rights is based on the fair value of the options and shares on the plan allocation date. This value is frozen, irrespective of subsequent upward or downward fluctuations in share prices; it should be noted that the price used for the valuation of the bonus shares was €3.29 and that the closing price at 31 December 2010 was €1.17.

Other operating expenses amounted to €2.85 M versus €1.94 M in 2009. The difference is mainly due to tax-related fees (+ €0.2 M), legal fees (+ €0.4 M) notably in the dispute between the Group and the minority shareholders of its former subsidiary FIG (€0.3 M in legal fees), and lawyers & intermediaries' fees for the acquisition of companies (+ €0.3 M)

In 2010, the use of the fair value method for the valuation of real estate investments generated a rise of €1.52 M in the value of those real estate assets.

Depreciation, amortisation and provisions comprise amortisation allowances for other tangible and intangible assets (€0.04 M) as well as allowances for the part of the building at 2 rue de Bassano occupied by the Group (€0.1 M) and provisions for the depreciation of trade receivables (€0.88 M).

A capital loss of €1.13 M was recorded on building disposals. Most of the arbitrages concerned non-strategic assets : buildings located in Paris but not in the Group's core target (co-ownership units, apartment hotel, split-sale project, buildings located on the border of the 8th arrondissement and not within the central business district, etc.) as well as buildings located in other French regions.

The net cost of financing amounted to €4.58 M. It mainly consists of interest on loans for the financing of our real estate assets (€4.59 M) and income of €0.01 M from financial instruments.

Other financial income and expenses generated a profit of €1.01 M notably due to the change in the fair value of ORCO PROPERTY shares (€0.69 M).

The 2010 consolidated result, after corporate tax of €0.13 M, is a loss of €0.18 M, excluding minority interests. These amount to €0.11 M: the consolidated result attributable to the Group is thus a loss of €0.29 M.

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

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

2.3.1 Off balance sheet commitments of consolidated companies

Commitments given

Off balance sheet commitments given within the Group's consolidation scope	Main characteristics (type, date, counterparty)	31/12/2010 amount in K€	31/12/2009 amount in K€
Share acquisition commitments	None	None	None
Commitments on ad hoc entities not consolidated but likely to have a substantial effect on the financial statements	None	None	None
Other changes	None	None	None

Off-balance sheet assets

Off balance sheet commitments given within the Group's consolidation scope	Main characteristics (type, date, counterparty)	31/12/2010 amount in K€	31/12/2009 amount in K€
Off-balance sheet assets from specific transactions	None	None	None

2.3.2 Off balance sheet commitments related to financing operations

Commitments given

The commitments are only exercisable for the outstanding amounts actually repayable on the guarantee enforcement date, plus fees, expenses and ancillary costs up to a limit of 20% of this amount. The real impact of these commitments for the Group on the year-end closing date is shown below.

in thousands of Euros	31/12/2010	31/12/2009
Guarantees given to financial institutions (1)	58,043	66,648
Mortgage registrations on real properties acquired Amount of outstanding loan plus a coefficient 1,2	109,345	116,390
Collateral for commercial rents	82,121	96,992

NB: the sureties comprise a joint and several guarantee set up in favour of the subsidiary AD INVEST in July 2003 within the scope of the financial leasing of office premises. AD INVEST was sold to the ADT SIIC Group in 2005. The commitment amounted to €2.238 K on 31/12/2010.

Period of commitments

	Total at 31/12/2010	at less than one year	de 1 à 5 ans	+ de 5 ans
Guarantees provided	58,043	5,207	19,664	33,172
Mortgages	109,345	4,403	27,802	77,140
Collateral for commercial rents	82,121	3,669	23,169	55,283

The commitment periods are aligned with the loan periods.

Pledges, guarantees and sureties:

Company with secured shares or stocks	Name of shareholder or partner	Beneficiary	Starting date	Due date	Number of secured shares or stocks	% of capital secured
BASNO	VENUS	DEUTSCHEPF ANDBRIEFBANK	13/08/2003	01/10/2018	100	100%
BASNO a donné en nantissement les titres FONCIERE DU ROCHER	VENUS	DEUTSCHEPF ANDBRIEFBANK	29/09/2003	01/10/2018	2,801,000	100%
SCI BRIHAM	VENUS	CREDIT FONCIER	16/11/2001	20/11/2013	439,600	100%
SCI LES DAUPHINS	BALDAVINE SA	SADE	19/12/2002	19/12/2014	100	100%
PONT BOISSIERE	ACANTHE DÉVELOPPEMENT ET VENUS	LANDESBANK SAAR	14/05/2009	15/05/2019	10,000	100%
IMOGEST	FONCIERE ROMAINE	PICTET	15/10/2010	31/03/2011	26,800	100%
AMELOT	IMOGEST	PICTET	15/10/2010	31/03/2011	10,000	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 €)		
Nature	**31/12/2010**	**31/12/2009**
Collateral for mutual monetary funds or financial instrument accounts on behalf of banks	1,477	1,578
Collateral for fixed term deposits and interest-bearing accounts on behalf of banks	719	575

Other commitments

Shareholding commitments were made within the scope of the loans taken out by the Group:
• BASNO loan taken out with DEUTSCHE PFANDBRIEFBANK,
• FONCIERE DU 17 RUE FRANCOIS 1st loan taken out with CREDIT FONCIER,
• SCI FRANCOIS VII loan taken out with CREDIT FONCIER,
• SC CHARRON loan taken out with ING LEASE FRANCE.

As part of the loans taken out by the Group, lock-up agreements were signed whereby no shares can be sold to any company outside the ACANTHE DÉVELOPPEMENT Group:
• SCI BRIAULX loan taken out with CREDIT FONCIER,
• CI BRIHAM loan taken out with CREDIT FONCIER,

Moreover, the Group did not grant any term credit lines to third parties (term letters of credit, etc.) and has no commitments to repurchase securities lent out or pledged.

Commitments received

• Guarantee for the loan granted to ADT SIIC: pledge of the VENUS shares held by ADT SIIC valued at €3,571 K in the consolidated financial statements (minority interests).
• Surety granted by Mr Alain DUMENIL in favour of DEUTSCHE PFANDBRIFBANK in the amount of €1,694 K for a loan taken out by a Group subsidiary (CEDRIANE) to finance the acquisition of a building;
• Liability guarantee of €500 K given by the sellers of IMOGEST shares, valid until 15/10/2012;
• Surety from the PICTET bank within the scope of the liability guarantee of €500 K given by the sellers of IMOGEST shares, valid until 15/10/2012.

2.3.3 Off balance sheet commitments related to the Group's operating activities

Commitments given

The Group has chosen EIFFAGE for the rehabilitation of the building on Rue François 1er. The overall bill for the works stood at 6.2 M€.
A government lien was placed against certain companies of the ACANTHE DÉVELOPPEMENT Group as a guarantee for disputed tax claims of €5,161 K at 31 December 2010 (cf. note 9.2.1 to the consolidated financial statements).
Moreover, the following precautionary assumptions were used by the French tax authorities (cf. note 9.2.1 to the consolidated financial statements):

in thousands of Euros	31/12/2010	31/12/2009
Mortgage registrations on real properties (1)	38,675	14,281

The amounts related to this assumption break down as follows:

in thousands of Euros	Total at 31/12/2010	at less than one year	from one to 5 years	>5 years
Mortgages	38,675	0	30	38,645

(1) Of which €35,575 K concerning buildings which were the property of ADC SIIC, TAMPICO and 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.

Commitments received

Bank sureties were granted by SOCIETE GENERALE in favour of the French tax authorities, against a SICAV pledge of €1,4 M (for a tax payment pursuant to the creation of office space at 2/4, Rue de Lisbonne in Paris).

Within the scope of ACANTHE DÉVELOPPEMENT's repurchase of a tax receivable from its former subsidiary TAMPICO, the companies agreed on a price adjustment in favour of ACANTHE DÉVELOPPEMENT for the portion of the receivable that may not be refunded by the tax authorities.

2.4. Risk and uncertainty factors

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

Capital management risk

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

in thousands of Euros	31/12/2010	31/12/2009
Financial debts with credit institutions	107,970	98,310
Cash flow and cash equivalents	(21,953)	(12,269)
Net financial debts	86,017	86,041
Equity (Group share)	297,347	301,385
Net financial debt / Equity (Group share) ratio	29%	29%

The Group's debt/equity ratio does not take account of treasury shares (NAV of €29 M) which could be used as a source of cash, nor of the surplus from the current realisable assets, defined as the difference between current assets (excluding cash and cash equivalents) and current liabilities (excluding current financial liabilities).

After a period when the Management's main objective was to reduce its debt, this ratio could nevertheless increase. Indeed, the Group may take out loans to finance acquisition opportunities that may arise on its main market, i.e. the office building market in the central business district of Paris. It may also decide to sell certain buildings if market opportunities arise.

Interest-rate risk

As the ACANTHE DÉVELOPPEMENT Group has variable-rate loans, the Group's debt is exposed to an interest-rate risk. However, through a prudent policy suited to the profile of its activities, the Group uses financial instruments to hedge the risk of a rise in interest rates.
The variable-rate loans are partially capped at €20 M, due to the set-up of an interest rate swap capped at 6.94%.

Instruments	Due date	Notional at 31/12/2010 in K€
"Swap CAP sur pente" 0% - 6.94%	June 2012	20,000
		20,000

To enable you to appraise the risk exposure on the debt, the following table (see note 8.3 to the consolidated financial statements at 31 December 2010) 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.

The sensitivity corresponds to the impact on the profit & loss account or shareholders" equity of an interest rate fluctuation of + or – 0.6% compared with the rates applicable during the financial year.

Since the derivative is a variable-rate swap for a capped variable rate, it is estimated that the swapped rates increase in a symmetrical way, without reaching the cap, and therefore have no impact on profit (loss).

The table below shows the impact of a 0.6% rise or fall in interest rates on profit (loss) and shareholders' equity at 31 December 2010 and at 31 December 2009:

	31/12/2010		31/12/2009	
In € thous.	Impact on equity	Impact of equity	Impact on equity	Impact of equity
Interest rate +/- 0.6%	+/- 307	-	+/- 267	-

Some loans include clauses providing for early repayment under certain conditions (cf. note 7.2 to the consolidated financial statements at 31 December 2010).

Liquidity risk

Risk on future investments

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

Short-term liquidity risk

The Group's policy is however to diversify its counterparties in order to avoid risks arising from excessive concentration, and to select counterparties according to qualitative criteria. Moreover, the Group controls its credit risks related to the financial instruments in which it invests by limiting investments according to its counterparties' rating. At 31 December 2010, the Group's net cash surplus amounted to €22 M versus €12.3 M at 31 December 2009. 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 current debt (€29.1 M at 31 December 2010 versus €15.9 M at 31 December 2009) is offset by the value of the current assets (€44.5 M at 31 December 2010 versus €35.5 M at 31 December 2009).

Receivables due but not depreciated:

	31/12/2010						
in € thous.	Assets due at closing date				Total depreciated assets	Total assets not depreciated & not yet due	Total
	0-6 months	6-12 months	>12 months	Total			
Trade receivables	-	-	295	295	312	3,923	4,530
Other receivables	8	393	5,092	5,493	-	10,210	15,703
TOTAL	**8**	**393**	**5,387**	**5,788**	**312**	**14 133**	**20,233**

"Other accounts receivable" include a tax receivable of €4,626 K which fell due at the end of 2009. It concerns the payment of an "Exit tax" supplement following a tax adjustment (being challenged), which will be reimbursed to the Group in the event of a favourable outcome to the dispute with the tax authorities.

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

	31/12/2009						
in € thous.	Assets due at closing date				Total depreciated assets	Total assets not depreciated & not yet due	Total
	0-6 months	6-12 months	>12 months	Total			
Trade receivables	708	549	1,330	2,587	208	4,482	7,277
Other receivables	64	-	4,891	4,955	-	5,517	10,472
TOTAL	**772**	**549**	**6,221**	**7,542**	**208**	**9,999**	**17,749**

"Other accounts receivable" include a tax receivable of €4,626 K which fell due at the end of 2009. It concerns the payment of an "Exit tax" supplement following a tax adjustment (being challenged), which will be reimbursed to the Group in the event of a favourable outcome to the dispute with the tax authorities.

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 31/12/2010 in K€	Parts		
		-1 year (in K€)	1 year and <5 years (in K€)	>5 years (in K€)
Fixed rates	15,993	250	1,447	14,296
Euribor variable rates	54,293	2,244	16,152	35,897
Fixed rates with five-year resetting period 5 year PEX	19,922	1,025	5,050	13,847
	90,208	3,519	22,649	64,040

Some of the loans include an early repayment clause under certain conditions. 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, notably by realising certain assets.

Shareholders will also be given the option of reinvesting dividend payments in additional 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.

Counterparty risk

The counterparty risk concerns investments made by the Group and the Group's counterparties in commercial transactions and derivatives. The counterparty risk on transaction investments is limited by the type of vehicle used – essentially monetary UCITS managed by leading financial institutions.

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. However, the operating results of ACANTHE DÉVELOPPEMENT is liable to be somewhat affected by occasional defaults in payment by lessees.

All our leases are with SMEs. In the event of 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 for the Group is thus linked to the period of vacancy before finding a new tenant with a negotiated rent which could be higher or lower than the previous one, depending on market conditions.

At 31 December 2010, no account receivable amounted to more than 12.39% of the total outstandings (versus 7.33% at 31 December 2009), except for affiliated companies. It concerns the lessee of the hotel at Porte de Vanves (Vanves 92) who owes €345 K and pays in arrears.

The first 5 customers account for 37.6%, while the first 10 customers represent 47.3%.

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

Risk related to the REIT (French SIIC) status

Since 1st 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 1st January 2007, this condition should, in principle, have been complied with on 1st January 2009. However, item I of Article 24 of the 2009 French Financial Act deferred the coming into force of this condition to 1st 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 2010, 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 buildings our insured with prominent, reliable companies, i.e. mainly SWISS LIFE, ALBINGIA and AXA.

Foreign exchange risk

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

Risk related to treasury shares

At 31 December 2010, the Group held 9,205,138 of its own shares in treasury and 182,771,588 share subscription warrants for which the total acquisition cost (€21,626 K) is booked against shareholders' equity.

Market risk

Risks related to the management of the real estate investment portfolio

Those risks are related to the following:

- **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 INSEE index for construction costs. The leases are generally reviewed on a yearly basis.

Consequently, future income from the buildings is correlated to the changes in those indicators.
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 2010, the financial occupancy rate was 67%. On the same date, the physical occupancy rate was 73%. These rates respectively rise to 85% and 86% if we set aside the buildings being sold off and those under rehabilitation which cannot be occupied (Rue François 1er, Rue Vieille du Temple, and the building located in Brussels due to be transformed into a hotel).

The financial occupancy rate is defined as the amount of the current rents divided by the amount of the rents that would be 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.

- **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 2010, standing at 1.520.

	31/12/2010		31/12/2009	
In € thous.	**Impact on equity**	**Impact of equity**	**Impact on equity**	**Impact of equity**
Building cost +/- 30 points	+/- 237	-	+/- 272	-

- 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 2010, standing at 119.17.

	31/12/2010		31/12/2009	
In € thous.	**Impact on equity**	**Impact of equity**	**Impact on equity**	**Impact of equity**
Rent benchmark index +/- 2 points	+/- 16	-	+/- 9	-

- **Expiration of the leases**

The maturity of the leases based on the ongoing leases at 31.12.10 (amount of rents for which the leases shall be renewed for a certain period) is presented on the table below.

In € thous.	Total	Due in ≤1 year	Due in >1 year and <5 years	Due in >5 years
Maturity	12,856	2,260	5,964	4,632
	12,856	2,260	5,964	4,632

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".

3. Modification of the presentation of the annual financial statements or evaluation methods used in the previous years (Article L.232-6 of the French Commercial Code)

No changes were made either to the presentation of the annual accounts or to the valuation methods used in previous years.

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

Names of consolidated companies	Shareholding percentage		Percentage controlled	
	Year	Yr-1	Year	Yr-1
TAMPICO Société par Actions Simplifiée, share capital of 235,287.69 € 413 855 339 RCS PARIS	Sold	100%	Sold	100%
FRANCE IMMOBILIER GROUP Société Anonyme under liquidation with share capital of 10,221,035.83 € 399 499 458 RCS PARIS	Sold	100%	Sold	100%
SOCIETE IMMOBILIERE ET DE GESTION - IMOGEST Société Anonyme with share capital of 402,000 € Registered office: 47 rue Vieille du Temple – 75004 PARIS 632,010,252 RCS PARIS	100%		100%	
SOCIETE CIVILE IMMOBILIERE DE L'HÔTEL AMELOT Société Anonyme with share capital of 1,500 € Registered office: 47 rue Vieille du Temple – 75004 PARIS 334 284 890 RCS PARIS	100%		100%	
ALLIANCE 1995 Société par Actions Simplifiée with share capital of 113,270.23 € Registered office: 183 avenue du Roule 92200 NEUILLY-SUR-SEINE 402 509 269 RCS NANTERRE	100%		100%	
HALPYLLES Société Civile Immobilière with share capital of 1,000 € Registered office: 6 allée des Cyclades 74960 CRAN GEVRIER 438 756 231 RCS ANNECY	100%		100%	
LA FRASSIENNE Société à Responsabilité Limitée with share capital of 1,000 € Registered office: Les Prés de Flaine 73400 ARACHES LAFRASSE 524 562 634 RCS ANNECY	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)

	Position at 31/12/10			Position at 31/12/09			Position at 31/12/2008		
	number of shares	% of capital	% of voting rights	number of shares	% of capital	% of voting rights	number of shares	% of capital	% of voting rights
A.Duménil and controlled companies									
A. Duménil	4,330,000	3.92%	4.28%	4,330,000	4.28%	4.65%	3,432,063	3.67%	4.18%
Ardor Capital	0	0.00%	0.00%	48,154,812	47.58%	51.75%	44,693,920	47.82%	54.45%
Rodra Investissement	45,723,360	41.42%	45.19%						
Acanthe Group									
Acanthe Développement	123,560	0.11%	0.00%	124,268	0.12%	0.00%	108,309	0.12%	0.00%
SIF Développement							1,861,500	1.99%	0.00%
Surbak							3,835,555	4.10%	0.00%
Finplat				3,402,516	3.36%	0.00%	5,571,064	5.96%	0.00%
Cedriane				4,623,065	4.57%	0.00%			
Alliance 1995	9,081,578	8.23%	0.00%						
PUBLIC									
Public	51,133,707	46.32%	50.53%	40,564,638	40.08%	43.59%	33,955,944	36.33%	41.37%
	110,392,205	100.00%	100.00%	101,199,299	100.00%	100.00%	93,458,355	100.00%	100.00%

In addition, in February 2008 the Paris Hôtels Roissy Vaugirard (P.H.R.V) SA, which is a subsidiary of the AGF and GMF groups and the company, COFITEM-COFIMUR, declared that it holds over 5% of the share capital and voting rights at General Meetings of Shareholders. This threshold was reached on 7 February 2008 upon its acquisition of 4,355,295 shares in the market. 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.

At 31 December 2010, the Company's share capital consisted of 110,392,205 shares and voting rights; no double voting rights exist.

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

Situation at 31 December 2010:

At 31 December 2010, under a liquidity agreeement, ACANTHE DÉVELOPPEMENT held treasury stock of 123,560 shares.

At 31 December 2010, the following controlled companies held a share in the Company's share capital:

- ALLIANCE 1995: 8.23% of the share capital (i.e. 9,081,578 shares from the total 110,392,205 ACANTHE DÉVELOPPEMENT shares in existence at 31 December 2010)

In addition, SURBAK held 116,082,483 BSA share subscription warrants with a maturity of 31/10/2011 from the total 350,953,650 BSA share subscription warrants remaining in circulation at 31 December 2010.

And FINPLAT held 66,689,105 BSA warrants with a maturity of 31/10/2011 from the total 350,953,650 BSA warrants remaining in circulation at 31 December 2010.

Notices of acquisitions and disposals of cross-holdings

The subsidiary companies, which are at least 10% directly held by ACANTHE DÉVELOPPEMENT, do not hold any treasury stock.

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

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

Assets

The buildings located at 21-23 boulevard Poissonnière and 10 rue d'Uzès – 75002 PARIS are included in a sale agreement signed in March 2001 and this is scheduled for completion on 15 May 2011.

On 31 March 2011, the lots located at 8 rue de Marignan – 75008 PARIS were sold.

Share capital

On 31 March 2011 the Board of Directors approved a share capital increase of €82, raising the share capital from €41,721,357 to €41,721,439.

This increase was as a result of the exercise of 7,050 BSA share subscription warrants (ISIN Code FR 0000346975) with a maturity date of 31 October 2011 which created 219 new shares on the basis of the adjusted conversion ratio of 75 BSA share subscription warrants for 2.33 new shares.

The new shares were fully paid up in respect of their nominal value and the cash issue premium for a total amount of 375.98 €.

The Company's share capital amount, consequently rose from €41,721,357 represented by 101,392,205 shares to the sum of €41,721,439 divided into 101,392,424 shares.

Interim dividend

On 15 April 2011, after approving a resolution based on the provisional balance sheet drawn up on 1 March 2011 for the financial year ended 31 December 2010 and certified by the Statutory Auditors, showing that the Company's profit amounted to 226,316,965 euros, after setting aside the necessary accrual and provision amounts and deducting previous losses and amounts for the constitution of reserves required by application of the law and the Company's Articles of Association, the Board of Directors decided to distribute an interim dividend of 15,454,908.70 euros, which is a dividend per share of 0.14 euros. A later Board Meeting will be required to specify the coupon detachment date and interim dividend payment date, which under all circumstances shall take place by 15 May 2011 at the latest.

Agreements

The Company has terminated the securities (shares and BSA share subscriptions) services contracts it had signed with BNP Paribas Securities Services and has signed a new contract with CM-CIC Securities. Transfer of these services took place on 14 April 2011.

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.

Since the end of 2008, because of the financial and economic crisis that has affected the global economy, from the second half of 2008 onwards the Group has paid careful attention to the estimates of the fair value of its properties, as this is the Group's core business activity and therefore has a significant impact on the accounts.

Although the crisis is not a purely real estate crisis as occurred in the nineties, the economic environment was unfavourable in 2008 and 2009 and the logical outcome of this situation has nevertheless resulted in a slowdown in the real estate market.

However, the French economy which had fallen by 2.5% in 2009 - its worst performance since the war - bounced back in 2010, even achieving small growth of 1.6%.

The Investment Market in 2010

According to the studies carried out by the main agencies in the market (CBRE, Estate Consultant, Evolis, etc.), despite the economic uncertainty depressing the gobal economy, 2010 was actually a year in which the French real estate market and corporate real estate, in particular, recovered.

In fact the improvement is explained by investors' renewed interest in real estate as a long term investment in view of the current stock market climate.

This has been facilitated by the cost of credit which is promoting investment in France and especially in Paris and the Ile de France. Provided that the underlying asset is secured, credit has become available again and there has been a relaxation of "equity" share requirements.

In 2010, 11 billion euros were invested in the French investment market, representing a 42% increase over the whole of France and 19% in office property in the Ile de France region. This share was to a great extent achieved in the 4th quarter with 4,7 billion euros, representing over 40% of the year's commitments. With a figure of 7.4 billion euros, the offices segment brought in 65% of commitments.

Purchasers were focused on high quality, secured assets with a view to limiting their risks.

All of this led to growth in the real estate sector, with the immediate result that returns on this asset type fell sharply. In the Paris Central Business District, yields on prime office premises are around 4.75% and this figure is expected to rise slightly in view of increased interest rates.

In 2010, real estate companies therefore continued to optimise their portfolios and carry out arbitrage of non-strategic assets.

The Rentals Market in 2010

The offices market in the Ile de France region recorded a very strong performance in 2010 with a 53% increase in office rentals compared to the previous year, with figures of 920,000 m² leased out from a total of 2.16 million m². This improvement should not be underestimated in view of the current nervous economic environment and as a result, rental values have stabilised and have even recovered in some sectors such as the Paris Central Business District. Demand for premises with small and medium-sized areas is still lively.

SMEs and large groups have taken advantage of this difficult period to renegotiate their rents or commercial benefits (allowances, works, etc.) and this has enabled them to move their premises, or move/move back to Paris.

As a result of the increased demand, average rents in Paris strengthened in 2010 with an annual increase of 2.7%, especially for new, restructured or renovated buildings. In the Paris Central Business District, the "prime " average rent rose by 11%. The confirmed conviction that there is a scarcity of high quality, well located offers has pushed up rents.

The Group's property assets

This year, as recommended by the AMF, the Group has changed its real estate valuation experts.

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

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.

This year, the Group has carried out a number of arbitrage deals relating to its non-strategic assets:

properties located in Paris, but not exactly centred within the Group's target strategy (co-ownership lots, apartment hotel, split sales project, buildings located on the edge of the 8th arrondissement but not within the Central Business District, etc.) and properties in the other regions of France. We are continuing to pursue this strategy in 2011.

As regards investments, the Group has acquired a property composed of two chalets in Megève (74), an office building of 930 m² located in rue Georges Bizet and next to the rue de Bassano building in Paris 16th arrondissment. The Group has therefore acquired an exceptional asset with a surface area of 4,400 m² in an extremely sought after district of Paris. In addition, the Group has acquired properties in the Marais (Paris 4th arrondissement); a magnificent *hôtel particulier* in rue Vieille du Temple (1,718 m²), a residential building in rue des Guillemites (793 m²) and several car parks.

The estimated value of the Group's property assets totals 370,517 K€, after deduction of building work estimated at 6,000 K€ and inclusion of of 3,775 K€ of commercial use permits for disposal.

These assets consist of 200,586 K€ of offices, 79,549 K€ of commercial premises, 33,587 K€ of hotel buildings and apartment hotels, 35,402 K€ of residential buildings and 3,464 K€ of land rent charges and car parks in addition to a further 17,930 K€ in respect of the *hôtel particulier* in rue Vieille du Temple which was acquired in October 2010 and which will be restructured into offices, shops and later into residences.

In terms of surface area, offices represent 41,162 m², commercial premises represent 12,071 m², hotels represent 28,798 m² and the residential sector represents 3,324 m².

The building currently under restructuring represents 1,718 m² and land rent charges 1126a76ca.

The Group's property located within the city of Paris accounts for 37.13%, the Paris region share is 26.10%, other French regions (mountains) amount to 33.27% and there is a 3.49% share in Brussels.

In terms of value, the major portion of the portfolio is located in Paris (80.45%) with an average price of 9,220 €/m², and the remainder of the portfolio is split between the Paris region (5.66%, average price of 922 €/m²), other French regions (12.22%, average price 1,563 €/m²) and Brussels (1.67%, average price 2,037 €/m²).

Expert valuations of the ACANTHE DÉVELOPPEMENT Group, with a similar consolidation scope, show an increase of 1.16% compared to 31 December 2009, with some variations in respect of the geographical location (Paris CBD, Suburbs, Mountains) and the different building types.

To a great extent, the small rise is explained by the Group's change of valuation experts as valuation experts do not all have the same approach when valuing certain types of property, especially those properties which are considered to be the most atypical (*hôtel particulier*, entirely commercial Paris buildings, building lease, Brussels building, etc.).

In view of this fact, the Group's net financial situation, therefore amounts to 326,391 K€. In calculating the Net Asset Value (NAV), the treasury stock amount (shares and BSA share subscription warrants) has been added and both the acquisition value of the treasury stock and the unrealised gain on these shares have been deducted from shareholders' equity.

The Net Asset Value excluding rights and unrealised pre-tax gains on potential gains made on sales of treasury stock BSA subscription shares that are not converted into shares, is composed as follows as at 31 December 2010:

	In € thous.
Consolidated equity	297,347
Treasury stock:	
- 182,771,588 BSA (share subscrip. warrants)	1,828
- 9,205,138 shares	19,798
Unrealised gain on treasury stock	7,418
Restated Net Assets	**326,391**

- NAV: 2.957 € per share
- Diluted NAV resulting from the issue of 4-year bonus shares, remaining to be issued: 2.845 € per share
- Diluted NAV resulting from the issue of 4 year bonus shares, remaining to be issued and the exercise of BSA share subscription warrants: 2.747 € per share

The final diluted NAV per share is the figure that would result from the issue of all of the 4,330,000 bonus shares over 4 years that were granted and will be issued in July 2011 plus the exercise of all of the 350.953.650 BSA share subscription warrants in circulation (note: 75 BSA + 4 € entitles the holder to 2.33 new shares) which would require the creation of 10,902,960 new shares. The potential exercise of 9,936,436 stock options granted at a subscription price of 1.24 € per share has not been included as there is very little advantage to the holder to exercise these options in view of the stock market price at the financial year end (weighted average price at 31/12/2010: 1.17 €).

At this stage, shareholders' equity will have increased by 18,717 K€ and will therefore stand at 345,108 K€; in addition 15,232,960 new shares will have been created and the total number of shares will be 125,625,165.

In addition, it should be noted that the current stock market price which is still very greatly discounted (weighted average price at 31/12/10: 1.17 €) consequently offers significant potential for stock revaluation.

2011 Outlook

Although 2010 marks a turning point in the real estate sector, this improvement should not disappoint us as regards the 2011 financial year. In view of investor enthusiasm and 2010 end of year volumes, the investment and rentals markets are expected to continue at this pace in 2011.

With economic growth likely to be low, very low job creation numbers, increased financing rates although still on the low side and an unsettled geopolitical situation in the Middle Orient, the market does not appear very promising. Despite these factors, the real estate market will remain active for the reasons stated above.

In fact, it is expected that investment volumes in France should reach approximately 15 billion euros and rentals achieved should be between 2.2 and 2.4 million m² representing a further increase over the previous year.

Properties with high liquidity, located in the Paris CBD will always be very attractive because of their scarcity. We should also remember that "green" properties or sites will begin to expand and take up more market share.

After all the disposals made in 2010, together with those in progress in 2011 (sales agreements and/or offers), the Group's portfolio will contain 25 real estate assets with a total surface area of 65,343 m².

As at 31 December 2010, these assets consist of 158,985 K€ of offices, 69,326 K€ of commercial premises, 33,587 K€ of hotel buildings and apartment hotels, 34,737 K€ of residential buildings in addition to a further 17,930 K€ in respect of the *hôtel particulier* in rue Vieille du Temple which was acquired in October 2010 and which will be restructured into offices, shops and later into residences. In terms of surface area, offices represent 24,956 m², commercial premises represent 4,741 m², hotels represent 28,798 m² and the residential sector represents 3,162 m². The building undergoing restructuring represents 1,718 m².

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

Appropriation of profits

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

We are proposing an allocation of the net profit, which amounts to the sum of two hundred and twenty-six million, one hundred and ninety thousand, two hundred and eighty-nine euros and four centimes (226,190,289.04 €) as follows:

• Profit from the financial year ended 31/12/2010:	226,190,289.04 €
• Allocation to the legal reserves account:	292,106.48 €
• carried forward credit balance at 31/12/2010:	17,244.15 €
Giving a profit available for distribution of	**225,915,426.71 €**
With appropriation as follows: For shareholders as dividends	118,119,659.35 €
The "carried forward" balance	107,795,767.36 €

We propose that each of the 110,392,205 shares making up the authorised share capital at 31 December 2010 should receive a dividend of 1.07€ per share which is eligible for the 40% rebate as stated in Article 158-3-2 of the French General Tax Code.

It is noted that in the text of a resolution of the Board of Directors on 15 April 2011, a decision was already made to pay an interim dividend of 15,454,908.70 euros, giving 0.14€ per share, and consequently the balance of the dividends to be paid to shareholders is 102,664,750.65 euros, giving 0.93 euros per existing share at 31 December 2010.

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

We wish to inform you that as the Company operates as an SIIC we are required to distribute our profits; for 2010 the profit figure is 117,041,021.49 being 117,041,021.49 euros of tax-exempt profit (SIIC profit), made up from (4,276,779.01) euros of rental income (a minimum of 85% of which must be distributed), 3,955,834.53 euros of gains on disposals (a minimum of 50% of which must be distributed) and 117,361,965.98 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 117,041,021.49 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 2010 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:

	31/12/07 (per share)	31/12/08 (per share)	31/12/2009 (per share)
Distributed dividend eligible for the rebate mentioned in Article 158-3-2 of the French General Tax Code (40% of income distributed in 2008).	0.20 €	0.04 €	0.15 €
Total amount (in thousands of €)	17,417 K€	3,738 K€	15,180 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 €)
2010	NA	NA
2009	NA	NA
2008	0.19 €	17,752 K€ (*)
2007	0.16 €	13,472 K€ (*)

(*) exceptional distribution entirely drawn from the "issue premium" account.

For additional information, distributions since 2004 were as follows:

Years	Exceptional distribution (per share)	Total amount (in thousands of €)
2006	0.45 €	36,021 K€ (1*)
2005	0.47 €	23,721 K€ (2*)
2004	0.53 €	26,757 K€ (3*)

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

Discharge of the directors

We propose to give discharge of responsibilities to your directors.

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

Having noted that the authorised share capital is fully paid up, we are proposing, pursuant to Article 48 of the Articles of Association, to delegate to the Board of Directors the power to offer each shareholder an option between payment of the whole dividend payment to be distributed (excluding the interim dividend of 0.14€ per share, that was decided on 15 April 2011) and in accordance with Resolution 3 either in cash or in the form of shares of the Company that will be created.

The new shares under this option would be issued 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 2011. 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 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. The Company and the Group's Research and Development activities (Article L.232-1 of the French Commercial Code)

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

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

Last name and First Name or Corporate Name of officers	Position in the Company	Date appointed	Date of end of term	Other job functions in the Company	Offices and/or functions in another company (Group and non Group)*
Alain DUMENIL	Director	30/06/00 renewed on 25/07/06	AGM called to approve the accounts 31/12/2011	Chairman of the Board of Directors and CEO since 25/07/2007	See list in Annex
Patrick ENGLER	Director	31/05/01 renewed on 22/05/07	AGM called to approve the accounts 31/12/2012	NA	See list in Annex
Philippe MAMEZ	Director	19/06/02 renewed on 30/05/08	AGM called to approve the accounts 31/12/2013	Deputy CEO since 25/07/2007	See list in Annex
Pierre BERNEAU	Director	10/06/2003 renewed on 17/06/2009	AGM called to approve the accounts 31/12/2014	NA	See list in Annex
Bernard TIXIER	Director	08/12/2008	AGM called to approve the accounts 31/12/2012	NA	See list in Annex

By application of the provisions of Article L.225-102-1 paragraph 3 of the French Commercial Code, in Annex 3 of this report we are providing you with a list of the other terms of office carried out by members of our Company's Board of Directors during the 2010 financial year.

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 2010 to 31 December 2010, signed between the Company MEP CONSULTANT and the Company ACANTHE DÉVELOPPEMENT in an amount of 200,500€ (excl. tax).

Table 1

Summary table of gross payments and options and shares allocated to each director who is a corporate officer		
Mr Alain DUMENIL, Chairman & CEO	**2009**	**2010**
Payment due for this financial year (details in table 2)	0	0
Valuation (in accordance with IFRS and without spreading of the expense) of options granted during the year (details in table 4) – with the strike price set at 1,24.	2,100,000 €	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	**2,100,000 €**	**0**
Mr Philippe MAMEZ, Director and Deputy CEO	**2009**	**2010**
Payment due for this financial year (details in table 2)	10,000 €	5,000 €
Services invoiced by MEP Consultants for this financial year (details in table 2)	189,600 €	200,500 €
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	**199,600 €**	**205,500 €**
Mr Patrick ENGLER, Director	**2009**	**2010**
Payment due for this financial year (details in table 2)	50,000 €	55,000 €
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	**50,000 €**	**55,000 €**
Mr Pierre BERNEAU, Director	**2009**	**2010**
Payment due for this financial year (details in table 2)	30,000 €	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	**30,000 €**	**40,000 €**
Mr Bernard TIXIER, Director	**2009**	**2010**
Payment due for this financial year (details in table 2)	10,000 €	20,000 €
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	10,000 €	20,000 €

Table 2

Summary table of gross payments to each corporate officer				
Mr Alain DUMENIL, Chairman & CEO	**Amounts in 2009**		**Amounts in 2010**	
	Due	**Paid**	**Due**	**Paid**
Fixed salary	0	0	0	0
Variable salary	0	0	0	0
Exceptional salary	0	0	0	0
Directors' attendance fees	0	0	0	0
Benefits in kind	0	0	0	0
TOTAL	0	0	0	0
Mr Philippe MAMEZ, Director and Deputy CEO	**Amounts in 2009**		**Amounts in 2010**	
	Due	**Paid**	**Due**	**Paid**
Fixed services invoiced by MEP Consultants	189,600 €	189,600 €	200,500 €	200,500 €
Variable services invoiced by MEP Consultants	0	0	0	0
Exceptional salary	0	0	0	0
Directors' attendance fees	10,000 €	10,000 €	5,000 €	5,000 €
Benefits in kind	0	0	0	0
TOTAL	199,600 €	199,600 €	205,500 €	205,500 €

Mr Patrick ENGLER, Director	Amounts in 2009		Amounts in 2010	
	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	50,000 €	50,000 €	55,000 €	55,000 €
Benefits in kind	0	0	0	0
TOTAL	**55,000 €**	**55,000 €**	**55,000 €**	**55,000 €**

Mr Pierre BERNEAU, Director	Amounts in 2009		Amounts in 2010	
	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	30,000 €	30,000 €	40,000 €	40,000 €
Benefits in kind	0	0	0	0
TOTAL	**30,000 €**	**30,000 €**	**40,000 €**	**40,000 €**

Mr Bernard TIXIER, Director	Amounts in 2009		Amounts in 2010	
	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	10,000 €	10,000 €	20,000 €	20,000 €
Benefits in kind	0	0	0	0
TOTAL	**10,000 €**	**10,000 €**	**20,000 €**	**20,000 €**

Table 3

Table of directors' attendance fees (gross amount)		
Board Members	Directors' attendance fees in 2009	Directors' attendance fees in 2010
Mr Alain DUMENIL	0	0
Mr Philippe MAMEZ	10,000 €	5,000 €
Mr Patrick ENGLER	50,000 €	55,000 €
Mr Pierre BERNEAU	30,000 €	40,000 €
Mr Bernard TIXIER	10,000 €	20,000 €
TOTAL	**100,000 €**	**120,000 €**

Table 4

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

Table 5

Share subscription or purchase options taken up during the year by each corporate officer
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	21/03/07	21/03/07
Board of Directors meeting date	25/07/07	28/08/09
From total number of shares allowed for subscription or purchase, the number allowed for subscription or purchase by:		
Mr Alain DUMENIL	8,667,520 options	9,936,436 share purchase options
Start date for option strike	26/07/08	28/08/09
Expiry date	25/07/17	28/08/19
Subscription or purchase price	2.92 €	1.24 €
Exercise rules (if the plan consists of several tranches)		
Number of shares subscribed on …….		
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		9,936,436 €

Table 9

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

Table 10

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

Setting the total amount of directors' attendance fees for the 2011 financial year

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

A share redemption programme applied by our Company for its own shares was authorised by the Ordinary and Extraordinary General Meeting of 18 June 2010 for a period of 18 months.

Since this programme will come to an end in December 2011, 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 18 June 2010) 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 2010:

During the previous financial year	
Number of own shares redeemed	260,273
Number of own shares sold	260,981
Average purchase price	1.35
Average price of shares sold	1.38
Total amount of negotiation costs:	-

Own shares entered in the name of the company on 31/12/2010	
Number	123,560
Fraction of the capital represented	0.11%
Total value evaluated at the purchase price	321,389.65 €

The liquidity contract was concluded with Oddo Corporate Finance in January 2007 (for one year, renewable by tacit agreement). 69.606 shares are still held within the framework of the liquidity contract with Oddo Corporate Finance in addition to 53,954 own shares.

Details of the purposes and transactions carried out with the Company shares are provided in the special report referred to in point 35 of this report drawn up according to the provisions of article L.225-209 paragraph 2 of the Commercial Code to inform you about the transactions completed according to the provisions of article L.225-209 paragraph 1 of the Commercial Code.

16. Conversion bases for securities granting access to capital
(articles R.228-90 and R.228-91 of the Commercial Code)

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

- stock warrants with a term of 31/10/2011 euroclear code 34697 ISIN code FR 0000346975.

No adjustment was made to the conversion bases for these stock warrants during the financial year 2010. The last adjustment was made at the Board of Directors' meeting on 8 July 2008 during which it was noted that the new conversion rate for stock warrants still in circulation is: 75 stock warrants allowing for the subscription of 2.33 ACANTHE DÉVELOPPEMENT shares at a price of € 4.00.

On 31 December 2010, 350,953,650 stock warrants whose term fell due in 2011 remained in circulation (including 116,082,483 stock warrants held by the sub-subsidiary SURBAK and 66,689,105 held by the sub-subsidiary FINPLAT).

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

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

None of the board members' terms of office expires at this meeting.

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 Ordinary and Extraordinary General Meeting on 18 June 2010 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 2011, 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 Commercial Code, be set at 10% of the Company's share capital; it should be pointed out that (i) the number of shares acquired by the Company with a view to their retention and subsequent presentation for payment or exchange within the framework of a merger, demerger or contribution transaction must not exceed 5% of the capital according to the provisions of article L.225-209, paragraph 6 of the Commercial Code and (ii) this limit applies to a number of shares which, where applicable, will be adjusted to take into account the transactions affecting the share capital after this meeting as the acquisitions made by the Company may under no circumstances result in it holding, either directly or through the intermediary of an individual acting in his own name but on behalf of the Company, more than 10% of the share capital social; it should be pointed out that the total amount which the Company may devote to the redemption of its own shares will be in line with the provisions of article L.225-210 of the Commercial Code. In the event of a capital increase by the incorporation in the capital of bonuses, reserves, profits or other items in the form of a free share attribution during the validity period of this authorisation and in the event of the division of grouping of shares, the maximum unit price referred to above would be adjusted by a multiplying coefficient equal to the ratio between the number of securities constituting the capital prior to the transaction and this number after the transaction.
We propose that you grant your Board of Directors the necessary authorisation to:
- decide on the implementation of this authorisation;
- place all orders and conclude all agreements particularly with a view to the updating of share purchase and sale registers according to the market regulations in force;
- complete all declarations, carry out all other formalities and, in general, to whatever is necessary.

20. Delegation of competence to be granted to the Board of Directors for the purpose of increasing the capital by the incorporation of reserves, profits or bonuses

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 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 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 18 June 2010 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 Commercial Code.

This authorisation was granted for a period of eighteen months and will expire in December 2011. 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 attribution of 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 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 issurance, 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 guarnatee the financing of the Group's activities and investments.

In accordance with article L.225-148 of the 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 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 Commercial Code.

We propose that you authorise the Board of Directors, in accordance with article L.225-129-2 and the second paragraph of article

L.225-136 1° f the 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 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 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 17 June 2009 in its seventeenth 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. Delegation of authority to be granted to the Board of Directors to increase the share capital by issuing shares reserved for subscribers to a company savings plan established according to articles L.225-129-6 of the Commercial Code and L.3332-1 et 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 n°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 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 the twentieth, twenty second, twenty fourth, twenty fifth and twenty sixth points 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 48 of the articles of association

In accordance with the provisions of article L.232-18 paragraph 1 of the Commercial Code, we propose that you extend to interim dividends the possibility of offering shareholders an option for payment in cash or in Company shares since this possibility is currently only offered in the case of dividend payments.

It is therefore up to the General Meeting, ruling under the quorum and majority conditions required for extraordinary general meetings to amend article 48 of the articles of association by supplementing it as follows:

ARTICLE 48 – ALLOCATION AND DISTRIBUTION OF PROFIT

(…)

The general meeting is able to grant each shareholder, for all or some of the dividends distributed or interim dividends, the choice between the payment of the dividend or interim dividend in cash or in shares under the conditions provided for by law. »

The rest of the article would remain unchanged.

29. Reduction of the share capital

We would ask that you give your opinion with regard to the reduction of the share capital by the amount of € 26,721,439 to bring it down from € 41,721,439 to € 15,000,000.

This proposal is made in the context of the planned dividend distribution and reinvestment option on which your opinion will be requested during this meeting.

Article L.225-128 of the Commercial Code precludes all joint stock companies under French law to issue shares at a price lower than the nominal value.

The nominal rounded share value currently stands at € 0.38. The reduction in the share capital proposed at this meeting would have the mechanical effect of bringing this nominal value down to 0.1359€ rounded up to € 0.14.

In view of the current market share price, we considered it necessary to propose this capital reduction by a reduction in par as this purely mechanical reduction would not affect the situation with regard to stockholders' equity.

We also suggest that the share capital should not be reduced below a level of € 15,000,000 in order to respect the regulations applying to listed property investment companies.

We should point out that this capital reduction would be carried out by reducing the par of each of the 110,392,424 shares constituting the Company's share capital and that the capital reduction amount of € 26,721,439 generated should be allocated to the "premium" account subject to the condition precedent of a lack of opposition from creditors presented within a period of twenty days as stipulated in article R.225-152 of the Commercial Code or in the event of oppositions, the rejection of said oppositions by the Commercial Court.

We would ask that you grant the Board of Directors full authority to complete this capital reduction, in particular with regard to confirming the fulfilment of the condition precedent and the completion of the capital reduction, making the corresponding amendments to the articles of association, completing all formalities, procedures and declarations with all organisations and in general taking the necessary steps according to the provisions in force.

30. Associated amendment of articles 6 and 8 of the articles of association

We should point out that if you accept the share capital reduction plan, you will be responsible for amending articles 6 and 8 of the articles of association as follows:

ARTICLE 6 – CAPITAL FORMATION

(….)

85° According to a decision by the Extraordinary General Meeting of 30 June 2011, the Company's share capital was reduced by the sum of € 26,721,439 bringing it down from € 41,721,439 to € 15,000,000.

The sum of € 26,721,439 was allocated to the "premium" account.

ARTICLE 8 - SHARE CAPITAL

The share capital is set at the sum of FIFTEEN MILLION EUROS (€ 15,000,000), divided into ONE HUNDRED AND TEN MILLION THREE HUNDRED AND NINETY TWO THOUSAND FOUR HUNDRED AND TWENTY FOUR (110,392,424) fully paid-up ordinary shares.

31. Proposal for the allocation of the legal reserve

In the event that said capital reduction is completed, there would no longer be a need for the allocated legal reserve amounting to 4,172,135.70 euros.

We therefore propose, subject to the condition precedent of the completion of the planned capital reduction, that you withdraw the sum of 2,672,135.70 euros from the legal reserve and allocate it to the "other reserves" account.

The legal reserve amount would thus stand at 1,500,000 euros and would be fully allocated.

32. Regulated and current agreements

In accordance with article L.225-39 of the Commercial Code, we should inform you that the list and aim of the agreements relating to current transactions concluded under normal conditions have been provided to the Chairman of the Board of Directors and the auditors.

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

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

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

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

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

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

35. Share redemption programmes

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

The General Shareholders' Meeting of the Company ACANTHE DÉVELOPPEMENT on 18 June 2010 authorised a share redemption programme in accordance with article L.225-209 of the Commercial Code.

Purpose of the transaction share purchase	Number of shares purchase for this purpose	Share price purchased	Volume of shares transferred for this purpose	Re-allocation to other purposes
Animation of the secondary market or the liquidity of the Company shares by means of a liquidity contract according to an ethics charter recognised by the securities commission	260,273	352,377.80	260,981	
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 presentation for exchange or payment in the context of potential external growth transactions				
Issuance of shares in the context of the exercising of rights associated with securities granting access to capital				
Cancellation of redeemed shares				

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

Appendix 4 contains a table summarising the delegations granted by the General Meeting to the Board of Directors currently in force (article L.225-100 of the Commercial Code).
Said delegations of competence have been granted to the Board of Directors by the Ordinary and Extraordinary General Meeting of 17 June 2009 and will expire on 16 August 2011.

37. Table summarising the transactions referred to in article L.621-18-2 of the 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 securities commission)

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 2010.

38. Attribution transactions carried out according to articles L.225-197-1 to L.225-197-3 of the Commercial Code and transactions carried out according to the provisions of articles L.225-177 to L.225-186 of the Commercial Code

In accordance with the provisions of articles L.225-184 and L.225-197-4 of the Commercial Code, the special Board of Directors' report on share attribution transactions and the transactions referred to in articles L.225-177 to L.225-186 of the Commercial Code is appended to this report.

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

1- structure of the Company capital

The share capital amounts to € 41,721,439. It is divided into 110,392,424 fully paid-up ordinary shares.

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

NA

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

see point 5 of this report.

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

NA

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

NA

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

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

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

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

The extraordinary general meeting possesses exclusive authorisation to amend all the provisions of the articles of association. Notwithstanding the exclusive competence of the extraordinary meeting to amend the articles of association, the amendments to the clauses relating to the share capital and the number of shares representing it, insofar as these amendments correspond materially to the result of a capital increase, reduction or depreciation, may be made by the board of directors.
Subject to the dispensations provided for certain capital increases and transformations, the extraordinary general meeting can only deliberate properly if the shareholders present, voting by correspondence or represented possess at least a quarter of the shares with voting rights and, upon second invitation, a fifth of the shares with voting rights. If this quorum is not obtained, the second meeting may be postponed to a later date two months after the original one and the one-fifth quorum will be demanded once again. Subject to these same reservations, it will rule by a two-thirds majority of the votes possessed by the shareholders present, voting by correspondence or represented.

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

see points 15, 19 and 35 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

40. Table of results

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

41. 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 2010 in addition to discharge to the auditors for the fulfilment of their tasks to which they refer in their report on the annual financial statements.
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 2011 under offer or subject to offers:

Paris:

- The properties at 10 rue d'Uzès and 23 boulevard Poissonnière have been pledged,
- The plots at 8 rue Marignan as well as the last plots on the Property at rue Le Marois were sold out in the 1st quarter of 2011,
- An offer has been made for the plots at rue La Boétie.

In the Paris region:

- The office lots located in La Défense and the petrol station in Nanterre (92) are under offer,
- The shopping centre in Fresnes and the industrial property in Ivry (94) are subject to offers.

In the Paris region:

- The commercial building "Les Dauphins" and the la Planche Brûlée plot in Fernay Voltaire (01) are under offer,
- The plots in Verdun (55) and Villeneuve d'Ascq (59) are under negotiation.

Assets after current transfers:

Address		Nature for current	Physical TO current	Surface Current	Financial TO current	Rent current	Potential rents potential property (AV) full year	Rent free total
PARIS								
7, rue d'Argenteuil	PARIS 2th	Mixed property	75%	1,208 m^2	91%	289,813 €	27,459 €	317,272 €
15, rue de la Banque	PARIS 2th	Office buildings	99%	2,019 m^2	97%	803,916 €	27,100 €	831,016 €
21, bd Poissonnière	PARIS 2th	Mixed property	86%	1,914 m^2	76%	381,341 €	117,321 €	498,663 €
7, rue des Guillemites	PARIS 4th	Apartments	97%	793 m^2	97%	168,135 €	5,979 €	174,114 €
47, rue Vieille du Temple	PARIS 4th	Private mansion	0%	1,718 m^2	NS	0 €	0 €	0 €
3/5, quai Malaquais	PARIS 6th	Apartments	100%	549 m^2	100%	330,000 €	0 €	330,000 €
2-4, rue de Lisbonne	PARIS 8th	Office buildings	99%	2,458 m^2	95%	1,201,461 €	63,000 €	1,264,461 €
55, rue Pierre Charron	PARIS 8th	Office buildings	100%	2,890 m^2	100%	1,534,571 €	0 €	1,534,571 €
17, rue François 1er	PARIS 8th	Commercial property	0%	2,095 m^2	NS	0 €	2,926,000 €	2,926,000 €
8 rue de Chazelles	PARIS 8th	Jointly owned lots	100%	391 m^2	100%	47,295 €	0 €	47,295 €
7, rue de Surène	PARIS 8th	Mixed property	87%	1,378 m^2	88%	499,137 €	70,848 €	569,985 €
18,20 rue de Brerry	PARIS 8th	Car parks	0%	0 m^2	NS	0 €	0 €	0 €
26, rue d'Athènes	PARIS 9th	Mixed property	100%	963 m^2	100%	439,730 €	0 €	439,730 €
24, rue Georges Bizet	PARIS 16th	Office buildings	0%	930 m^2	0%	0 €	500,000 €	500,000 €
2, rue de Bassano (buildings A & B)	PARIS 16th	Office buildings	100%	2,535 m^2	100%	1,374,855 €	0 €	1,374,855 €
2, rue de Bassano (building C)	PARIS 16th	Office buildings	0%	865 m^2	0%	0 €	562,250 €	562,250 €
77, rue Boissière	PARIS 16th	Mixed property	86%	1,786 m^2	85%	658,628 €	118,050 €	776,678 €
	TOTAL PARIS		**73%**	**24,492 m^2**	**64%**	**7,728,882 €**	**4,418,007 €**	**12,146,889 €**
PARIS REGION								
Hôtel du Parc des Expositions - 16/18, rue	VANVES (92)	HOTEL	100%	2,250 m^2	100%	450,403 €	0 €	450,403 €
le Rousseau	LOGNES (77)	Office buildings	25%	2,697 m^2	26%	67,496 €	188,229 €	255,724 €
Le Voltaire - 2 allée Voltaire	LOGNES (77)	PROPERTY	44%	2,697 m^2	50%	134,150 €	136,835 €	270,985 €
Paris-North business centre	LE BLANC-MESNIL (93)	CAR PARK	NS		NS	0 €	0 €	**0** €
	TOTAL PARIS REGION		**54%**	**7,644 m^2**	**67%**	**652,048 €**	**325,064 €**	**977,112 €**
PROVINCES								
Chalets - route du Pleney	MEGEVE (74)	Résidense	100%	898 m^2	100%	300,000 €	0 €	300,000 €
l'Aujon	FLAINE (74)	HOTEL	100%	6,347 m^2	100%	530,000 €	0 €	530,000 €
le Totem	FLAINE (74)	HOTEL	100%	4,967 m^2	100%	392,727 €	0 €	392,727 €
Résidence La Forêt	FLAINE (74)	JOINTLY OWNED LOTS	49%	750 m^2	81%	54,769 €	12,988 €	67,757 €
le Varet	ARC 2000 (73)	HOTEL	100%	8,074 m^2	100%	376,308 €	0 €	376,308 €
Le Varet Building lease	ARC 2000 (73)		100%	7,160 m^2	100%	0 €	0 €	0 €
	TOTAL PROVINCES		**99%**	**28,196 m^2**	**99%**	**1,653,805 €**	**12,988 €**	**1,666,793 €**
INTERNATIONAL								
Avenue de l'Astronomie	Brussels	Private mansion	0%	3,043 m^2	0 €	0 €	549 306 €	549,306 €
	TOTAL ACANTHE GROUP		**78%**	**63,375 m^2**	**70%**	**10,034,735 €**	**5,305,365 €**	**15,340,100 €**

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.

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

• Information relating to the employees:

The salaried employees of the Group excluding property employees and managers is stable: 18 individuals on 31 December 2009 compared with 18 on 31 December 2008.

(salaries and wages: € 1,015 K on 31 December 2010 compared with € 832 K on 31 December 2009).

Employees	2004	2005	2006	2007	2008	2009	2010
Executives	7	10	4	5	9	9	10
Salaries	12	5	6	7	9	9	8
Total	21	17	13	13	18	18	18

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

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

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

• Organisation of working hours:

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

We have not noticed any significant absenteeism during the financial year 2010.

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

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

• Measures and procedures relating to the environment:

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

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

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

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

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

• Consumption of water resources, raw materials and energies:

The cost of water consumption which amounts to 58,299€ relates to the supplying of water to your properties.

Your Company is striving to control its electricity, gas and fuel consumption associated with your Group's properties. The cost amounts to € 209,079 with regard to electricity and gas supplies and to € 77,572 for fuel consumption.

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

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

Appendix 3. List of social representatives' terms of office

Mr Alain DUMÉNIL, Chairman of the Board of Directors and General Manager of your Company carried out the following duties during all or part of the financial year ending on 31 December 2010:
Managing Director and board member of the company: ACANTHE DEVELOPPEMENT;
Chairman of the Board of Directors of the companies: Alliance Développement Capital SIIC – ADC SIIC, Smalto, Poiray Joaillier, Société Nouvelle d'Exploitation de Rénovation du Théâtre de Paris – SNERR;
Board member of the company: ADT S.I.I.C (until 25 March 2010);
Chairman of the companies: Ad Industrie, Compagnie Paris Scène Production
Manager of the companies: BSM, Editions de l'Herne, Padir, Société Civile Mobilière et Immobilière JEF, Suchet, Valor, Poiray Joaillier Suisse;
Joint manager of the company: Smalto Suisse.

Mr Philippe MAMEZ, board member and assistant General Manager of your Company carried out the following duties during all or part of the financial year ending on 31 December 2010:
Managing Director of the company: Baldavine SA;
Assistant General Manager and board member of the companies: ACANTHE DEVELOPPEMENT, Compagnie MI 29, Eurobail;
Chairman of the Board of Directors of the company: Navigestion;
Board member of the companies: ADT S.I.I.C (until 09/11/2010), Alliance Développement Capital S.I.I.C - ADC SIIC, Compagnie Fermière de Gestion et de Participation – Cofegep;
Chairman of the companies: France Immobilier Group (FIG) (company wound up by decision of court) (until 19/03/2010), Tampico (until 11/06/2010);
Manager of the company: MEP Consultants.

Mr Patrick ENGLER, board member of your Company carried out the following duties during all or part of the financial year ending on 31 December 2010:
Managing Director and board member of the companies: ADT S.I.I.C (until 30/09/10), Alliance Finance;
General Manager and board member of the company: Société Nouvelle d'Exploitation de Rénovation, et de Renaissance du Théâtre de Paris – SNERR;
Board member of the companies: ACANTHE DEVELOPPEMENT, Alliance Développement Capital S.I.I.C - ADC S.I.I.C., Smalto;
Representative of one artificial person/board member in the company: Alliance Finance;
Manager of the companies: Agence Haussmann Transactions Immobilier de Prestige, Ingénierie, Ingénierie et Gestion, Sep 1.

Mr Pierre BERNEAU, board member of your Company carried out the following duties during all or part of the financial year ending on 31 December 2010:
Board member of the companies: ACANTHE DEVELOPPEMENT, Alliance Développement Capital S.I.I.C - ADC SIIC;
Manager of the company: Sinef.

Mr Bernard TIXIER, board member of your Company carried out the following duties during all or part of the financial year ending on 31 December 2010:
Board member of the company: ACANTHE DEVELOPPEMENT
Manager of the company: Financière Nortier

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

€	Date the AGE	Date of expiry of delegation	Amount authorised	Increase (s) realised years previous	Increase (s) realised on establishment financial year	Amount residual amount on rate of this table
Financial year 2010						
Delegation of competence to increase the capital by the incorporation of reserves, profits or benefits	17 June 2009	16 August 2011	160,000,000 €	0.51 €	0.67 €	159,999,998.82 €
Delegation of competence to increase the capital whilst maintaining the DPS	17 June 2009	16 August 2011	160,000,000 €	NA	NA	159,999,998.82 €
Delegation of competence to increase the capital with elimination of the DPS	17 June 2009	16 August 2011	160,000,000 €	NA	NA	159,999,998.82 €
Authorisation increase the capital to remunerate a security contribution	17 June 2009	16 August 2011	10% the share capital	NA	NA	159,999,998.82 €

Appendix 5. Additional Board of Directors' report on the use of delegations relating to capital increases
(articles L.225-129-1 and L.225-129-2 of the Commercial Code)

The Board of Directors has defined the terms of this additional report according to the provisions of articles L.225-129-5 and R.225-116 of the Commercial Code in order to inform the General Shareholders' Meeting of the final terms of the operations carried out at the decision of the Board of Directors during the financial year ending on 31 December 2010 acting on the delegation of the meeting according to the provisions of articles L.225-129-1 and L.225-129-2 of the Commercial Code.

• Increase in share capital decided upon by the Board of Directors for rounding purposes.
During the financial year ending on 31 December 2010, the Board of Directors made use of the delegation of competence granted by the Annual Ordinary and Extraordinary General Meeting on 17 June 2009 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 16 September 2010: Increase in capital by 0.67 €.

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 Commercial Code and transactions carried out according to the provisions of articles L.225-177 to L.225-186 of the Commercial Code

In accordance with the provisions of articles L.225-184 and L.225-197-4 of the Commercial Code, this special report is intended to inform the General Shareholders' Meeting of the transactions referred to articles L.225-197-1 to L.225-197-3 and L.225-177 to L.225-186 of the Commercial Code carried out during the financial year ending on 31 December 2010.

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

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

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

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

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

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

- With regard to the transactions referred to in articles L.225-177 to L.225-186 of the Commercial Code: In accordance with the authorisation voted on by more than 99% of the shareholders present granted by the 1st resolution of the Ordinary and Extraordinary General Meeting of 21 March 2007, the Board of Directors decided to attribute to Mr Alain DUMENIL in his capacity as Managing Director of the Company 8,667,520 stock options or call options. The strike price of said options has been set at 3.21 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 1st July 2007 thereby protecting the interests of the option beneficiaries in accordance with the provisions of articles R.225-137 to R.225-142 of the Commercial Code. Following these adjustments, the number of stock options stood at 9,528,336 with a subscription price of € 2.92.

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

The same Board of Directors, acting in accordance with the authorisation granted by the Joint General Meeting of 21 March 2007, decided to attribute 9,936,436 stock options or call options to Mr Alain DUMENIL, in his capacity as Managing Director of the Company, whose strike price was set at 1.24 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 were to be call options. The Board of Directors also decided that the call options would only be exercisable by the beneficiary if, on the option date, the Company held the volume of shares required to fulfil them.

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

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

The Board of Directors

Appendix 7. Report by the Chariman 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 Commercial Code and the amendments made by order n°2009-80 of 22 January 2009.

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

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

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

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

This report was approved by the Board of Directors at its meeting on 27 April 2011.

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

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

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

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

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

The listing of our Company on Euronext Paris has enabled it to opt for the overriding legal and fiscal system for listed property investment companies. However our Group, which has only 18 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 L225-37 paragraph 6 of the Commercial Code amended by article 26 of law n°2008-649 of 3 July 2008, this report outlines the composition of the Board of Directors.

- Mr Alain DUMENIL Chairman of the Board of Directors and General Manager,
- Mr Philippe MAMEZ, board member and Assistant General Manager,
- Mr Patrick ENGLER, board member
- Mr Pierre BERNEAU, independent board member
- Mr Bernard TIXIER, independent board member

A list of the other 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 representativies 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 representativies 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.

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 letters dated 7 April 2010 to the meeting to close the annual financial statements of 29 April 2010 and 30 September 2010 to the meeting to close the half-yearly accounts of 6 October 2010.

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 eleven times in 2010.

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 2010 both externally (acquisitions, transfers, sales, transactions) and in terms of Group strategy and financial policy (Group structuring, business financing, issuance of securities, capital increases).

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

2. Executive Committee

The purpose of the Executive Committee is to assist the members of the Board of Directors.
This is not a body which substitutes the Board with regard to its attributions.

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

Duties
Its main duties are to examine:

- investments (study and analysis of investments), work undertaken, permits (demolition, construction),
- financing (amount, rates and terms of loans),
- arbitration of all transfers,
- the administrative management of the Group and asset monitoring (transfers, work and rental management),
- financial communication,
- financial and cash management,
- social policy (recruitment),
- monitoring of legal procedures (disputes).

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

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

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

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

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

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

• monitor the process of establishing quarterly financial information, half-yearly accounts and annual financial statements before transmission to the Board of Directors with a view to their examination and closure where applicable,
• and more generally:
- guarantee the relevance, durability and reliability of the accounting methods in force within the Company and its main subsidiaries, notably by analysing periodic financial documents, examining the relevance of choices and the correct application of accounting methods and examining the accounting processing of all significant transactions,
- listen to and question the Auditors,
- examine the Auditors' fees each year and assess the conditions of their independence,
- examine the applications of Auditors of Group companies whose terms of office are coming to an end,
- guarantee the efficiency of internal auditing and risk management procedures.

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

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

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

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

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

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

At its meeting on 27 April 2011, the Committee examined the annual financial statements and consolidated accounts for the financial year 2010. 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 makes every effort to comply with corporate governance.

III - Internal control procedures

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

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

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

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

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

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

4. Internal control procedures related to legal risks and disputes
The Group's business involves the signing of contracts for the purchase and sale of buildings or properties in jointly-owned buildings, as well as leases.

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

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

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

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

The list of these elements is shown in Point 39 of the annual management report of the Company's Board of Directors.

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

VIII - Limitations of the powers of the CEO
Full authority is vested in the CEO to act on behalf of the Company in all circumstances within the limits of the Company's objective and except when authority is expressly attributed by law to the shareholders or to the Board of Directors.
During the course of the 2010 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.

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

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

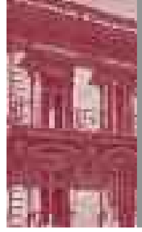
Chairman of the Board of Directors

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

Five-year data
(French Commercial Code – Article R225-102)

	31/12/2006	31/12/2007	31/12/2008	31/12/2009	31/12/2010
Share capital at year-end					
Share capital	30,783,144	32,905,414	35,312,643	38,247,014	41,721,357
Number of dilutive shares	81,470,942	87,087,378	93,458,355	101,199,299	110,392,205
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	1,904,443.78	1,866,614.95	1,892,482.32	2,171,311.22	2,218,970.77
profit before tax, profit-sharing, amortisation, depreciation and provisions	11,448,070.30	18,534,364.07	6,708,216.12	14,928,266.86	226,433,943.28
Income tax	42,375.00	18,750.00	- 44,000.00	0	126,676
Employee profit-sharing					
Profit after tax, profit-sharing, amortisation, depreciation and provisions	11,194,268.12	18,335,677.12	6,671,525.02	14,607,648.47	226,190,289.04
Distributed earnings	10,591,222.46	17,417,475.60	3,738,334.20	15,179,894.85	118,119,659.35
Earnings per share					
Profit after tax, profit-sharing, but before amortisation, depreciation and provisions	0.13	0.21	0.07	0.15	2.05
Profit after tax, profit-sharing, amortisation, depreciation and provisions	0.13	0.21	0.07	0.14	2.05
Dividend per shar	0.13	0.20	0.04	0.15	1.07
Employees					
Average number of employees	4	3	2	2	3
Payroll for the period	770,891.68	153,530.54	131,503.51	142,449.34	321,941.89
Amounts paid for benefits (Social Security, social agencies, Œuvres	167,379.28	66,112.11	57,118.34	61,841	133,227.72

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



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Balance sheet – Assets

	31/12/2010 Gross	31/12/2010 Depr/ Amort.	31/12/2010 Net	31/12/2009 Net
NON-CURRENT ASSETS				
Intangible assets				
Start-up costs				
Research and development expenses				
Concessions, patents, licenses, software and similar rights	9,990	9,990		3,330
Internally generated goodwill (1)				
Other intangible assets				
Intangible assets in progress				
Advances and prepayments				
Property, Plant and Equipment				
Land	319,773		319,773	319,773
Buildings	3,608,545	785,222	2,823,323	2,945,407
Plant, equipment and tooling				
Other PP&E	59,478	57,754	1,724	2,797
PP&E in progress	171,757		171,727	148,808
Advances and prepayments				
Long-term investments (2)				
Equity associates	222,472,775		222,472,775	7,557,569
Loans to equity associates	53,480,922		53,480,922	45,079,658
Long-term financial portfolio				
Other long-term securities				
Loans				
Other long-term investments	164,351		164,351	163,808
	280,287,592	852,966	279,434,626	56,221,150
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	73,749		73,749	2,870
Accounts receivable (3)				
Customers and related accounts	2,046,780	47,334	1,999,446	1,737,170
Other receivables	7,136,652		7,136,652	1,651,324
Subscribed capital – issued and not paid				
Marketable securities				
Own stock	321,390	174,353	147,036	173,975
Other securities	3,877,680		3,877,680	9,572,046
Cash instruments				
Cash and cash equivalents	1,298,506		1,298,506	45,460
Prepaid expenses (3)	32,853		32,853	48,399
	14,787,608	221,687	14,565,921	13,231,245
Deferred charges				
Loan redemption premiums				
Unrealised foreign exchange losses				
GRAND TOTAL	295,075,200	1,047,653	294,000,547	69,452,395

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

Balance sheet - Equity and liabilities

	31/12/210 Net	31/12/2009 Net
EQUITY		
Share capital (including capital issued and paid: 41,721,357)	41,721,357	38,247,014
Additional paid-in capital, merger premiums, share premiums	9,772,236	2,764,892
Revaluation adjustments		
Equity method adjustment		
Reserves:		
- Legal reserve	3,880,029	3,880,029
- Reserves provided for in the bylaws or by contract		
- Regulated reserves		
- Other reserves	2,465,615	66,041
Retained earnings	17,244	2,971,821
Net profit for the year	**226,190,289**	**14,607,648**
Investment subsidies		
Tax-drivers provisions		
	284,046,770	**62,537,445**
OTHER EQUITY		
Proceeds from issues of participating shares		
Advances subject to covenants		
Other equity		
PROVISIONS		
New provisions for risks		19,883
New provisions for expenses		
		19,883
DEBT (1)		
Convertible bond issues		
Other bond issues		
Bank borrowings (2)	1,688,344	1,771,031
Miscellaneous loans and borrowings (3)	6,796,859	4,233,329
Trade advances and prepayments on orders in progress	420	420
Customers and related accounts	902,409	554,248
Tax and social liabilities	563,414	334,037
Accounts payable on non-current assets and related accounts		
Other liabilities	2,331	2,003
Cash instruments		
Deferred income (1)		
	9,953,777	**6,895,067**
Unrealised foreign exchange gains		
GRAND TOTAL	**294,000,547**	**69,452,395**
(1) Including maturities of more than one year (a)	1,574,706	1,723,316
(1) Including maturities of more than one year (a)	8,378,650	5,171,331
(2) Short-term bank facilities and bank overdrafts.	109,217	76,639
(3) Including equity loans		

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

Income statement

	31/12/2010 France	31/12/2010 Export	31/12/2010 Total	31/12/2009 Total
Revenue from operations (1)				
Sales of goods				
Sales of products				
Sales of services	2,218,971		2,218,971	2,177,311
Net sales	**2,218,971**		**2,218,971**	**2,177,311**
Production in inventory				
Self-constructed assets				
Net partial proceeds from long-term transactions				
Operating subsidies				
Reversal of provisions and transfer of expenses			2,454	
Other revenue			3	13,644
			2,221,427	**2,190,955**
Operating expenses (2)				
Purchases of goods				
Change in inventory				
Purchases of raw materials and other supplies				
Change in inventory				
Other purchases and expenses (a)			2,733,693	2,213,763
Taxes and related expenses			61,307	54,239
Salaries and other compensation			321,942	142,449
Social security taxes			133,228	61,841
amortisation, depreciation and provisions:				
- On non-current assets: depreciation charges			128,464	134,780
- On non-current assets: depreciation charges				
- On current assets: depreciation charges				
- Provisions for contingencies and losses: charge				
Other expenses			122,872	100,103
			3,501,506	**2,707,176**
CURRENT OPERATING LOSS			**- 1,280,079**	**- 516,220**
Share in net income from joint operations				
Profit allocated or loss transferred				1,603
Loss allocated or profit transferred			6,476,283	
Financial income				
From equity associates (3)			235,086,932	13,731,030
From other marketable securities and capitalised receivables (3)				
Other interest and related income (3)			1,771,394	1,888,321
Reversal of impairment, provisions and transfer of expenses			19,883	
Foreign exchange gains				
Net loss on disposals of marketable securities		81,300	12,860	
			236,959,509	**15,632,211**
Financial expenses				
Amortisation, depreciation and provisions		8,397	185,839	
Interest and related expenses (4)			280,979	318,709
Foreign exchange losses			4	
Net loss on disposals of marketable securities				
			289,380	**504,548**
NET FINANCIAL INCOME			**236,670,129**	**15,127,663**
RECURRING PROFIT BEFORE TAX			**228,913,767**	**14,613,045**

Income statement (continued)

	31/12/2010 France	31/12/2010 Export	31/12/2010 Total	31/12/2009 Total
Non-recurring revenue				
From financial management transactions				
From capital or non-current assets transactions			6,775	39,048
Reversal of impairment, provisions and transfer of expenses				
			6,775	**39,048**
Exceptional expenses				
From financial management transactions			11	43
From capital or non-current assets transactions			2,603,566	44,402
Amortisation, depreciation and provisions				
			2,603,577	**44,445**
TOTAL NON-RECURRING ITEMS			**- 2,596,802**	**- 5,397**
Employee profit-sharing				
Income tax			126,676	
Total income			**239,187,711**	**17,863,817**
Total expenses			**12,997,422**	**3,256,169**
NET INCOME			**226,190,289**	**14,607,648**
(a) Including:				
- Finance lease payments (property)			10,510	6,965
- Finance lease payments (real estate)				
(1) Including income from prior years				
(2) Including expenses from prior years				
(3) Including income from related parties			236,849,003	15,618,842
(4) Including interest paid to related parties			199,511	219,822

to the annual financial statements

At 31 December 2010

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Note 1. Main events of the financial year

1.1. Dividend distribution

The General Meeting of 18 June 2010 decided to allocate net carrying profits for the period 2009 as follows:

- Profit from the financial year ending 31/12/2009:	14,607,648.47 €
- Retained earnings at 31/12/2009:	2,971,820.72 €
Total profit for distribution	17,579,469.19 €
Assigned:	
To shares as dividends	15,179,894.85 €
To the "Other reserves" heading	2,399,574.34 €

This decision represents the distribution, for each of the 101,199,299 shares in equity on 31 December 2009, of a dividend of € 0.15 per share, eligible for the allowance of 40% mentioned in article 158-3-2° of the General Tax Code, according to the current tax situation.

The shareholders at their annual general meeting left each individual shareholder to decide whether to receive the total payment of the dividend in cash or in shares to be issued by the Company (see Note 1.2).

1.2. Increases in capital

Equity increased during the period from €3,474,343 to a total of €41,721,357, divided into 110,392,205 shares; this increase is due to:

- for €1,160, from the exercise of 99,000 equity warrants, which gave rise to 3,074 new shares, in view of the adjustment of conversion bases of 75 equity warrants for 2.33 new shares,

- for €3,473,182.33, from the dividend distributed as shares, giving rise to 9,189,832 new shares being issued,

- for €0.67, from the deduction from the share premium account after rounding off the share capital amount.

The share premium account correlatively increased by €7,007,343.77, increasing from € 2,764,892.24 to € 9,772,236.01.

1.3. Dividend receiver

At the request of two minority shareholders for FIG, the President of the Commercial court of Paris issued a ruling on 16 September 2010, based on a single-party motion, appointing "SCP Chevrier de Zitter – Asperti, Bailiff, as receiver with the following mission:

- go to the head office of the company BNP PARIBAS SECURITIES SERVICES, société anonyme with a capital of 165,279,835 Euros, listed on the business register of PARIS under no. 552 108 01, located 3 rue d'Antin – 75002 Paris,

- obtain and hold in escrow the disputed sum of 15,179,894.85 euros, which is currently credited to an account in the name of ACANTHE DÉVELOPPEMENT, in the books of BNP PARIBAS SECURITIES SERVICES, until otherwise decided by a final court ruling"

The sum of 15,179,894.85 euros corresponds to the total dividend voted by the Annual General Meeting of Shareholders of 18 June 2010.

The ruling therefore only concerned a given amount, however, the amount of € 4,217,815.85 was paid to BNP PARIBAS SECURITIES SERVICES in view of the cash payment of the dividend, as 73,034,264 coupons had opted for re-investment in shares.

On 8 October 2010, subsequent to summary proceedings, the ruling of 16 September initiated by Acanthe Développement was withdrawn. A ruling issued on 8 October 2010 (confirmed by an order issued by the Court of appeal on 8 December 2010) limited the seizure to € 1,700,000 instead of € 15,179,894.85.

The procedure was not completed before the end of the year, therefore ACANTHE DÉVELOPPEMENT released an additional € 1,700,000 to pay the amounts approved by the General Meeting and the dividends in full (cf. report 6.2). Since 16 September 2010, all the dividend could not be distributed, as BNP PARIBA SECURITIES SERVICES refused, despite ACANTHE DÉVELOPPEMENT's numerous requests, to release the part of the dividend reinvested in shares and which is not concerned by the escrow order (which only concerns a sum of money). In a letter of 20 September 2010, BNP PARIBAS SECURITIES SERVICES, going beyond the terms of the escrow order, regarding the shares issued for the part of the dividend distributed as shares, wrote: "the shares are held in a dedicated account; this account is not Acanthe Developpement's treasury share account".

Note 2. Accounting policies, rules and methods

2.1. Overview

The annual financial statements were prepared in accordance with French accounting standards as defined by regulation CRC 99-03.
The accounting policies were applied in accordance with the principle of prudence, while respecting the following principles:
- principle of continuity,
- principle of the permanence of methods,
- principle of periodicity,

and in accordance with the general rules for preparing and presenting the annual financial statements.

2.2. New accounting rules

The accounting methods used in 2010 were the same as those used for the previous financial year.

2.3. 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 situations of properties are taken into account, with the general rule of varying 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. It should be noted that the building located at rue d'Athènes is fully leased.
The terms and conditions of leases were taken into account in the estimation and, in particular, the cost to tenants of possible terms derogating from the generally applicable rules of law (taxe foncière [property tax], building insurance, major repairs of Article 606 of the French Civil Code and management fees).
Lastly, the buildings were considered to be in a good state of repair and the budgets for work to be carried out deducted.
Any valuation can include uncertainties, which can affect the future result of operations.
Pursuant to Regulation CRC 02-10, an impairment test was performed at the end of the financial year, to provision any possible losses compared to the net carrying amount shown in the balance sheet.

2.4. Balance sheet date

The annual financial statements are for the twelve-month period beginning 1 January 2010 and ending 31 December 2010

2.5. SIIC [listed real estate company] status

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

Note 3. Accounting policies and valuation methods

3.1. Property, Plant and Equipment

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

Carcass	100 years
Facade Watertightness	15 years
Topographical engineering and surveying	20 years
Fixtures Decoration	10 years
Software	3 years
Office furniture	3 years
Office and computer equipment	3 years

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

3.3. Receivables
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 (excluding SICAVs) is equal to the average closing market price of the securities during the last month of the period. A provision for impairment is recorded when the current value is less than the acquisition cost.

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

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

3.7. Earnings per share
Pursuant to decision N°27 of the Conformity Assessment Body (CAB), the basic earnings per share is determined by dividing the company's net income by the weighted average number of shares outstanding during the period.
The weighted average number of shares stood at 103,869,052. Earnings per share was therefore €2.179.
Diluted earnings per share was €2.092. These earnings are calculated by only including bonus issue shares. Stock options and equity warrants were not included in the calculation, since their exercise prices were higher than the stock exchange price.

3.8. Subscription warrants
On 27 March 2003, two blocks of subscription warrants were issued, the expiry date of one of which (reference code ISIN FR0000346967) was 31 October 2005. There are therefore warrants under the reference code ISIN FR0000346975 that have not been exercised.
The characteristics were as follows:
- issue amount, €0
- number of warrants prior to division by 15: 41,385,455
- bonus issue
- exercise price: €4
- exercisable by: 31 October 2009, extended to 31 October 2011

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

The Annual General Meeting of warrant holders decided to extend the subscription period date from 31 October 2009 to 31 October 2011.

Moreover, since the meeting of the Board of Directors of 08 July 2008, the new conversion rates of outstanding warrants are as follows: 75 warrants giving the right to subscribe to 2.33 ACANTHE DÉVELOPPEMENT shares, at a price of €4.00.

During the period, the movements of the warrants were:
- number of warrants exercised: 99.000
- sum received: €5 thousand
- number of warrants bought back and retired: 0
- number of outstanding warrants at 31 December 2010: 350,953,650
- potential capital increase in terms of number of shares 10,902,960
- potential capital increase in terms of value: €4.121 K with share premium of: €14.597 K

Changes in the price of the warrants: the price fluctuated between 0.01 and 0.02 during the financial year.

Currently, 75 warrants upon exercise plus 4 euros shall be entitled to 2.33 new shares.

On the other hand, the assigned 9,936,436 options (see 1.2 of the notes to the annual financial statements as at 31 December 2009) were not exercised at 31 December 2010.

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

4.1. Non-current assets (in thousands of euros)

	Long-term				Deprec./Amort. Prov.				Net
	Value gross 01/01/2010	Increase acct to acct	Decrease acct to acct	Value gross 31/12/2010	Depr/ At 01/01/2010	Increase	Decrease	Depr/ At 31/12/2010	31/12/2009
Long-term assets									
Software	10	-	-	10	7	3	-	10	-
Long-term equipment									
Land	320	-	-	320	-		-	-	320
Buildings	2,798	-	-	2,798	323	41	-	364	2,434
Fixtures, fittings and equipment	811	-	-	811	340	81	-	421	390
Transportation equipment	-	-	-	-	-	-	-	-	-
Office and computer equipment	73	2	16	59	70	3	16	58	2
PP&E in progress	148	23	-	171	-	-	-	-	171
Long-term investments									
Equity associates	7,557	217,719	2 804	222,472	-	-	-	-	222,472
Loans to equity associates	45,080	8,401	-	53,481	-	-	-	-	53,481
Other long-term investments, Loans	164	1	-	164	-	-	-	-	164
TOTAL	**56,961**	**226,146**	**2,820**	**280,287**	**740**	**128**	**16**	**853**	**279,435**

Comments:

• Property, Plant and Equipment
PP&E mainly comprise two properties. It concerns:
- a mixed-use office/commercial building located in Pairs, in the 9th arrondissement, with a surface area of 1,000 m²
- land located in VERDUN
- drilling carried out for the construction of the future foundations of a building (€148 thousand).
- a ground survey conducted for a building in rue d'Athènes in Paris (€23 K)

• Long-term investments

The amount of long-term investments rose substantially following the distribution by TAMPICO of a dividend of €235,087 K, which mainly comprised shares of the collective partnership (French: société en nom collectif [SNC]) VENUS in the amount of €217,719 K. ACANTHE DÉVELOPPEMENT became the majority shareholder of VENUS, owning 97.34% of the share capital and voting rights.

The shares in TAMPICO were sold in March 2010.

At 31 December 2010, the long-term investments were provisioned, where appropriate, taking into account the equity of the audited companies in question, adjusted to include existing unrealised gains on buildings owned by these companies.

Detailed financial information on subsidiaries and associates (€000).

Company	Capital	Equity other than the share capital	Interest in share capital held (in percent)	Gross carrying amount of shares held	Net carrying amount of shares held	Unpaid loans and advances granted by the company	Sureties and deposits given by the company	Revenue (before tax) of last financial year	Profit (loss) from last accounting period	Dividends received by the company during 2010 financial year
A: subsidiaries at least 50%										
SA VELO	1,010	1,415	100%	2,068	2,068	-	-	35	701	-
BALDAVINE SA	71	- 1,873	100%	2,686	2,686	18,279	-	1,130	1,492	-
SA TAMPICO	224,811	- 5,421	97%	217,719	217,719	12,697	-	6,601	- 6,521	-
SAS BRUXYS	38	- 3,608	100%	-	-	22,506	-	-	- 814	-
B: subsidiaries at least 10%										
C: subsidiaries less than 10%										
SA FONCIERE ROMAINE	38	- 3,033	0,04%	-	-	-	-	1,145	- 419	-
TOTAL				**222,473**	**222,473**	**53,481**	**-**	**8,910**	**- 5,560**	**-**

At 31/12/2010, VENUS's adjusted equity wase 230,860K, €224,712K of which represented ACANTHE DÉVELOPPEMENT's interest (97.34%) acquired for €217,719K.

4.2.Statement of receivables

Changes in receivables
(in thousands of €)

Gross amount	At 31/12/10	At 31/12/09	Change
in loans			
Loans to equity associates	53,481	45,080	8,401
Loans	-	-	-
Other long-term investments	164	164	-
Current assets			
Trade accounts receivable	2,047	1,785	263
State and local authorities	5,037	1,625	3,412
Associates	-	-	-
Miscellaneous accounts receivable	2,100	27	2,074
Prepaid expenses	33	48	8
TOTAL	**62,862**	**48,728**	**14,159**

The change in loans to equity associates is due to the advances granted to subsidiaries.
The change in trade accounts receivable is mainly due to services yet to be charged to subsidiaries.
The item "State and local authorities" comprises a receivable for early payment of tax (€1,330 K), a receivable from the Treasury, arising from early payment of tax, acquired in 2010 (€3,295 K), VAT receivables (€367 K) and an application to carryback tax losses (€44 K).

The item 'miscellaneous accounts receivable' comprisese 1,700K held in escrow by a bailiff, arising from a dispute between the company and former shareholders of a subsidiary (see Note 6.2), the quarterly balance received in January 2011 in the amount of €4 K from property management activities and miscellaneous receivables.

Schedule of receivables
(in thousands of €)

Receivables	Gross amount	Net amount	Due date at =1 year more year or less	Due date at more than one year
Loans				
Loans to equity associates	53,481	53,481	53,481	-
Loans	-	-	-	-
Other changes	164	164	-	164
Current assets				
Trade accounts receivable	2,047	2,000	2,000	-
State and local authorities	5,037	5,037	402	4,635
Associates	-	-	-	-
Miscellaneous accounts receivable	2,100	2,100	2,100	-
Prepaid expenses	33	33	33	-
TOTAL	**62,862**	**62,814**	**58,016**	**4,799**

4.3. Marketable securities

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

Within the framework of memorandum N°04958 of 07/12/2004, which was approved by Autorité des marchés financiers (AMF), ACANTHE DÉVELOPPEMENT SA bought back its own shares during the course of the financial year through a liquidity contract.

(in thousands of €)

Value at 31/12/2010	Number	Gross carrying amount	Net value amount
Treasury shares	123,560	321,390	147,037
SICAVS CAAM	140	576,918	576,918
SICAVS FORTIS MONEY PRIME EURO	2,816	3,300,762	3,300,762
TOTAL	**126,516**	**4,199,070**	**4,024,717**

By way of comparison, 2009:

Value at 31/12/09	Number amount	Gross carrying amount	Net value
Treasury shares	124,268	339,931	173,975
SICAVS CAAM	627	2,578,537	2,578,537
SICAVS FORTIS MONEY PRIME EURO	6,018	6,993,510	6,993,510
TOTAL	**130,913**	**9,911,978**	**9,746,022**

4.4. Equity

(in thousands of €)

	Capital	Premiums	Legal reserve	Other reserves	Retained earnings	Net income (loss)	Total
At 31/12/09:	38,247	2,765	3,880	66	2,972	14,608	62,538
Appropriation of income (loss)					14,608	- 14,608	-
Dividends					- 15,180		- 15,180
Treasury share distribution					17		17
Appropriation of retained earnings held in reserves			2,400	- 2,400		-	
Increase in capital following the issue of subscription warrants	1	4					5
Increase in capital through reinvesting dividends	3,473	7,003					10,476
2009 net income						**226,190**	**226,190**
	41,721	**9,772**	**3,880**	**2,466**	**17**	**226,190**	**284,046**

During the financial year, the main changes in equity were the following:
- €15,180K distributed from profit available for distribution and from retained earnings.
- exercise of subscription warrants giving rise to a capital increase of €5 K
- dividend distributed as shares giving rise to a capital increase of €10,476 K.

The net income for the financial year was €226,190 K

Share capital
At 31 December 2010, the share capital solely comprised 110,392,205 fully paid-up ordinary shares with voting rights.
During the period, 9,192,906 new shares were issued.

(in thousands of €)

	Warrants	Reinvested coupons	Number of shares
Beginning of the year			101,199,299
Exercise of Warrants 34697	99,000		3,074
Conversion of 73,034,264 coupons		73,034,264	9,189,832
TOTAL	**99,000**	**73,034,264**	**110,392,205**

Securities giving access to the share capital

At 31 December 2010, there remained the following marketable securities which give access to the share capital.

Number	Coefficient	Number of shares likely to be created	Potential rise in equity	in capital
BSA FR0000346975 (maturity 2011) not exercised	350,953,650	75 BSA +4 € giving access to 2,33 new shares	10,902,960	18,717,528
Total	**350,953,650**		**10,902,960**	**18,717,528**

Moreover, 4.330.000 shares must be issued in 2011 for Mr Duménil under the free-share attribution contract voted by the Board of Directors on 25 July 2007.
Lastly, the meeting of the Board of Directors of 28 August 2009 decided to award Mr Duménil 9,936,436 stock options allowing subscription or acquisition of shares of which the exercise price is set at €1.24.
Please note that the weighted average price of ACANTHE DÉVELOPPEMENT shares was €1.17 at 31 December 2010.

4.5.Statement of liabilities

Change in liabilities
(in thousands of €)

Liabilities	At 31/12/10	At 31/12/09	Change
Bank borrowings	1,688	1,771	- 83
Miscellaneous loans and borrowings (security deposits)	123	157	- 34
Supplier debts	902	554	348
Tax and social liabilities	563	334	229
Current accounts	6,674	4,076	2,598
Other liabilities	2	2	0
TOTAL	**9,953**	**6,895**	**3,058**

The change in 'bank borrowings' is the annual paydown of outstanding borrowings.

The change in 'Miscellaneous loans and borrowings' results from the decrease in tenants' security deposits

'Current accounts' comprise cash advances made by subsidiaries with excess cash.

Liability maturities
(in thousands of €)

Liabilities	Amount	Due in ≤1 year	Due in >1 year and <5 years	Due in >5 years
Financial loans and debts with credit institutions (1)	1,688	236	515	938
Miscellaneous loans and borrowings	123	-	123	-
Supplier debts	902	902	-	-
Tax and social liabilities	563	563	-	-
Current accounts	6,674	6,674	-	-
Other liabilities	2	2		
TOTAL	**9,953**	**8,377**	**637**	**938**

(1) of which bank overdraft: 109 K€

Bank borrowings comprises the following:
(now DEUTSCHE PFANDBRIEFBANK) with a term of 20 years, principal of €1,566 K and fixed-rate of interest until 31 July 2011, then at a variable rate of interest until full repayment of the loan on 31 July 2021.
ACANTHE DÉVELOPPEMENT entered into an interest-rate SWAP-type agreement for an amount of up to €20,000 K, with an interest-rate limit between 0% and 6.94% and maturity of June 2012.

4.6. Accrued debts payable and accrued receivables

(in thousands of €)

Collectable receivables	31/12/10	31/12/09	Change	Due receivables	31/12/10	31/12/09	Change
Financial data				**Financial data**			
Accrued interest/receivables c/accts	1,842	1,469	372	Accrued interest/liabilities c/accts	200	187	13
Accrued interest/term deposits	-	-	-	Accrued interest/liabilities	13	14	- 1
Trade receivables				**operating liabilities**			
Trade accounts receivable	1,929	1,680	249	Suppliers	577	329	248
Miscellaneous int.	4	-	4	Tax and social liabilities	40	19	21
Other receivables	4,626	1,331	3,295	Other liabilities	2	1	1
Other receivables	10	-	10				
TOTAL	**8,411**	**4,480**	**3,931**	**TOTAL**	**831**	**550**	**281**

4.7. Provisions

(in thousands of €)

	Amount at 31/12/09	Charge	Reversal used	Reversal unused	Amount at 31/12/10
For contingencies	20	-	-	20	0
For trade receivables	47	-	-	-	47
For treasury shares	166	8	-	-	174
TOTAL	**213**	**8**	**-**	**20**	**222**

A provision of €8K was recorded in respect of treasury shares during the course of the financial year according to the average closing market price of the shares

4.8. Prepaid expenses

They are essentially subscription and insurance costs (€33K compared with €48K in 2009)

4.9.Associated companies

(in thousands of €)

Balance sheet - Assets	31/12/10	31/12/09	Change	Income statement	31/12/10	31/12/09	Change
Equity associates	222,473	7,557	214,915				
Loans to equity associates	51,639	43,611	8,029	Interest charges on current account	- 200	- 220	20
Interest on loans to equity associates	1,842	1,469	372	Carrying amount of securities sold	- 2,585	- 1	- 2,584
				Leases	- 654	- 651	- 3
				Invoiceable expenses	- 180	- 198	18
Current account credit	- 6,475	- 3,889	- 2,585	Share of accounting loss from subsidiaries	- 6,476	-	-
Interest on current account	- 200	- 187	- 12	Share of accounting profit subsidiaries	-	2	- 2
Amounts yet to be billed	1,922	1,666	256				
Credit notes yet to be drawn up	- 2	- 1	- 1	Income from current accounts	1,762	1,888	- 126
Security deposits received	- 25	- 57	31	Income from equity associates	235,087	13,731	221,356
Security deposits given	164	164	1				-
				Re-invoiced head office expenses	1,605	1,394	211
Invoices not received	- 28	- 27	- 1	Taxable rents	102	226	- 125
				Invoiceable expenses	24	64	- 40
Credit notes yet to receive	10	0	10				
				Income from the sale of securities		9	- 9
Miscellaneous accounts receivable	150	-	150				
TOTAL	**271,470**	**50,306**	**221,164**	**TOTAL**	**228,486**	**16,244**	**218,718**

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 €)

Income	At 31/12/10	At 31/12/09	Change
Rental income	540	666	- 126
Income from invoiceable expenses	71	114	- 43
Re-invoiced head office expenses	1,608	1,397	211
Other revenue	2	14	- 12
Revenue	**2,221**	**2,191**	**30**

ACANTHE DÉVELOPPEMENT 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. The change in rental income and invoiceable expenses is due to the cancellation of a sublease in 2010. The change in head office expenses was in particular due to an increase in re-invoiced payroll expenses.

• Operating expenses

This slight increase was essentially due to:
- the increase of €520K in 'Other purchases and expenses', which was mainly due to the increase in lawyers' fees (€337K) arising from the disputes with the minority shareholders of the former subsidiary FIG (see Note 6.2),
- to the increase of €7K in 'Taxes',
- the increase of €251K in 'Salaries and other compensation and social security taxes' following the transfer (coming from a subsidiary) of the employment contract of the Legal Director (€123K invoiced to subsidiaries), together with the recruitment of a property director (€100K), who left the company in January 2011,
- the decrease of €6K in 'amortisation and provision charges,
- the payment of directors' fees to the directors (rise of €20K).

• Net financial income

For the financial year, net financial income was €236,670K and breaks down as follows:
- Dividends in the amount of €235,087K received from TAMPICO;
- Prepaid interest charged to current accounts in the amount of €1,762K;
€82K from the sale of marketable securities;
- Loan interest charges in the amount of -€79K;
- Prepaid interest charges on current accounts in the amount of - €200K;
- Miscellaneous financial income and expenses for the remainder.

At 31 December 2009, financial income was €15,128K. It broke down as follows:
- Dividends received in the amount of €13,731K;
- Prepaid interest charged to current accounts in the amount of e1888 K;
- €13 K from the sale of marketable securities;
- Loan interest charges in the amount of -€91K;
- Prepaid interest charges on current accounts in the amount of - €220 K;
- Charges to provisions for impairment of treasury shares in the amount of - €186K;
- Miscellaneous financial income and expenses for the remainder.

• Total non-recurring items
For the financial year, total non-recurring items was a loss of €2,597K, compared with €5K in 2009. The loss was due to the loss realised on the sale of TAMPICO shares (-€2,585K) and to a lesser degree to the loss of - €12K from the purchase and sale of treasury shares within the framework of the liquidity contract.
Profit after corporation tax of €127K was €226,190K.

Note 5. Financial commitments

Financial commitments given:

a) ACANTHE DÉVELOPPEMENT gave sureties of €58,043K to the banks that financed buildings owned by its subsidiaries.

b) A first mortgage for the benefit of BAYERISCHE HANDELSBANK AG (now DEUTSCHE PFANDBRIEFBANK) of €1,579K on the building located in rue d'Athènes.

b) Collateral of commercial rents for the benefit of BAYERISCHE HANDELSBANK AG (now DEUTSCHE PFANDBRIEFBANK) of up to €1,681K on the building located in rue d'Athènes.

d) A preferential right of the Treasury was recorded in respect of the Company as a guarantee for disputed taxes of €2,817K (see Note 6).

e) A mortgage whereby the Treasury takes title on the Company's building located in rue d'Athènes as a guarantee for disputed taxes of €3,099K (see Note 6).

f) A joint guarantee to the benefit of the subsidiary AD INVEST in July 2003 within the framework of a finance lease agreement for the financing of office property. AD INVEST was taken over by the ADT SIIC in 2005. At 31/12/2010, this commitment was €2,238K.

Note 6. Disputes

6.1. Tax disputes

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

In the amount of €6.04m (before interest of €0.56m and surcharges of €2.99m), these claims challenge the principle of tax-exemption of dividends as provided by the provisions of the 'parent company-subsidiary' Directive, and hence the right to have dividends benefit from the tax system of parent companies.

As this position of the French tax authorities, which can result in a company's profits being taxed twice and which has been heavily criticised, concerns companies established within the European Union, it will be subject to the censure of the Court of Justice of the European Union.

Yet the position of the French tax authorities seems likely to be seriously undermined in view of recent French tax case law and, in particular, recent judgements of the French Council of State in the cases of JANFIN (judgement of 27 September 2006 that restricted the conditions under which the tax authorities can challenge, on the grounds of abuse of law, certain financial transactions involving dividend distribution) and the cases of GOLDFARB and AXA (judgements of 7 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, The corrections of which ACANTHE DÉVELOPPEMENT 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, the French Council of State validated the transactions criticised by the tax authorities from the point of view of objective criteria that the ACANTHE group considers, as regards the situations that concern it, to have met.

As regards the decisions of the Comité de l'abus de droit fiscal [consultative committee against abuse of process], they do not prejudge any decisions that could be made by the competent courts in so far as they find that (i) contrary to the intention of the legislator the fact of having undertaken to keep the acquired investments in associate companies for two years in order to benefit from the tax system relating to the subsidiaries of parent companies; and (ii) that the investments in question are inactive, whereas the tax system relating to the subsidiaries of parent companies is not subject to such limitations and that the fact of the companies of the group being shareholders could not be challenged.

Furthermore, it is important to consider the importance of these decisions in the light of a decision taken by the French Council of State on 29 September 2010 by which, regarding penalties, it stipulated that the burden of proof still lay with the French tax authorities regardless of the view of the committee.

Thus, on the grounds of the decisions of the Council of State, the Company - with counsel from CMS Bureau Francis Lefebvre - contests at all stages of the proceedings (including the collection of taxes) the additional taxes that the tax authorities are claiming.

These challenges are still in progress and will be - according to the process concerned - decided by administrative courts, first and foremost of which the Paris Administrative Court, should the French tax authorities maintain their position.

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

On 7 July 2008, the 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 €11.8M, 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 €10.4M, that is, a tax adjustment of €2.15M (excluding interst of €0.34M and surcharges of €0.82M).
Thus, the company did not record any provision for this.

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

6.2. Other disputes

6.2.1. FIG disputes

Although FIG has not been part of the ACANTHE DÉVELOPPEMENT group since 19 March 2010, certain disputes of FIG still concern ACANTHE DÉVELOPPEMENT.
It should first be noted that in its order of special hearing of 8 October 2010 (referred to above), the Commercial Court of Paris ruled, in particular, that: "in view of it not being contested, Mr Barthes and Mr Ceuzin did not have any direct claim against this company".
On 14 January 2011, the Commercial Court of Paris ruled against Messrs BARTHES and CEUSIN on the one hand, and on the other hand, Mr NOYER with regard to their requests to have annulled the transactions subsequent to FIG's cancelled General Meeting of Shareholders of 24 February 2004 and, for the same reasons, their claim against ACANTHE DÉVELOPPEMENT. The court ordered FIG and TAMPICO to pay the former minority shareholders "the amount of their shareholdings in the capital of FIG and their share of dividend distributions and FIG's reserves, taking into account the change in their shareholdings following the different transactions having affected FIG's net assets since the combined annual and extraordinary shareholders' meeting of 24 February 2004". Mr KLING, assessor, was commissioned to determine the sums to be borne by TAMPICO and FIG. TAMPICO had to pay the shortfall arising from these former shareholders' refusal to deposit the assessor's fees as demanded by the court's judgements. Please note that a report drafted by Mr Vincent FAYEIN (trustee of Valois), justice expert at the Paris Court of Appeal, in November 2010, upon the request of ACANTHE DÉVELOPPEMENT, already assessed the total of this shortfall at €50k for all the former minority shareholders. The former minority shareholders appealed these judgements and the provisional enforcement.

On 15 June 2010, upon request of Messrs BARTHES and CEUZIN, the President of the Commercial Court of Paris ordered "that the 95,496 VENUS shares held by ACANTHE DÉVELOPPEMENT be held in escrow by the bailiffs of this court, until otherwise ordered by final court ruling or agreement between the parties". The bailiff could not execute this order.

Upon request of Messrs BARTHES and CEUZIN, an order issued ex parte by the President of the Commercial Court of Paris on 16 September 2010 appointed the bailiffs *"Chevrier de Zitter – Asperti, as escrow agent, to:*

- go to the registered office of BNP PARIBAS SERURITIES SERVICES, public limited company (société anonyme) with capital of 165,279,835 euros, registered at the Business Registry of Paris under the number N° 552 108 01, located at 3 rue D'Antin - 75002 Paris;

- obtain and hold in escrow the disputed sum of 15,179,894.85 euros, which is currently credited to an account in the name of ACANTHE DÉVELOPPEMENT, in the books of BNP PARIBAS SECURITIES SERVICES, until otherwise decided by a final court ruling" ;

On 8 October 2010, the President of the Court issued an interim order limiting this escrow to the sum of €1,700,000. On 8 December 2010, this order was upheld by a judgement of the Paris Court of Appeal 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 DÉVELOPPEMENT 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 DÉVELOPPEMENT 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). ACANTHE DÉVELOPPEMENT appealed the decision regarding the holding of VENUS shares in escrow and filed an appeal with the Paris Court of Appeal relating to the escrow of €1.7m.

6.2.2. CICOBAIL-ING LEASE disputes

In July 2003, ACANTHE DÉVELOPPEMENT stood as joint guarantor up to the sum of €4,840K in favour of its subsidiary AD INVEST within the framework of the finance lease agreement signed with EUROSIC (of which the rights being represented by CICOBAIL) and ING LEASE. This agreement was entered into for the financing of 4,598 m² of office space occupied by FORCLUM in Centre d'Affaires Paris Nord located in Blanc-Mesnil.

AD INVEST was taken over by the ADT SIIC in 2005.

In 2010, AD INVEST had serious cash-flow problems due to the departure of its tenant.

While waiting to re-let its premises, AD INVEST thus desired to negotiate with CICOBAIL and ING LEASE the possibility of only paying the interest of the agreement and to postpone the "amortisation of the principal". As the negotiations were difficult, AD INVEST required that an ad hoc agent be appointed to assist in its discussions with CICOBAIL in order not to hamper its development and, if necessary, assist it in negotiating and drafting of any agreements.

At 31 December 2010, the balance due to CICOBAIL and ING LEASE for the early exercise of the purchase option was €2,014K, plus 2010 outstanding sums of €349 K including VAT.

Although these negotiations were still in progress, CICOBAIL and ING LEASE called upon ACANTHE DÉVELOPPEMENT in its capacity as guarantor to pay them all the sums due in respect of 2010. The principal amounts of sums due totalled €349K including VAT.

ACANTHE DÉVELOPPEMENT believes that this call upon the surety it provided as guarantor was premature and has, to date, refused to pay, especially as AD INVEST gave CICOBAIL and ING LEASE the undertaking that it would examine the possibility of selling its premises to enable it to pay all its creditors.

Note 7. Other information

At 31 December 2010, the company had four 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 to be shared between the directors.

Pension obligations were not significant and were not provisioned.

Tax losses and their changes are as follows:

Items	At 31/12/09	Year's losses	Included in the year's accounts Carryback	Au 31/12/10
Ordinary losses	2,054	-	2,054	-
Long-term capital loss	-	-	-	-
TOTAL	**2,054**	**-**	**2,054**	**-**

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Comparative consolidated balance sheets

(in thousands of €)

	31/12/2010 IFRS	31/12/2009 IFRS
ASSETS		
Investment property	364,480	371,207
Current assets		
Tangible assets	6,096	6,376
Intangible assets	4	8
Financial assets in K€	7,421	6,737
Total non-current assets	**378,001**	**384,328**
Property inventories	25	5,303
Customers and related accounts	4,530	7,277
Other receivables	15,703	10,472
Other current assets	94	141
Current financial assets	2,193	
Cash flow and cash equivalents	21,953	12,269
Total current assets	44,499	35,462
TOTAL ASSETS	**422,500**	**419,790**

(in thousands of €)

	31/12/2010 IFRS	31/12/2009 IFRS
LIABILITIES		
Capital	41,721	38,247
Reserves	255,918	282,748
Net consolidated result	(292)	(19,610)
Total Equity, group share	**297,348**	**301,385**
Minority interest reserves	8,022	7,716
Minority interest result	111	129
Total Equity	**305,481**	**309,2301**
Non-current financial liabilities	87,736	93,516
Provisions for risks and expenses	56	1,115
Deferred taxes	-	-
Total non-current debt	**87,793**	**94,630**
Current financial liabilities	20,234	4,794
Deposits and guarantees	3,056	3,580
Suppliers	2,457	4,471
Fiscal and corporate debt	2,501	2,032
Other liabilities	829	965
Other current liabilities	150	87
Total current debt	**29,226**	**15,930**
Total debt	117,019	110,560
TOTAL LIABILITIES	**422,500**	**419,790**

Comparative consolidated income statement

(in thousands of €)

	31/12/2010 IFRS	31/12/2009 IFRS
Rents	12,980	14,106
Rebilled occupancy expenses	2,388	2,170
Global occupany expenses	(5,224)	(4,573)
Net revenue from property	**10,145**	**11,703**
Income from real property development	6,405	2,119
Expenses from real property development	(100)	(779)
Changes in real property stocks	(6,231)	(2,422)
Net income from real property development	**74**	**(1,082)**
Income from other activities		
Personnel expenses	(3,397)	(8,421)
Other overhead costs	(2,846)	(1,943)
Other earnings and other expenses	(40)	38
Change in value of investment property.	1,519	(19,441)
New reserves for other depreciation and provisions	(1,032)	(2,085)
Renewed reserves for other depreciation and provisions	220	47
Pre-transfer earnings	**4,642**	**(21,184)**
Income from disposal of investment properties	(1,127)	3,154
Operating income	**3,515**	**(18,030)**
- Incoming cash flow and cash flow equivalents	13	60
- Cost of gross financial debt	(4,599)	(4,412)
Cost of net financial debt	**(4,586)**	**(4,351)**
Other financial earnings and expenses	1 016	102
Earnings before taxes	**(54)**	**(22,280)**
Negative goodwill		2 788
Tax on profits	(127)	11
Net income	(181)	(19,481)
Minority interest	111	129
Group share of net profit and loss	(292)	(19,610)
Earnings per share		
Basic earnings per share (in €)	-0,003	-0,200
Diluted earnings per share (in €)	-0,003	-0,191
Earnings per share for operations		
Basic earnings per share (in €)	-0,003	-0,198
Diluted earnings per share (in €)	-0,003	-0,189
Other components of aggregate earnings		
Net profit and loss	(181)	(19,481)
Remeasurement of available-for-sale financial assets	2	(2)
Remeasurement of fixed assets	(196)	103
Taxes		
Total profits and losses recognised as equity	(195)	101
Aggregate profit and loss (375)	(19,380)	
(Net earnings and profits and losses recognised as equity)		
Aggregate earnings - Group share	(486)	(19,509)
Aggregate earnings - minority share	111	129

Statement of changes in equity

	Capital	Reserves relating to capital	Self-held securities	Group share Reserves and consolidated earnings	Group share of equity	Minority share of equity	Total equity
Equity on 31/12/08	**35,313**	**16,564**	**(-29,425)**	**286,701**	**309,153**	**4,428**	**313,581**
Capital operations	2,766	2,324			5,090		5,090
Share-based transactions		7,607			7,607		7,607
Operations for self-held securities			9,946	(-8,111)	1,835		1,835
Dividends (payments and reinvestment)	169	327		(-3,287)	(-2,791)	15	(-2,776)
Net profit or loss for the period			(-19,610)	(-19,610)	129	(-19 481)	
Profits and losses recognised directly as equity				101	101		101
Net earnings and profits and losses recognised directly as equity				**(-19,509)**	**(-19,509)**		**(-19,509)**
Change in scope						3 273	3,273
Equity on 31/12/09	**38,247**	**26,822**	**(-19,479)**	**255,794**	**301,385**	**7 845**	**309,230**
Capital operations	1	4			5		5
Share-based transactions		2,338			2,338		2,338
Operations for self-held securities			(-2,157)		(-2,157)		(-2,157)
Dividends (payments and reinvestment)	3,473	7,003		(-13,959)	(-3,483)	177	(-3,306)
Net profit or loss for the period				(-292)	(-292)	111	(-181)
Profits and losses recognised directly as equity				(-195)	(-195)		(-195)
Net earnings and profits and losses recognised directly as equity				**(-487)**	**(-487)**	**111**	**(-376)**
Change in scope				(-254)	(-254)		(-254)
Equity on 31/12/2010	**41,721**	**36,167**	**(-21,636)**	**241,094**	**297,348**	**8,133**	**305,481**

Statement of changes in cash flow (K€)

		31/12/2010	31/12/2009
Activity-based cash flows			
Consolidated net income		(181)	(19,481)
Derecognition of expenses and income with no impact on cash flow			
Depreciation and provisions		(70)	726
Change in fair value for property		(1,519)	19,441
Free shares and stock options		2,338	7,608
Other IFRS restatements		(440)	1,308
Other unpaid expenses and income			
Transfer profits/losses		843	(1,135)
Impact of changes in scope		(124)	
Badwill			(2,788)
Share of earnings for companies applying the equity method			
Self-financing ability after the cost of net financial debt and taxes		847	5,679
Cost of net debt		(5,056)	(4,646)
Taxes (including deferred taxes)			11
Self-financing ability before the cost of net financial debt and taxes	…	**5,903**	**10,314**
Taxes paid	B		11
Activity-based changes in working capital requirements	D	2,997	(4,832)
Net cash flow generated by operations	E=A+B+D	**8,900**	**5,493**
Cash flow relating to investment operations			
Acquisitions of fixed assets		(13,691)	(593)
Sales of fixed assets		54,400	19,153
Acquisitions of financial assets		(869)	(2,610)
Refunding of financial assets		180	317
Impact of changes in scope		(26,962)	
Changes in loans and advance payments accorded			
Other flows relating to investment operations			
Net cash flows relating to investment operations	F	**13,058**	**16,267**
Cash flow relating to financing operations			
Increase in capital		5	5 090
Paid by the shareholders of the parent company			
Paid by minority shareholders in consolidated companies			
Dividends paid		(3,305)	(2,792)
Acquisition of self-held securities		(2,157)	(7,322)
Receipts relating to new loans			8,000
Loan repayments		(15,413)	(8,973)
Net interest paid		(5,056)	(4,646)
Impact of changes in scope			(39)
Other flows relating to financing operations			
Net cash flow relating to financing operations	G	**(25,927)**	**(10,682)**
Changes in net cash flow	E+F+G	**(3,968)**	**11,078**
Changes in net cash flow		**(3,968)**	**11,078**
Opening cash flow			
Available assets		2,647	514
Bank overdrafts		(359)	(377)
Securities		9,622	695
		11,910	**832**
Closing cash flow			
Available assets		3 034	2 647
Bank overdrafts		(16,203)	(359)
Securities		21,111	9,622
		7,942	**11,910**

for the consolidated statements

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Note 1. Notable facts for the period

1.1. Distribution of dividends

The General Meeting of 18 June 2010 decided to allocate net carrying profits for the period 2009 as follows:

Profits for the period ending 31/12/2009:	14,607,648.47€
Credit carried forward on 31/12/2009:	2,971,820.72€
Total profit for distribution	17,579,469.19€
Assigned:	
To shares as dividends	15,179,894.85€
To the "Other reserves" heading	2,399,574.34€

This decision represents the distribution, for each of the 101 199 299 shares in equity on 31 December 2009, of a dividend of €0.15 per share, eligible for the allowance of 40% mentioned in article 158-3-2° of the General Tax Code, according to the current tax situation.

With regard to payment, the General Meeting decided to allow each shareholder to opt for either full payment of the dividend in monetary value or in future company shares (cf.1.2).

1.2. Increases in capital

Equity increased during the period from € 3,474,343 to a total of €41,721,357, divided into 110,392,205 shares; this increase is due to:
- €1,160, for the excercise of 99,000 stock warrants leading to the creation of 3,074 new shares based on the adjustment of the conversion basis of 75 stock warrants for 2.33 new shares,
- €3,473,182.33, for the re-investment of shares from the distribution of dividends leading to the creation of 9,189,832 new shares (cf. 1.1),
- €0.67, for the debit from the "issue bonus" heading after rounding equity.

The amount of the "issue bonus" heading increased in parallel by €7,007,343.77 climbing from €2,764,892.24 to €9,772,236.01

1.3. Dividend receiver

At the request of two minority shareholders for FIG, the President of the Commercial court of Paris issued a ruling on 16 September 2010, based on a single-party motion, appointing "SCP Chevrier de Zitter – Asperti, Bailiff, as receiver with the following mission:
- *go to the head office of the company BNP PARIBAS SECURITIES SERVICES, société anonyme with a capital of 165,279,835 Euros, listed on the business register of PARIS under no. 552 108 01, located 3 rue d'Antin – 75002 Paris,*
- *seize the amount in question of 15,179,894.85 Euros currently held in an account with this bank on behalf of ACANTHE DÉVELOPPEMENT, until a final court decision determines otherwise."*

The sum of 15,179,894.85 euros corresponds to the total dividend voted by the Annual General Meeting of Shareholders of 18 June 2010.

The ruling therefore only concerned a given amount, however, the amount of €4,217,815.85 was paid to BNP PARIBAS SECURITIES SERVICES in view of the cash payment of the dividend, as 73,034,264 coupons had opted for re-investment in shares.

On 8 October 2010, subsequent to summary proceedings, the ruling of 16 September initiated by Acanthe Développement was withdrawn. A ruling issued on 8 October 2010 (confirmed by an order issued by the Court of appeal on 8 December 2010) limited the seizure to €1,700,000 instead of €15,179,894.85.

The procedure was not completed before the end of the year, therefore ACANTHE DÉVELOPPEMENT released an additional €1,700,000 to pay the amounts approved by the General Meeting and the dividends in full (cf. report 6.2). Since 16 September 2010, all the dividend could not be distributed, as BNP PARIBA SECURITIES SERVICES refused, despite ACANTHE DÉVELOPPEMENT's numerous requests, to release the part of the dividend reinvested in shares and which is not concerned by the escrow order (which only concerns a sum of money). In a letter of 20 September 2010, BNP PARIBAS SECURITIES SERVICES, going beyond the terms of the escrow order, regarding the shares issued for the part of the dividend distributed as shares, wrote: "the shares are held in a dedicated account; this account is not Acanthe Developpement's treasury share account".

Note 2. Accounting policies and methods

In application of European regulation 1606/2002 of 19 July 2002, the consolidated financial statements of the ACANTHE DÉVELOPPEMENT group are established in accordance with IFRS as adopted by the European Union on 31 December 2010, and enforced on this date.

International accounting standards include IFRS (International Financial Reporting Standards), and IAS (International Accounting Standards) and their interpretations (IFRIC and SIC).

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.

2.1. Preparation policies for financial statements

2.1.1 Preliminaries
Group consolidated accounts are expressed in thousands of euros, unless indicated otherwise.

Year-end for consolidated accounts is defined as 31 December of each year. The individual accounts consolidated are issued at year-end for the consolidated accounts, i.e. on 31 December, and cover the same period.

Consolidated accounts were closed by the Executive board on 27 April 2011.

The Group 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.

2.1.2 General policies and declaration of conformity
In application of European regulation 1606 / 2002 of 19 July 2002, the consolidated financial statements of the Acanthe Développement group on 31 December 2010 were established in accordance with international accounting standards as approved by the European Union at year-end for these financial statements and which are enforced on this date (available on the Group web site: www.acanthedeveloppement.com).

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

2.1.3. Changes in accounting and presentation policies
Annual accounts are established based on the accounting policies and methods applied by the Group to the financial statements for the period 2009, with the exception of the following standards and amendments, applicable from 1 January 2010.

Standards and interpretations effective from 1 January 2010

Amendments to standards and interpretations which took effect on 1 January 2010, do not apply to the Group or have no significant impact on the condensed consolidated statements established on 31 December 2010:
- Revised IFRS 3 "Business combinations"
- Amended IAS 27 "Consolidated and individual financial statements"
- Amended IAS 39 "Exposure eligible for hedge accounting"
- Amended IFRS 2 – "Intra group transactions paid in cash";
- IFRIC 12 – Service concession arrangements;
- IFRIC 15 – Agreements for the construction of real estate
- IFRIC 16 – Hedges of a net Investment in a foreign operation
- IFRIC 17 – Distributions of non-cash assets to owners
- IFRIC 18 – Transfers of assets from customers
- The other amendments for the annual improvements procedure for standards published in May 2008 and April 2009

The Group failed to opt for the early application of standards and interpretations not enforced on 1 January 2010, specifically:
- IAS 24 – Related party disclosures;
- Amended IAS 32 – Classification of rights issues;
- Amendments to IFRIC 14 – Prepaid contributions to minimum funding requirements;
- IFRIC 19 – Extinguishing financial liabilities with equity instruments

The process used by the Group to determine the potential impacts on consolidated financial statements is being assessed.

2.1.4. Reminder of the first-time adoption options for IFRS standards applied by the Group
In the context of the first-time adoption in 2005, IFRS's as adopted by the European Union and applicable on 31 December 2005, were applied retroactively on 1 January 2004 in accordance with the provisions of IFRS 1, except the exemptions defined in the standard:

Business combinations: the Group applied the exemption mentioned in IFRS 1 to not restate business combinations from before 1 January 2004 retroactively;

Tangible assets: the Group decided to not remeasure tangible assets in the balance sheet established on 1 January 2004 at fair value. This decision was reached on 1 January 2006;

Conversion of transactions in foreign currencies: The Group has no subsidiary located outside of the euro zone, therefore the option laid down in IFRS 1, to re-integrate conversion reserves aggregated prior to 1 January 2004 in reserves is not applicable for the Group;

Employee benefits: the Group recognised retirement compensation on the balance sheet for the first time on 1 January 2004. The option laid down in IFRS 1, to recognise or not recognise all aggregate actuarial differences on the transition date in consideration of opening equity, is therefore not applicable to the Group;

Share-based payments: in accordance with the option laid down in IFRS 2, for plans with share payments, the Group decided to only apply this standard to plans taken out after 7 November 2002 with no earned rights on 1 January 2005;

Financial instruments and own shares: although the regulator offered issuers the option of only applying IAS 32 and IAS 39 from 1 January 2005, the Group applied these standards from 1 January 2004.

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;
- payments based on shares, which are estimated by external experts;
- estimated provisions based on the type of litigation, judgements and Group experience.

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

Since the start of the economic and financial crisis which affected the world economy from the 2nd half of 2008, the group has paid even closer attention to estimates of the fair value of property as this item has a significant impact on accounts (cf. report 9.1 on net restated assets).

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 2010, all entities included in the consolidation scope of the Group were exclusively controlled by the Group.

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

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

Consolidated statements cover the period from 1 January to 31 December 2010. All consolidated companies have a year-end on 31 December.

2.4. Business combinations

2.4.1. Business combinations completed after 1 January 2010 (application of revised IFRS3)
Business combinations are recognised according to the acquisition method. According to this method, with the initial consolidation of an entity over which the Group is acquiring exclusive control:

- The identifiable assets acquired and liabilities recovered are valuated at fair value on the date of effect of control. In this respect, analyses are carried out and real estate assets (property and land) are appraised for each acquisition by the company.
- Minority interests are assessed either at fair value, or at their share in the net identifiable assets of the entity acquired. This option is available on a case by case basis for each acquisition.

On this date, goodwill is assessed as the difference between:
- The fair value of the consideration transferred, plus the amount of any investment not leading to the control (minority interests) of the company acquired and, with business combinations in stages, the fair value of the investment previously held by the acquiring party in the company acquired on the date of acquisition, and
- The net amount, on the date of acquisition, of the identifiable assets acquired and liabilities recovered.

The valuation of minority interests at their share in the net identifiable asset will lead to the calculation of goodwill based exclusively on the share acquired in the capital.

The valuation of minority interests at fair value will increase goodwill up to the share attributable to these minority interests, leading to the recognition of "complete" goodwill.

The acquisition price and allocation must be finalised within 12 months of the date of acquisition. All adjustments recognised within this period will be based on the facts and circumstances prevailing on the date of acquisition.

Any badwill will be recognised as a profit, directly in the income statement as an acquisition with beneficial conditions.

Goodwill or badwill will later be valuated at its original amount, less aggregate losses recognised if applicable.

In addition, the following policies apply to business combinations:
- Any adjustments to the acquisition price are recognised at fair value from the date of acquisition, and any future adjustments, occurring after the allocation period for the acquisition price, are recognised as profit or loss.
- Direct costs relating to the acquisition are recognised as expenses for the period.
- If minority interests are acquired at a later date, if applicable, any difference between the price actually paid and the original valuation of the minority interests will be attributed to Group equity.

2.4.2. Business combinations completed before 1 January 2010
In accordance with the provisions of IFRS 1, when switching to IFRS, the Group decided to not restate business combinations from before 1 January 2004.

The acquisition method had already been adopted in the version of IFRS 3 published by the IASB in March 2004. The provisions of IFRS 3 do however differ from the revised standard on the following main points:
- Minority interests were assessed at their share in the net identifiable assets of the entity acquired and the fair value option was absent.
- Any adjustments to the acquisition price were only recognised in the acquisition cost if their occurrence was probable and the amounts could be reliably estimated.
- Costs relating directly to the acquisition were recognised in the cost of the business combination.

2.5. Investment property

According to IAS 40 and its amendments, investment property is defined as real estate held by the owner or the lessee (in the context of a finance lease) to obtain rent or invest capital or both as opposed to:
- use of the property to produce or supply goods or services or for administrative purposes,
- sales in the context of ordinary transactions (trading goods).

All Group assets on 31 December 2010 are "investment property" except:
- property located at 2 de rue Bassano, Paris, France, occupied by the Group, covering 389 m² (15.35% of the building) and recognised as "Tangible assets", and
- one plot from the unit sale programme (rue de Rome, Paris) recognised under the "Property inventory" heading.

After initial recognition and according to IAS 40, investment property is appraised:
- either at fair value (with recognition of changes in value as profit or loss),
- or at cost according to the procedures defined in IAS 16.

When switching to IFRS in 2005, the Group opted for the cost model in accordance with IAS 40 and IAS 16. According to this model, property was recognised at cost, integrating duties and expenses, and subject to depreciation using the component-based method. The share of the land was maintained at 10% of overall value. An impairment test was performed at the end of the period, in order to create a provision for any losses in value, in accordance with IAS 36.

The Group applies a demanding selection policy for its investment, whereby the Group only acquires or retains property with high 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 is definitive and will lead to the recognition of changes in fair value as profit or loss.

Fair value is defined as the "The estimated amount for which a property should exchange on the date of valuation between a willing buyer and willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion" (IVSC, IVA2, §3.2). In practice, for investment property, fair value is considered as monetary value.

The ACANTHE DÉVELOPPEMENT group delegated the task of updating expertise on its real estate assets to renowned external experts to determine fair value on 31 December 2010.

CB RICHARD ELLIS VALUATION valuates most goods. Some expert valuations were, however, carried out by other well known expert valuation firms (BNP REAL ESTATE, FONCIER EXPERTISE) because of their specific nature.

These valuations took into account works required, the commerciality transferred and the occupancy of the property on the date of expertise with the exception of some assets which were considered as vacant and for which best value could be obtained on the housing market rather than from the investment.

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 market conditions. This value also takes into account the geographic location, the nature and standing of the buildings, lease renewal dates, and particularly any exorbitant common law clauses attributable to tenants:
- property tax,
- property insurance,
- major repairs according to article 606 of the Civil code and administration fees.

To determine the monetary value of the property in the context of the assumptions adopted for the remit, expertise firms used different approaches depending on the nature or usage of the premises.

These approaches were based on two main methods (based on revenue or a direct comparison), adapted to enable the valuation of most real estate.

These two main methods were adapted and two types of analysis (discounted cash flow method or mass sale / unit sale method) were particularly used to valuate the property, where the type of ownership implied the need for a specific approach over time (leases based on surface area) or for blocks of flats intended for unit sales.

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 adopted for the Paris-Centre-West offices vary between 5 and 6% and the rates of return for the QCA section between 5.2 and 5.75%.

In the Paris area, rates of return for offices vary between 8 and 9.5%.

Rates of return adopted for hotels located in mountain areas vary between 7.20% and 9.0%. A rate of 4.6% was adopted for the valuation of property partially subject to a building lease.

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

2.6. Tangible and intangible assets

2.6.1. Property other than "investment property"

In accordance with IAS 40§57a, which requires that administrative premises used by the company be recognised according to the IAS 16 method, the property on the 3rd floor of a building located at 2 rue de Bassano, PARIS, 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.

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

2.6.2. Intangible assets, and other tangible assets

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

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

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

2.7.Lease agreements

2.7.1. Direct financing lease

Goods aquired through direct financing leases are fixed when leasing agreements are used to transfer to the Group nearly all the risks and rewards inherant 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 thier 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 favorable option to buy,
- the specific nature of the rented asset.

Assets held in virtue of direct financing leases are amortized over their useful life or, when this is shorter, over the duration of the corresponding lease agreement.

Such agreements do not exist in the Group.

2.7.2. Operating lease agreements

Lease agreements that do not have the characteristics of a direct financing lease are recorded as operating leases, and only the rent is recorded in the results (cf. note 2.18).

2.8. Property inventories

Property stock is valued at their lowest cost or at their market value. The cost of stock includes all acquisition costs, rennovation costs and other incurred costs (including loan costs as described in note 2.9), needed to develop the properties to the condition in which they are found.

At each closure, a depreciation test is carried out in order to ensure the present market value is higher than the value of the stock. This net market value is equal to the estimated sale price minus the sale commission and the cost of any works still to be undertaken.

Included in the section "Property inventory" are goods undergoing major works before being placed on the market, or properties built with the aim of selling at the future state of rennovation.

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 1st January 2009.

Before the 1st January 2009 loan costs were accounted for under financial charges for the year end to which they were attibutable.

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 coniditions 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 excede the recoverable value.

2.11. Financial assets

Financial assets, not including cash at bank or financial derivative instruments are classed under the following four categories:
- financial assets held for trading;
- assets held until expiry;
- Loans and advances
- assets available for sale.

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 acounting, 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 valuled 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 acounting, 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. inancial assets available for sale

Financial assets available for sale are non derivative financial assets that do not belong to any aforementioned categories. These assets are included in noncurrent assets, except if the Group plans on selling these within the 12 months following the date of closure.
These assets are valued according to their liquidation or quotation value depending on the nature of the instrument.
Variations in recorded fair value are accounted for in equity capital until they are sold, with the exception of losses in value which are recorded in profit and loss at the time this has been determined.
Losses and gains resulting from changes in assets held in foreign currencies are recorded in the profit and loss account for monetary credit, and in equity capital for non monetary credit.
This category mainly includes non consolidated stock certificates and transferable securities that do not relate to other definitions for financial assets. They are classed in other assets, current and noncurrent and in cash.

2.11.5. Treasury stocks

In conformity with standard IAS 32, all treasury stock held by the Group is recorded under reductions in shareholders' equity for their acquisition cost. Later sales are attributed directly to shareholders' equity and are not recorded in the profit and loss statement.
ACANTHE DÉVELOPPEMENT treasury stocks , as well as BSA ACANTHE DEVELOPPMENT treasury stocks are, consequently, removed in return for shareholders' equity.

2.11.6. Cash and cash equivalents

Cash and cash equivalents are made up of liquid assets at bank, and short term deposits (initial expiry of less than three months), Unit Trusts and other transferable securities that present no serious risk of loss in value due to changes in interest rates. These assets are valued at fair value, according to their liquidation or quotation value depending on the nature of the instrument.

2.11.7. Financial derivative instruments

The Group trades financial derivative instruments in order to reduce its exposure to the risk of changes in interest rates. These instruments are traded using reputable institutions. The use of hedge accounting requires, according to standard IAS 39, to demonstrate and document effectiveness in relation to hedging at the time it is put in place and for its duration.

The Group, not having documented and demonstrated effectiveness in relation to hedging for 'live' instruments to 31 December 2009 and 2010, variations in fair value for said instruments are accounted for in the financial statement.
Fair value is determined by the financial institution at which the instrument has been contracted.

2.12. 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

According to standard IAS 37, 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 partie) and which represents financial gain, is necessary to meet the obligation and that the obligated amount can be estimated reliably. The provision is estimated taking into consideration the most probable hypothesis at year end.

If the time value effect is significant, the provision is updated. The discount rate used to determine the updated value reflects current appreciations, by the market, in the value of the funds over time and the risks inherent in the obligation. The increase in amount of provision resulting from the update is recorded in financial expenses.

2.14. Corporate Income Tax

In 2005 the company ACANTHE DÉVELOPPEMENT and some of its subsidiaries opted for the SIIC tax scheme. Because of this, the financial statement relating to real estate is exonerated from tax on the companies, the other parts of the profit and loss account being subject to it. The "exit tax" liability resulting from the SIIC scheme options is updated according to it's expiry date. This liability is payable over 4 years from the date of entry into the SIIC scheme of the entities concerned. This is updated a the end of each financial year and the impact is recorded in the profit and loss statement (other products and financial costs)

The tax expense is equal to the sum of the current tax and the deffered tax. The current tax is the tax due for the fiscal year.

Deffered taxes correspond to all temporary differences in the year end and fiscal accounts that appear when the accounting value of an asset or liabiliity is different to it's fiscal value. These differences produce assets and liabilities that can be deffered, which are calculated using the liability method.

2.15. Advances to staff

Standard IAS 19 sets the terms for recording advances made to staff. It applies to all remuneration paid to staff in return for services rendered, with the exception of remuneration by share options which are part of standard IFRS 2.

According to standard IAS 19, all benefits paid to staff, monetary or in kind, short or long term, are placed into two categories as follows:
- short terms advances, such as salary and annual leave are recorded under business costs when the business has used the services rendered by staff in return for the benefits offered to them.
- long term advances such as retirement bonuses that are not due withing 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. Share based remuneration

Stock options plans and free shares are offered to directors of the Group. In conformity with standard IFRS 2 "Share based payment", these options are valued at their fair value on the date they are granted. This value is recorded under staff costs, linearly for the period of acquisition of the rights (the period between the date they are granted and the plan maturity date) with a direct counterpart in equity capital.

At each closure date, the Group re-examines the number of options due to be exercised. If necessary, the impact of any revisions in estimations is recorded in the profit and loss account as a counterpart with a corresponding adjustment in equity capital.

Only plans granted after the 7 November 2002 and whose rights were not acquired as at 1stJanuary 2005 are valued and recorded using the principles of standard IFRS 2.

2.17. Earnings per share.

In conformity to standard IAS 33, the basic earnings per share is obtained by dividing the Group's net income by the weighed average number of shares in circulation over the financial year.
The weighed average number of shares in circulation is calculated on the basis of different changes in share capital, corrected, if necessary, according to the number of its own shares held by the Group.

The profit/loss diluted per share is calculated by dividing the net income by the number of weighed average number of shares in circulation increased by all ordinary shares that are potentially dilutive.

2.18. Property revenues

Lease income is recorded in a linear manner over the duration of the lease.
Re-invoiced lease costs and overall lease costs are recorded as at the time of the agreement.

Lease agreements signed between the group and its tenants are operating lease agreements with regards to IAS 17. In general, lease agreements include a renewal clause for the leasing period and an indexation clauses for rent, as well as other general clauses usually included in this type of agreement.

Information in addition to the standard IFRS 7 is shown in note 9.10.

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

The net revenue from this type of operation is the difference between the sale price and the cost price (operating cost and variations in stock) for the properties concerned by this activity.

2.19. Profits from sales of investment property

Income resulting from the sale of investment property is obtained from the difference between, on one side, the sale price and allowances for depreciation, and on the side, the increased consolidated net book value of the cost of selling the property and loan repayment costs relating to the sold properties.

2.20. Operational sectors

In conformity with standard IFRS 8 "Operating Segments", 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", the Company's Executive Commitee.

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 profitabilty for risks as well as to the profitability of other operating segments.

The operating segments existing as at 31 December 2010 are as follows:
- Offices,
- Retail outlets,
- 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

The scope of consolidation after these changes includes, as at the current year end, 42 integrated companies overall, of which 13 are SCI's (Property Investment Partnerships/PIPs).

Names of consolidated companies	Percentage of interests		Percentage of control		Consolidation method	
	Year	N-1	N	N-1	N	N-1
SA ACANTHE DÉVELOPPEMENT parent company						
SC ADEL	97.34%	97.34%	100.00%	100.00%	IG	IG
SNC AXONNE	97.34%	97.34%	100.00%	100.00%	IG	IG
SA BALDAVINE	100.00%	100.00%	100.00%	100.00%	IG	IG
SC BASNO	97.34%	97.34%	100.00%	100.00%	IG	IG
SCI BRIAULX	97.34%	97.34%	100.00%	100.00%	IG	IG
SCI BRIHAM	97.34%	97.34%	100.00%	100.00%	IG	IG
SAS BRUXYS	100.00%	100.00%	100.00%	100.00%	IG	IG
SCI CANDIDE	100.00%	100.00%	100.00%	100.00%	IG	IG
SAS CEDRIANE	97.34%	97.34%	100.00%	100.00%	IG	IG
SC CHARRON	97.34%	97.34%	100.00%	100.00%	IG	IG
SC SCI CORDYLIERE	97.34%	97.34%	100.00%	100.00%	IG	IG
SC DFLI	97.34%	97.34%	100.00%	100.00%	IG	IG
SA FINANCE CONSULTING	97.34%	97.34%	100.00%	100.00%	IG	IG
SA FINPLAT	97.34%	97.34%	100.00%	100.00%	IG	IG
SC FONCIERE DU 17 RUE FRANCOIS 1er	97.34%	97.34%	100.00%	100.00%	IG	IG
SCI FONCIERE DU ROCHER	97.34%	97.34%	100.00%	100.00%	IG	IG
SAS FONCIERE ROMAINE (ex CARLSON)	100.00%	100.00%	100.00%	100.00%	IG	IG
SC SCI FRANCOIS VII	97.34%	97.34%	100.00%	100.00%	IG	IG
SCI LA PLANCHE BRULEE	100.00%	100.00%	100.00%	100.00%	IG	IG
SCI LE BREVENT	97.34%	97.34%	100.00%	100.00%	IG	IG
SC SCI LE ROUSSEAU	97.34%	97.34%	100.00%	100.00%	IG	IG
SCI LE VOLTAIRE	97.34%	97.34%	100.00%	100.00%	IG	IG
SCI LES DAUPHINS	100.00%	100.00%	100.00%	100.00%	IG	IG
SCI LES MEUNIERS	97.34%	97.34%	100.00%	100.00%	IG	IG
EURL LORGA	97.34%	97.34%	100.00%	100.00%	IG	IG
SNC PONT BOISSIERE	97.34%	97.34%	100.00%	100.00%	IG	IG
SNC SAMRIF	97.34%	97.34%	100.00%	100.00%	IG	IG
SA SAUMAN FINANCE	97.34%	97.34%	100.00%	100.00%	IG	IG
SAS SFIF	97.34%	97.34%	100.00%	100.00%	IG	IG
SAS SIF DÉVELOPPEMENT	97.34%	97.34%	100.00%	100.00%	IG	IG
SAS SIN	100.00%	100.00%	100.00%	100.00%	IG	IG
SC SOGEB	88.89%	88.89%	88.89%	88.89%	IG	IG
SARL SURBAK	97.34%	97.34%	100.00%	100.00%	IG	IG
SA TRENUBEL	97.34%	97.34%	100.00%	100.00%	IG	IG
SAS VELO	100.00%	100.00%	100.00%	100.00%	IG	IG
SNC VENUS	97.34%	97.34%	97.34%	97.34%	IG	IG
EURL VOLPAR	97.34%	97.34%	100.00%	100.00%	IG	IG
Additional assets						
SAS ALLIANCE 1995	97.34%	-	100.00%	-	IG	
SCI HALPYLLES	97.34%	-	100.00%	-	IG	
SCI HOTEL AMELOT	100.00%	-	100.00%	-	IG	
SA IMOGEST	100.00%	-	100.00%	-	IG	
SARL LA FRASSIENNE	97.34%	-	100.00%	-	IG	
Removed assets						
SA FRANCE IMMOBILIER GROUP	-	100.00%	-	100.00%	-	IG
SA TAMPICO	-	100.00%	-	100.00%	-	IG

IG = Consolidation by Global Integration

NB: The 100% subsidiaries of SNC VENUS in which the Group holds a 97.34% interest are 100% controlled by the Group.

3.2. Changes in scope

The scope of consolidation has experienced the following changes over the financial year:
- Acquisition of companies ALLIANCE 1995, HALPYLLES, SOCIETE IMMOBILIERE ET DE GESTION -IMOGEST and the SCI for l'HOTEL AMELOT,
- Creation of the company LA FRASSIENNE
- Sale of entities France IMMOBILIER GROUP and TAMPICO.

3.2.1. Acquisition of the Company ALLIANCE 1995

The company VENUS took control of the company ALLIANCE 1995, owner of an exceptional property of 899m² located in Megève, Haute Savoie, valued at 11.7Meand property investments to the value of €10.8M.
This taking of 100% control was carried out after capitalising on a debt held by the company ALLIANCE 1995 for a sum of 10,832 K€ on 22 April 2010 and by the repurchasing of existing minority interests for the sum of 5,255 K€ on 26 April 2010.
This operation, carried out at fair value, was the result of, in particular, the recording of a difference between the valuation carried out on the property of 8,767 K€.

ALLIANCE 1995 contributed up to 286 Keto turnover for the group, and -75 K€ net income for the group following its acquisition. Its real esate value was 11,650 K€ as at 31 December 2010.

3.2.2. Acquisition of the company HALPYLLES

The company VENUS acquired all shares in the Partnership HALPYLLES on 30 April 2010 for a Euro from the company IMMOBILIERE et FINANCIERE d'INVESTISSEMENT.
The company HALPYLLES has neither asset nor significant contribtion to profit and loss up to 31 December 2010.

3.2.3. Acquisition of the companies SOCIETE IMMOBILIERE ET DE GESTION-IMOGEST and SCI, l'HOTEL AMELOT

The company FONCIERE ROMAINE acquired, for 38 M€ all shares in SA IMOGEST on15 October 2010, whose assets as at this date consisted in cash or cash equivalents to the value of 16.2 M€ and the totality of property investment partnership l'HOTEL AMELOT. At this price of 38M€ are added lawyers fees of 290 K€, recorded in operating costs for consolidated accounts, in conformity with revised standard IFRS 3.
The above property investment partnership is itself owner of two property assets in the heart of the Marais, Paris (75004): a very beautiful, historic hotel located at 47 Rue Vielle du Temple, the adjacent parking spaces and a residential building at 7 Rue des Guillemites whose consolidated accounting records have identified valuation differences, carried out on each of the properties, of 15,8 M€, 0.6 Me and 4.6 M€ respectively.
To partially and temporarily finance this acquisition, the company FONCIERE ROMAINE used a cash advance in the form of an authorised overdraft of 16 Me with the bank Pictet et Cie, secured by all shares in the partnership IMOGEST.
Over the reporting period and since taking control, the value of property held by l'HOTEL AMELOT partnership company has appreciated by 1,380 K€; the sub-group has generated operating revenues of 76 K€ and a consolidated contribution to profit and loss statement of 1,465 K€. It's seems impossible to know what operating revenues and contributions these entities would have made to net income had they been consolidated at the beginning of the financial year, hence of the impossibility of stating any hypotheses the directors would have had in such a situation.

3.2.4. Creation of the company LA FRASSIENNE

The company VENUS has created a subsidiary in the form of a private limited company with a sole shareholder and share capital of 1,000 Euros, on 27 May 2010.
The company La FRASSIENNE has neither asset nor significant contribtion to net income up to 31 December 2010.

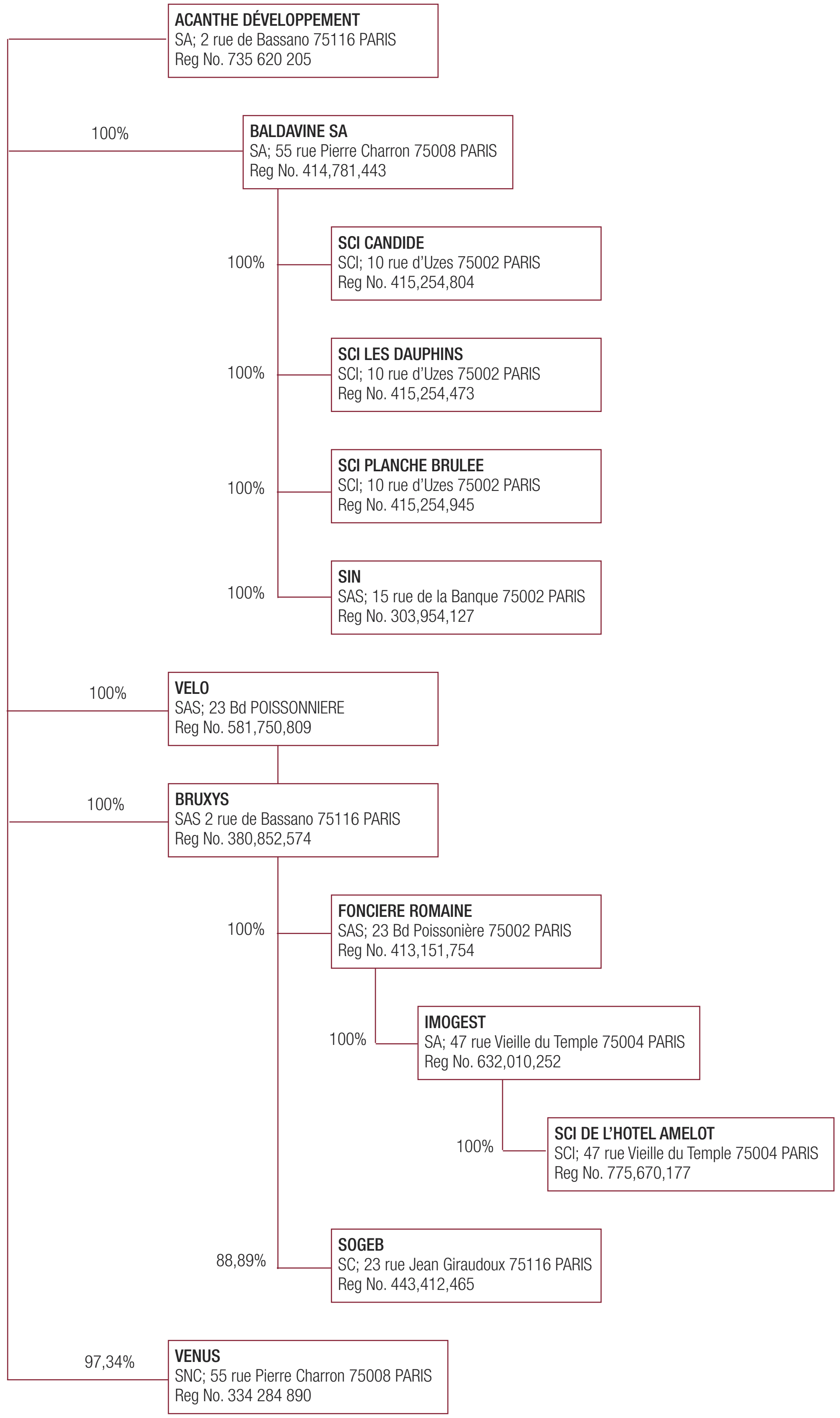
3.2.5. Sale of FRANCE IMMOBILIER GROUP and TAMPICO

The companies FRANCE IMMOBILIER GROUP (FIG) and TAMPICO were deconsolidated during the first half of the year.
Specifically concerning FIG, the sale resulted from the application of decisions made at the Commercial Court in Paris on 28 September 2009, for which note 9.3.4. summaries the consequences for the company ACANTHE DÉVELOPPEMENT.
The company FIG has, therefore, been sold to a subsidiary of its former majority shareholder (shareholder as at 28/02/04) for 1,439.50 €.

The company TAMPICO, was sold for 1 €.

These deconsolidation operations have had no significant impact on the end of year accounts.

3.3. Organisation chart



VENUS
SNC; 55 rue Pierre Charron 75008 PARIS
Reg No. 334 284 890

- 100% **SCI LE VOLTAIRE** SC; 55 rue Pierre Charron 75008 PARIS
  Reg No. 412 883 670
- 100% **AXONNE** SNC; 55 rue Pierre Charron 75008 PARIS
  Reg No. 478 748 866
  - 100% **ADEL** SC; 55 rue Pierre Charron 75008 PARIS
    Reg No. 410 347 538
- 100% **SCI LE BREVENT** SCI; 55 rue Pierre Charron 75008 PARIS
  Reg No. 415 254 683
- 100% **FINANCE CONSULTING** SA; 18 avenue DELLEUR B 1170 BRUXELLES Belgium
  RPM 452 016 337
  - 100% **TRENUBEL** SA; 3 avenue Pasteur L2311 Luxembourg
    RC B48444
- 100% **SCI BRIHAM** SCI; 15 rue de la Banque 75002 PARIS
  Reg No. 438 099 897
- 100% **SCI LE ROUSSEAU** SC; 10 rue d'Uzes 75002 PARIS
  Reg No. 412 883 472
- 100% **SNC PONT BOISSIERE** SNC; 10 rue d'Uzes 75002 PARIS
  Reg No. 444 224 141
- 100% **SURBAK** SARL; 26 rue d'Athènes 75009 PARIS
  Reg No. 428 634 802
  - 100% **FINPLAT** SA; 3 avenue Pasteur L2311 Luxembourg
    RC B46611
  - 100% **CEDRIANE** SAS; 51 rue du Fbg Ppoissonnière 75009 PARIS
    Reg No. 414 767 046
- 100% **SCI BRIAULX** SCI; 2 rue de Bassano 75016 PARIS
  RCS 439 099 921
- 100% **SAUMAN FINANCE** SAS; 18 avenue DELLEUR B 1170 BRUXELLES Belgium
  RPM 479 068 944
- 100% **CHARRON Partnership** SC; 55 rue Pierre Charron 75008 PARIS
  Reg No. 410 384 879
- 100% **LORGA** EURL; 26 rue d'Athènes 75009 PARIS
  Reg No. 428 668 511
- 100% **BASNO** SC; 2 rue de Bassano 75008 PARIS
  RegNo. 399 349 984
  - 100% **FONCIERE DU ROCHER** SCI; 15 rue de la Banque 75002 PARIS
    Reg No. 447 589 021
- 100% **SFIF** SAS; 23 bd Poissonnière 75002 PARIS
  Reg No. 542 046 792
- 100% **VOLPAR** EURL; 26 rue d'Athènes 75009 PARIS
  Reg No. 428 668 164
- 100% **SCI LES MEUNIERS** SCI; 23 bd Poissonnière 75002 PARIS
  Reg No. 351 824 917
- 100% **SIF DÉVELOPPEMENT** SAS; 23 bd Poissonnière 75002 PARIS
  Reg No. 394 765 580
  - 100% **SCI CORYLLIERE** SC; 23 Bd Poissonnière 75002 PARIS
    Reg No. 437,864,960
  - 100% **SC DFLI** SC; 10 rue d'Uzes 75002 PARIS
    Reg No. 330 842 204
- 100% **SAMRIF** SNC; 23 Bd Poissonnière 75002 PARIS
  Reg No. 389,164,617
- 100% **SCI FRANCOIS VII** SC; 2 rue de Bassano 75116 PARIS
  Reg No. 447 566 027
- 100% **Foncière de 17 rue François 1er** SC; 2 rue de Bassano 75116 PARIS
  Reg No. 447748 371
- 100% **ALLIANCE 1995** SAS; 183 avenue du Roule 92200 NEUILLY/SEINE
  Reg No. 402 509 289
- 100% **HALPYLLES** SCI ; 6 allée des Cyclades 74960 CRANGEVRIER
  Reg No. 438758 231
- 100% **LA FRASSIENNE** EURL; Les Près de Flaine 73400 ARACHES LA FRASSE
  Reg No. 524 562 634

Note 4. Accounting policies and methods

4.1. Non-current non-financial assets

4.1.1.Change in worth of investment property

At 31/12/10:

The appraised value taxes excluded of the investment property at 31 December 2010 stands at 364,480 K€.

In € K	Net book value at 31/12/2009	Entries of new acquisitions (1)	Entries (capitalised expenses) (2)	Entries (mergers and acquisitions) (3)	Disposals (4)	Change in fair value	Other changes	Value at 31/12/2010
Investment properties (IAS 40)	371,207	9,770	3,872	33,357	-55,243	1,517		364,480

(1) A building of 930 m² located at 24 rue Georges Bizet in Paris (16th district) was acquired for 9,770 K€ (taxes included) by the company, BASNO. The building stands next to the landed property at 2 rue Bassano and provides unquestionable synergy for the housing complex thus constituted.

(2) The capitalised expenses represent the work carried out on the investment property, The capitalised expenses represent the work carried out on the investment property, particularly:
- at 2-4 rue de Lisbonne Paris (8th district) for 1,245 K€, representing an office establishment tax
- at l'hôtel Aujon at Flaine (74) for 793 K€,
- at 17 rue François 1er at Paris (8th district) for 580 K€,
- at La Tour Atlantique at La Défense for 492 K€,
- at 23 Bd Poissonnière, Paris (8th district) for 272 K€,
- at 7 rue de Surène, Paris (8th district) for 98 K€.

(3) The increase in fixed assets generated from the mergers and acquisitions include:
- A property located at Megève, acquired with the takeover of the company, ALLIANCE 1995 (cf. § 3.2.1),
- A housing complex in the quartier du Marais, Paris (4th district), acquired with the takeover of the company, SOCIETE IMMOBILIERE ET DE GESTION - IMOGEST (cf. § 3.2.3).

(4) The disposals over the period reviewed include real property located at:
- 55 rue de Lisbonne, Paris (9th district),
- 3 rue d'Edimbourg, Paris (8th district),
- 99 Bd Haussmann, Paris (8th district),
- Bois Candide at Ferney-Voltaire (01),
- Le Brévent at Ferney-Voltaire (01),
- Passage Dubail, Paris (10th district),

As well as condominiums in real property located at:
- 31 avenue de l'Opéra, Paris (2nd district),
- 15 rue de Marignan, Paris (8th district),
- 30 rue Claude Terrasse, Paris (16th district),
- 27 rue de Rome, Paris (8th district).

At 31 December 2009:

The appraised value taxes excluded of the investment property at 31/12/09 stands at 371,207 K€.

En K€	Net book value at 31/12/2009	Entries of new acquisitions	Entries (capitalised expenses) (1)	Entries (mergers and acquisitions) (2)	Transfer	Disposals (3)	Change in fair value (4)	Other changes	Value at 31/12/2009
Investment - properties (IAS 40)	378,018	-	587	27,638	-	-15, 550	-19,441	-46	371,207

(1) The capitalised expenses represent the works carried out on the investment property,particularly at 7 rue d'Argenteuil for 226 K€, at 23, bd Poissonnière, Paris for 138 K€ and at 17 rue François 1er, Paris for 184 K€.
(2) These entries derive from property held by entities involved in mergers and acquisitions over the financial year:

Property held by the company, CEDRIANE:

- Extraordinary property of 549 m² located in Paris 6th district (dedicated loan: K€ 1,883) 11,270 K€

Property held by the sub-group, VENUS:

Company	Location	Contribution value in K€	Surface in m²	Full annual income in K€	Loan
Sté ADEL	Rue de Chazelle à Paris (8ème)	1,750	391	50	
Ste VOLTAIRE	Bat Le Voltaire à Lognes (77)	2,500	2,697	251	1,255
Sté Le BREVENT	Bat Le Brévent à Ferney Voltaire (01)	1,100	1,110	37	199
Sté VENUS	Résidence la Forêt à Flaine (74)	1,015	750	64	504
Sté VENUS (ADC SIIC contribution)	Rue de Suréne à Paris (8ème)	10,000	1,377	645	7,153

(3) The disposals include the property on rue Clément Marot and the plot on rue de la Grande Armée, Paris, giving a total office space of 1,419 m².
(4) Changes in the fair value of "investment property" assets have an incidence of -19,441K€ on the results.

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

At 31/12/10:

In K€	Gross value at 31/12/2009	Acquisitions	Disposals	Changes in scope of consolidation	Revaluation variance	Transfer between items	Gross value at 31/12/2010
Lands	670	-	-	-	-23	-	647
Constructions & Conversions	6,030	-	-	-	-200	-	5,830
Tangible assets	279	48	-16	-10	-	-7	294
TOTAL	**6,979**	**48**	**-16**	**-10**	**-223**	**-**	**6,771**

In accordance with IAS 40§57a, which requires that administrative premises used by the company be recognised according to the IAS §16 method, the property on the 3rd floor of a building located at 2 rue de Bassano, PARIS, 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 -223 K€ for 2010, and finds its equivalent in equity capital in compliance with IAS 16§39.

At 31 December 2009:

En K€	Gross value at 31/12/2008	Acquisitions	Disposals	Changes in scope of consolidation	Revaluation variance	Transfer between items	Gross value at 31/12/2009
Lands	660	-	-	-	10	-	670
Constructions & Conversions	5,944	-	-	-	86	-	6,030
Tangible assets	281	5	-16	8	-	-	279
TOTAL	**6,885**	**5**	**-16**	**8**	**96**	**-**	**6,979**

The revaluation of the premises used as an administrative building posts a gross value of 104 K€ for 2009.

4.1.3. Changes in depreciations and provisions for fixed assets excluding investment property

At 31/12/10:

The appraised value taxes excluded of the investment property at 31 December 2010 stands at 364,480 K€.

In K€	31/12/2009	New provisions	Change in scope of consolidation	Renewed provision following disposals	Revaluation variance	Item transfer	Gross value at 31/12/2010
Buildings & Fixtures	366	103	-	-	-26		443
Tangible assets	236	25	-6	-16	-	-7	232
TOTAL	**602**	**128**	**-6**	**-16**	**-26**	**-7**	**675**

At 31 December 2009:

In K€	31/12/2008	New provisions	Change in scope of consolidation	Renewed provision following disposals	Revaluation variance	31/12/2009
Buildings & Fixtures	271	103	-	-	-7	366
Tangible assets	218	29	4	-15	-	236
TOTAL	**489**	**132**	**4**	**-15**	**-7**	**602**

4.1.4. Variation in net value of intangible assets

At 31/12/10:

In K€	Net value at 31/12/2009	Acquisitions	Change in scope of consolidation	Depreciation and amortisation	Disposal	Net value 31/12/2010
Intangible assets	8	-	-	-5	-	3
Consolidated goodwill	-	-	-	17	-17	-
TOTAL	**8**	**-**	**-**	**12**	**-17**	**3**

At 31 December 2009:

In K€	Net value at 31/12/2008	Acquisition	Change in scope of consolidation	Depreciation and amortisation	Disposal	Net value at 31/12/2009
Intangible assets	13	-		-5	-	8
Consolidated goodwill	-	-	1,633	-1,633	-	-
TOTAL	**13**	**-**	**1,633**	**-1,638**	**-**	**8**

The consolidated goodwill recorded in the assets for this financial year all derive from the entry into VENUS sub-group's portfolio (cf. note 1.3.2 of the Appendix to the consolidated financial statements at 31 December 2009).
By virtue of their inherent nature, this goodwill are not likely to generate any probable economic benefits in future, and are therefore tantamount to expenses. Additionally, the value test performed at the 2009 year-end closing resulted in a depreciation of the overall consolidated goodwill, representing an expense of 1,633 K€.

4.2. Property inventories

At 31 December 2010:
In compliance with the IAS 40 standard, real properties undergoing refurbishment or enhancement works with a view to being sold shall be classified under « Real Property Stocks » prior to beginning of the said works. These include the real properties located at 27, rue de Rome, Paris, and rue Claude Terrasse, Paris.

In K€	31/12/2009	Transfer	Stock changes	Changes in scope of consolidation	Depreciation	31/12/2010
Real property stocks	5,304	99	-6,331	-	953	25
TOTAL	**5,304**	**99**	**-6,331**	**-**	**953**	**25**

Following the completion of finishings to the tune of 99 K€, all the lots situated at rue Claude Terrasse were sold out during the financial year generating a destocking with a gross value of 6,331 K€ and a related depreciation provision of 953 K€.
Remaining on the stock at year-end closing is a single lot still to be sold, situated at rue de Rome, the net worth of which did not change over the year.

At 31 December 2009:
In compliance with the IAS 40 standard, real properties undergoing refurbishment or enhancement works with a view to being sold shall be classified under « Real Property Stocks » prior to beginning of the said works. These include the real properties located at 27, rue de Rome, Paris, and rue Claude Terrasse, Paris.

In K€	31/12/2008	Transfer	Stock changes	Changes in scope of consolidation	Depreciation	31/12/2009
Real property stocks	8,055	-	-2,422	-	-329	5,304
TOTAL	**8,055**	**-**	**-2,422**	**-**	**-329**	**5,304**

The change in stocks emanates from the destocking of the lots sold at 27 rue de Rome, Paris (- 3,201 K€), as well as the works carried out over the 2009 financial year on the real property at rue Claude Terrasse (+ 779 K€).
The depreciation of real property stocks displays a depreciation provision for the lots sold out at 27 rue de Rome for 624 K€ and, on the other hand, the stock depreciation provision for the property at rue Claude Terrasse to the tune of 953 K€, earmarked to cover the difference between the estimated selling prices for the lots still to be sold and their cost of production, considering especially the additional costs generated by the suspension and the resumption of works, as well as the repairing of building defects.

4.3. Financial assets

The financial assets are broken down as follows amongst the different categories required by IFRS 7:

Financial assets in K€	31/12/2010				
	Assets held for trading purposes	Assets held to maturity	Loans receivable	Assets available for sale	Balance sheet total
Non-current financial assets	35	-	5,908	1,477	7,420
Customers and related accounts	-	-	4,530	-	4,530
Other receivables	-	-	15,703	-	15,703
Other current assets	-	-	94	-	94
Current financial assets	2,193	-	-	-	2,193
Cash flow and cash equivalents	21,953	-	-	-	21,953

Financial assets in K€	31/12/2009				
	Assets held for trading purposes	Assets held to maturity	Loans receivable	Assets available for sale	Balance sheet total
Non-current financial assets	103	-	4,984	1,650	6,737
Customers and related accounts	-	-	7,277	-	7,277
Other receivables	-	-	10,472	-	10,472
Other current assets	-	-	141	-	141
Cash flow and cash equivalents	12,269	-	-	-	12,269

4.3.1. Non-current financial assets

At 31/12/10:

Financial assets in K€	31/12/2009	Increases	Reductions	31/12/2010	Due in ≤1 year	Due in >1 year and <5 years	Due in >5 years
Pledged fixed term deposits (1)	577	216	74	719	210	509	
Financial assets available for sale (2)	1,650	3	176	1,477	1,477		-
Deposits (working capital)(3)	21		4	17	17	-	-
Loan (4)	4,376	784		5,160		5,160	
Trading financial assets (5)	103		68	35		35	
Other	9	3		12	10	2	-
TOTAL	**6,736**	**1,006**	**322**	**7,420**	**1,714**	**5,706**	**-**

(1) Fixed term deposits are pledged on behalf of the banking institutions that granted us loans, namely LANDESBANK SAAR for 509 K€ and DEUTSCHE PFANDBRIEFBANK for 210 K€.
(2) Financial assets for sale are made up of pledged mutual funds (sicav monétaires nantis) used to secure a bank guarantee (1,477 K€).
(3) Deposits (working capital) include the amounts paid to the trustees of the properties exploited.
(4) Loan grated to the company, ADT, for 5,160 K€ and guaranteed by pledging the VENUS shares held by ADT SIIC;
(5) Interest rate guarantee contract taken out to cover the interest rate risk of the loan contracted from LANDESBANK SAARL set out at 35 K€ at 31 December 2010

In K€	31/12/2010	
	Gain or loss recognised in equity	Gain or loss transferred from equity to earnings
Financial assets available for sale	-2	-

At 31 December 2009:

Financial assets in K€	31/12/2008	Increases	Reductions	31/12/2009	Due in ≤1 year	Due in >1 year and <5 years	Due in >5 years
Pledged fixed term deposits (1)	74	503	-	577	-	503	74
Financial assets available for sale (2)	1,880	83	313	1,650	1,650		-
Deposits (working capital)(3)	26		5	21	21	-	-
Loan (4)		4,376		4,376		4,376	
Trading financial assets (5)		132	29	103		103	
Other	7	2		9	7	2	-
TOTAL	**1,987**	**5,096**	**347**	**6,736**	**1,678**	**4,984**	**74**

(1) Fixed-term deposits are pledged on behalf of banking institutions that granted us loans, which, over the financial year, included LANDESBANK SAAR for 503 K€ (cf. Note 4.5.1).
(2) The financial assets available for sale are made up of monetary mutual funds that are either pledged as a bank guarantee (1,577 K€), or used freely in a making a financial investment 73 K€.
(3) Deposits (working capital) include the amounts paid to the trustees of the properties exploited.
(4) Loan grated to the company, ADT SIIC, for 4,376 K€ and guaranteed by pledging the VENUS shares held by ADT SIIC;
(5) Interest rate guarantee contract taken out to cover the interest rate risk of the loan contracted from LANDESBANK SAARL set out at 103 K€ at 31 December 2009 (cf. Note 4.5.1).

The gains and losses recognised in equity and earnings on the assets available for sale are as follows:

In K€	31/12/2009	
	Gains or losses recognised in equity	Gains or losses transferred from equity to income
Financial assets available for sale	-2	-

4.3.2. Customers and related accounts, and other receivables

At 31/12/10:

In K€	31/12/2010					
	Gross value	Depreciation	Net value	Due in ≤1 year	Due in >1 year and <5 years	Due in >5 years
Customers and related accounts	5,639	1,109	4,530	4,530	-	-
Other receivables	15,703	-	15,703	11,077	4,626	-
TOTAUX	**21,342**	**1,109**	**20,233**	**15,607**	**4,626**	**-**

Other receivables at 31 December 2010, basically include:
- VAT receivables worth 987 K€,
- Funds held by notaries worth 1,306 K€,
- Real property managers with 437 K€,
- Revenue accruals: Revenue accruals: refundable corporate tax deposit (paid in advance) of 4,626 K€,
- Supplier advance payments of 107 K€,
- Staggering of rents as per IAS 17 worth 1,360 K€: - Staggering of rents as per IAS 17 worth 1,360 K€: 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 902 K€,
- A claim on the company, SEK HOLDING of 1,098 K€ (with an agreement on the payment),
- A claims on the company, HILLGROVE of 1,554 K€ (refunded in April 2011),

Net income and expenses recognised in income statement on current receivables at the depreciated cost are as follows:

In K€	31/12/10 Net expenses recognised in income statement
Receivables	873

The net income or expenses on current receivables derive from the loss from bad debts, income on debts written off, new and renewed depreciation provisions for claims.

At 31 December 2009:

In K€	31/12/2009					
	Gross value	Depreciation	Net value	Due in ≤1 year	Due in >1 year and <5 years	Due in >5 years
Customers and related accounts	7,885	608	7,277	7,277	-	-
Other receivables	10,472	-	10,472	9,627	578	267
TOTAL	**18,357**	**608**	**17,749**	**16,904**	**578**	**267**

Other receivables at 31/12/09, basically include:
- VAT receivables worth 1,684 K€,
- paid but unbilled legal fees worth 258 K€ that are offset by pending supplier bills,
- Real property managers with 409 K€,
- Revenue accruals: refundable corporate tax deposit (paid in advance) of 4,626 K€
- Supplier advance payments of 71 K€,
- Staggering of rents as per IAS 17 worth 1.071€: - Staggering of rents as per IAS 17 worth 1,360 K€: 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,
- Mortgage claims to be cashed from a court liquidation proceeding by the company, CEDRIANE worth 902 K€,
- Rebilling of expenses from previous activities in the luxury sector for the company, FIG, worth 515 K€,
- Other claims worth 191 K€.

The net income and expenses recognised in income statement on loans and receivables at depreciated cost are as follows:

In K€	31/12/2009 Net expenses recognised in income statement
Receivables	-360

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

This item is solely made up of ORCO PROPERTY GROUP stock (listed on the NYSE Euronext Paris stock market), acquired in April 2010 via a capital increase subscription.
This asset is described as a financial asset held for trading purposes, the recognition and appraisal methods of which are set out in Note 2.11.1.
With the closing price at 31 December 2010, the Group posted an income with a change in fair value of 693 K€

In K€	Beginning of the year	Acquisition	Changes in fair value	End of year
Assets held for trading purposes	-	1,500	693	2,193

4.3.4. Cash and cash equivalents

In K€	Net value at 31/12/10	Net value at 31/12/2009
Mutual monetary funds	18,918	9,622
Cash in hand	3,035	2,647
Total financial assets for trading	**21,953**	**12,269**

4.3.5. Fair value of financial assets

The balance sheet value of trade receivables, other receivables and other current assets provide a proper approximation of their fair value. Actually, in the perception of depreciation indexes (customer receivables and other bad debts), a provision is set aside in order to adjust the amount of the receivable when entering potential resources.

4.4. Equity

At 31 December 2010, the share capital is made up of 110,392,205 shares for a global amount of 41,721,357€, which amount has been fully paid up. These are both nominal and bearer shares. To date, treasury stock (via a liquidity contract as well as via sub-subsidiaries) accounts for 9,205,138 shares.

4.4.1. Description of the capital structure

	Situation at 31/12/2010			Situation at 31/12/2009			Situation at 31/12/2008		
Share ownership	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
A. Duménil and controlled companies:									
A. Duménil	4,330,000	3.92%	4.28%	4,330,000	4.28%	4.65%	3,432,063	3.67%	4.18%
Ardor Capital	0	0.00%	0.00%	48,154,812	47.58%	51.75%	44,693,920	47.28%	54.45%
Rodra Investissement	45,723,360	41.42%	45.19%						
Groupe Acanthe									
Acanthe Développement	123,560	0.11%	0.00%	124,268	0.12%	0.00%	108,309	0.12%	0.00%
sif Développement							1,861,500	1.99%	0.00%
Surbak							3,835,555	4.10%	0.00%
Finplat				3,402,516	3.36%	0.00%	5,571,064	5.96%	0.00%
Cedriane				4,623,065	4.57%	0.00%			
Alliance 1995	9,081,578	8.23%	0.00%						
PUBLIC		-			-	-		-	-
Public	51,133,707	46.32%	50.53%	40,564,638	40.08%	43.59%	33,955,944	36.33%	41.37%
TOTAL	**110,392,205**	**100.00%**	**100.00%**	**101,199,299**	**100.00%**	**100.00%**	**93,458,355**	**100.00%**	**100.00%**

In addition, in February 2008 the Paris Hôtels Roissy Vaugirard (P.H.R.V) SA, which is a subsidiary of the AGF and GMF groups and the company, COFITEM-COFIMUR, declared that it holds over 5% of the share capital and voting rights at General Meetings of Shareholders. This threshold was reached on 7 February 2008 upon its acquisition of 4,355,295 shares in the market. P.H.R.V.'s shareholding has not subsequently fallen below that threshold or risen further.
To the best of the Company's knowledge no other shareholder holds more than 5% of the share capital or voting rights.

4.4.2. Information on shareholder agreements

Obligations to report and publish shareholder pacts and agreements are governed by the provisions of Article L.233-11 of the general regulations. 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 in capital for the period

Over the 2010 financial year, the capital was raised from 38,247,014 K€ represented by 101,199,299 shares to 41,721,357K€ represented by 110.392.205 shares at 31 December 2010 (cf. § 1.2).

4.4.5. Share distributions

On 18 June 2010, the General Assembly retained a distribution of €0.15 per share with an option to pay with shares. This distribution generates a reduction in consolidated equity of 3,483 K€. The gross distribution stood at 15,180 K€ and the reinvestment of shares proposed to shareholders generated an increase in capital and the issue premium of up to 10,476 K€.

4.4.6. Share-based payments

4.4.6.1. Board meeting decisions

The Board meeting of 25 July 2007 decided to offer free shares with stock options based on the following procedures:

• Decision to grant free shares to be issued (in keeping with the authorisation voted by more than 99% of shareholders present, based on the 2nd resolution of the Ordinary and Extraordinary General Meeting of 21 March 2007): allocation of 8,660,000 free shares (representing 9.99132% of the company's share capital issued so far) on behalf of Mr Alain DUMENIL in his capacity as Chairman and Managing Director of the Company, and broken down as follows: 4.99566%, representing 4,330,000 shares floated for an acquisition period of 2 years and a retention period of 2 years, and, 4.99566%, representing 4,330,000 shares floated for an acquisition period of 4 years with no retention period.

• Decision to grant free shares to be issued (in keeping with the authorisation voted by more than 99% of shareholders present, based on the 2nd resolution of the Ordinary and Extraordinary General Meeting of 21 March 2007): on behalf of Mr Alain DUMENIL in his capacity as Chairman and Managing Director of the Company for 8,667,520 Options. Stock option exercise price: 3.21 euros for subscription of a share and 3.22 euros for purchase of a share. The options will be exercisable after a 1 year acquisition period (i.e. as from 26 July 2008), and remain valid until 25 July 2017.

In keeping with the preamble to the stock option plan adopted at the Board meeting of 25 July 2007, the Board meeting of 18 July 2008 decided that, firstly, the options granted are stock options. Secondly, the Board of Directors adjusted the number and price of the stock options following the distribution of bonuses. Actually, the Company had to make such an adjustment for the total subscription price to remain constant, thereby protecting the interests of the stock option beneficiaries. This adjustment therefore resulted in a right to exercise 9,528,520 stock options at an exercise price of 2.92 € (instead of 8,667,520 options at an exercise price of 3.21 € prior to the adjustment).

The Board meeting of 28 August 2009:

• took note of Mr DUMENIL's letter of 3 August 2009, whereby he expressly relinquished the totality of the stock options granted to him by the Board of Directors at their meeting of 25 July 2007,

• decided, based on the authorisation granted at the joint General Assembly meeting of 21 March 2007, to allocate 9,936,436 stock options at a fixed price of 1.24 €,

• decided, in keeping with Article L.225-185 of the Commercial Code, that Mr DUMENIL must keep 1% of the shares deriving from the option exercise until he quits his duties as Chairman and Managing Director, subject to this obligation not jeopardising the company's entitlement to the SIIC regime.

The Board meeting of 31 December 2009 (2h00 p.m.) pointed out that in case on the due date of the stock option(s) the company does not hold the volume of shares needed to exercise them, the options will firstly be call/purchase options to the tune of the number of shares actually held by the company and subscription rights for the remaining options that could not be exercised since the company lacked the number of shares required.

4.4.6.2. Valuation of cost of share-based payment

For 2010, the expense in terms of free shares granted in 2007 was recorded as personnel expenses for the total amount of 2.3 M€ with the equivalent in equity.
The expense booked in the fiscal years in which the employees acquired their rights is based on the fair value of the options and shares on the plan allocation date. This remains fixed regardless of subsequent changes in prices, be they upwards or downwards. It is worth noting that the price used to set the value of the free shares was 3,29 € (= closing price on the eve of the allocation date).

4.4.7. Minority interests

They include the shares of the company, ADT SIIC (i.e. 1.60% equivalent to 3,553 K€ in reserves and 18 K€ in income) and the company, ADC SIIC (i.e 1.07% equivalent to 2,376 K€ and 12 K€ in income) in the capital of the company VENUS following the contributions made on 23 November 2009.
Moreover, minority interests in the company SOGEB's share ownership account for 11.11% (i.e. 2,094 K€ in reserves and 80 K€ in income).

4.5. Financial liabilities

4.5.1. Details of current and non-current financial liabilities

At 31 December 2010, the total amount of current and non-current financial liabilities with banking institutions stood at 107,970 K€ compared with 98,310 K€ at 31 December 2009.

The net debt calculated using the difference between the gross financial assets with banking institutions and the cash and cash equivalents, stood at 86,017 K€ at 31 December 2010 compared with 86,041 K€ at 31 December 2009.

Liabilities in K€ TOTAL	31/12/2010	31/12/2009
Non-current financial liabilities		
Loans and debts with credit institutions > 1 year	86,689	91,930
Liability derivatives	1,047	1,586
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**87,736**	**93,516**
Current financial liabilities		
Loans and debts with credit institutions < 1 year	3,519	3,841
Bank overdrafts	16,204	359
Accrued interest	511	594
TOTAL CURRENT FINANCIAL LIABILITES	**20,234**	**4,794**
TOTAL FINANCIAL LIABILITIES	**107,970**	**98,310**

The ACANTHE DÉVELOPPEMENT Group made a prepayment of six loans contracted from:

- The DEUTSCHE PFANDBRIEFBANK for the property situated at Boulevard Haussmann for an outstanding remaining capital of 4,347 K€,
- The DEUTSCHE PFANDBRIEFBANK for the property situated at Rue d'Edimbourg for an outstanding remaining capital of 2,866 K€,
- AAREAL for the property situated at 55 rue de Lisbonne for an outstanding remaining capital of 1,822 K€,
- The DEUTSCHE PFANDBRIEFBANK for the property situated at Rue de Marignan for an outstanding remaining capital of 1,765 K€,
- SADE for the property named Bois Candide located at Ferney-Voltaire for an outstanding remaining capital of 483 K€,
- SADE for the property named Le Brévent located at Ferney-Voltaire for an outstanding remaining capital of 191 K€,

A loan of 9,000 K€ contracted from CREDIT AGRICOLE DU LUXEMBOURG, equally features in the Group's debts with the entry of the company ALLIANCE 1995 into the scope of consolidation.

The Group financed the acquisition of the company IMOGEST (38 M€) from its equity (22 M€) and resorted to a cash advance in the form of an authorised overdraft (16 M€) from the bank, PICTET, on 15 October 2010. This overdraft ought to be repaid before 30 April 2011 and the interest rate is the bank's preferential rate (1.5% per year).

The outstanding remaining capital of loans and debts with credit institutions stood at 90,208 K€ at 31 December 2010, broken down into:

- Fixed rate loans for 15,993 K€,
- Fixed rate loans with an interest rate resetting deadline set at 5 years for the sum of 19,921 K€,
- Variable rate loans for 54,293 K€ (capped at 20,000 K€, cf. details below)

The table below presents the due dates, interest rate resetting periods and loan debt extinction dates for all contracts take out at 31 December 2010.

Loan	Type of interest rate	Date of change of interest rate	Date of end of loan	Interes rate	Shares				Capital outstanding at 31/12/2010
					<3 months	3 months and <1 year	>1 year and <5 years	>5 years	
ING LEASE	FIXED RATE	NA	November 2023	6.550%	59	191	1,447	14,296	15,993
Sub-total Fixed rate					**59**	**191**	**1,447**	**14,296**	**15,993**
Crédit Foncier	3 MONTH EURIBOR + 1.30%	Trim	November 2016	2.511%	40	123	743	211	1,117
Crédit Foncier	3 MONTH EURIBOR + 1.30%	Trim	November 2013	2.253%	47	144	413		604
Deutsche Pfandbriefbank	3 MONTH EURIBOR + 0.85%	Trim	July 2015	2.251%	179	600	10,694		11,472
Crédit Foncier	3 MONTH EURIBOR + 1.00%	Trim	November 2017	2.398%	40	118	633	8,353	9,143
Crédit Foncier	3 MONTH EURIBOR + 1.00%	Trim	November 2017	2.380%	17	51	273	3,585	3,926
SADE	3 MONTH EURIBOR + 1.20%	Trim	December 2014	2.901%	5	16	72		93
SAARLB	3 MONTH EURIBOR + 2.20%	Trim	May 2019	3.328%	27	90	666	6,943	7,725
Crédit Foncier	3 MONTH EURIBOR + 1.30%	Trim	September 2013	3.954%	72	225	575		872
Crédit Foncier	3 MONTH EURIBOR + 1%	Trim	June 2022	1.880%	34	110	769	6,082	6,996
Crédit Foncier	3 MONTH EURIBOR + 1.30%	Trim	January 2020	2.180%	6	25	173	274	478
Crédit Foncier	3 MONTH EURIBOR + 1.30%	Trim	July 2021	2.330%	21	65	389	696	1,172
Deutsche Pfandbriefbank	3 MONTH EURIBOR + 0.90%	Trim	October 2019	1.800%		188	753	753	1,694
Credit Agricole du Luxembourg	1 year EURIBOR + 1%	Annual	September 2017	2.251%				9,000	9,000
Sub-total Euribor					**488**	**1,756**	**16,152**	**35,897**	**54,293**
Deutsche Pfandbriefbank	5 YEAR PEX + 0.85%	1/01/11	July 2021	4.910%	( )	114	512	941	1,566
Deutsche Pfandbriefbank	5 YEAR PEX + 1.05%	30/10/08	October 2018	5.333%	204	612	4,112	12,126	17,054
Deutsche Pfandbriefbank	5 YEAR PEX + 0.85%	31/07/11	July 2021	4.925%	( )	95	427	780	1,301
Sub-total 5 year PEX					**204**	**821**	**5,050**	**13,847**	**19,921**
GRAND TOTAL					**750**	**2,768**	**22,649**	**64,040**	**90,208**

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.

Derivative instruments at 31/12/2010

Instruments	Due date	Notional at 31/12/2010 in K€	Liability valuation at 31/12/2010 in K€	Liability valuation at 31/12/2009 in K€	Change of valuation in K€
Swap CAP sur pente" 0% - 6,94%	June 2012	20,000	1,048	1,586	-538

This derivative is recorded individually and appraised at its fair value based on income without resorting to hedge accounting. Its fair value is determined each year end closing by the financial institution with which the agreement was concluded.

4.5.2. 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.

4.6.Liability maturities

At 31 December 2010:

In K€	TOTAL	Due in ≤1 year	Due in >1 year and <5 years	Due in >5 years
Financial loans and debts with credit institutions (1)	107,970	20,234	23,697	64,039
Deposits and guarantees	3,056	3,056	-	-
Supplier debts	2,457	2,457	-	-
Tax and social liabilities	2,374	2,374	-	-
Other liabilities	829	829	-	-
Other current liabilities	150	150	-	-
TOTAL	**116,836**	**29,100**	**23,697**	**64,039**

(1) including bank overdraft (16,204 K€) and accrued interest (511 K€) at 31/12/10.

The item "Tax and social liabilities" is basically made of the following:
- Personnel expenses worth 286 K€,
- VAT payable upon cash receipt: 776 K€,
- Laibilities on adjustment of rights to set up office for 1,234 K€,
- Other taxes worth 78 K€.

The item "Other liabilities" is basically made up of:
- Accounts payable for 595 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 of 45 K€, deriving from submission of accounts for tenants,

At 31 December 2009:

In K€	TOTAL	Due in ≤1 year	Due in >1 year and <5 years	Due in >5 years
Financial loans and debts with credit institutions (1)	98,310	6,380	20,693	71,237
Deposits and guarantees	3,580	3,580	-	-
Supplier debts	4,471	4,471	-	-
Tax and social liabilities	2,032	2,032	-	-
Other liabilities	965	965	-	-
Other current liabilities	87	87	-	-
TOTAL	**109,445**	**17,515**	**20,693**	**71,237**

(1) including bank overdraft (359 K€) and accrued interest (594 K€) at 31 December 2009.

The item "Tax and social liabilities" is basically made of the following:
- Personnel expenses worth 217 K€,
- VAT payable upon cash receipt: 1,261 K€,
- Liabilities on adjustments of registration fees for 498 K€,
- Other taxes worth 41 K€.

The item "Other liabilities" is basically made up of:
- Accounts payable for 616 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 of 170 K€, deriving from submission of accounts for tenants,
- Expense payable for commercial case of 149 K€: expense rebilled, some of the equivalents of which are receivables.

Note 5. Additional notes: income statement

5.1. Net property revenue

Net income from real properties include all earnings and expenses deriving directly from the operation of our real properties.

In K€	31/12/2010	31/12/2009
Rents	12,980	14,106
Rebilled occupancy expenses	2,388	2,170
Global occupany expenses	-5,224	-4,573
Net income from real properties	**10,144**	**11,703**

Turnover on a like for like basis is defined as turnover generated by the leasing of real properties held at 31 December 2010 and that had already been existing at the previous year end closing. Consequently, turnover generated by real properties acquired and those sold over the financial year are not taken into account.

The change in rents on a like for like basis stood at:

	31/12/10	31/12/2009	Changes in scope	Change in %
Rents	10,541	10,844	-303	-2.8

The effect of the global indexing of rents at 31 December 2010 stood at 0.3% against 7% at 31 December 2009.

5.2. Net income from real property development

Net income from real property development was made up of:
- In terms of earnings: Disposal of real properties recognised in stocks and renewed depreciation provisions,
- In terms of expenses: works and expenses made on the real properties held in stock and depreciation provisions deriving from the comparison between the final production cost of the stock and its selling price, minus sales costs,
- changes in real property stocks.

in K€	31/12/2010	31/12/2009
Income from real property development	6,405	2,119
Expenses from real property development	-100	-779
Changes in real property stocks	-6,231	-2,422
Net income from real property development	**74**	**-1,082**

In 2010, the net income from real property development was generated by the sale of apartments for 5,452 K€, plus the renewed depreciation provision earlier set aside of 953 K€, upon deduction of works carried out over the period worth 100 K€ and a change in stock of 6,231 K€ giving a positive result of 74 K€ (entirely obtained from the programme at rue Claude Terrasse).

5.3. Operating income

Operating income is defined as the difference obtained from all expenses and earnings not deriving from financial transactions of the companies consolidated by the equity accounting method, negative goodwill, abandoned activities and taxes.

in K€	31/12/2010	31/12/2009
Personnel expenses	-3,397	-8,421
Other overhead costs	-2,846	-1,943
Other earnings and other expenses	-40	38
Change in value of investment property.	1,519	-19,441
New reserves for other depreciation and provisions	-1,032	-2,085
Renewed reserves for other depreciation and provisions	220	47
Operating expenses	**-5,576**	**-31,805**
Operating income before disposals	**4,642**	**-21,184**
Income from disposal of investment properties	-1,127	3,154
Operating income	**3,515**	**-18,030**

At December 2010 ending, operating income excluding income from disposal of investment properties stood at 4,642 K€ against -21,184 K€ in 2009, representing a growth in operating income of 25,826 K€. The main factors for this growth lie in the change in fair value of the investment properties, which posted a rise of 1,519 K€ in 2010 compared with a drop of 19,441 K€ in 2009, i.e. a variance of 20,960 K€ and in the drop in personnel expenses of 5,024 K€.

The other overhead costs for the financial year equally posted an increase mainly deriving from 337 K€ in legal fees recorded for the dispute between the company and the minority shareholders of the former subsidiary, FIG. Acquisition expenses for IMOGEST stakes (290 K€) were equally recorded as operating expenses in keeping with the revised IFRS 3 requirements. Finally, legal fees regularising property transfers were equally recorded to the tune of 315 K€.

In keeping with IFRS requirements, personnel expenses mainly took into account expenses for the allocation of free shares in 2007, for which the acquisition period was set at 4 years for the sum of 2.3 M€. For the expense recorded, an equivalent was set aside with the consolidated reserves (cf. note 9.7). These equally include, to the tune of 100 K€ the expense generated by the arrival in the year of a Real Estate Manager, who had left the Group in January 2011.

In comparison, the expense recorded in 2009, the equivalent of which had been entered under the reserves item (cf. note 9.7 of the appendix to the consolidated financial statement at 31 December 2009), included:
- for free shares granted in 2007, the acquisition period of which was set at 2 years, an expense of 3.2 M€,
- for free shares granted in 2007, the acquisition period of which was set at 4 years, an expense of 2.3 M€,
- for stock options granted in 2007 and 2009, an expense of 2.1 M€.

Reserves for other depreciations and provisions for the financial year were mainly made up of depreciation for trade receivables (865 K€). Over the previous year, this item had mainly included the depreciation of the consolidated goodwill deriving from the arrival into the consolidated Group ofthe VENUS sub-group for 1,633 K€ (cf. note 1.3.2 of appendix to consolidated financial statement at 31 December 2009).

The result generated by the disposal of investment properties was a loss of 1,127 K€. Details of the result from the disposals are provided in note 5.5 below.

5.4. Net income

In K€	Details 31/12/2010	31/12/2010	Details 31/12/2009	31/12/2009
Operating income		**3,515**		**-18,030**
Cash flow and cash equivalents		13		60
Cost of gross financial debt		-4,599		-4,412
Interest expense on loans (Effective Interest Rate - EIR)	-4,288		-4,076	
Cost of interest rate changes	-781		-541	
Change in value of derivatives	470		205	
Cost of net financial debt		**-4,586**		**-4,351**
Other financial earnings and expenses		1,016		102
Earnings before taxes		**-55**		**-22,280**
Negative goodwill		0		2 788
Tax expense		-127		11
Net income		**-182**		**-19,481**
Group share		-292		-19,610
Share of minority shareholders		111		129

The Group share in the net result stood at -292 K€ at 31 December 2010 compared with -19,610 K€ at 31 December 2009.

5.5. Profits from sales of investment property

2010 financial year:

Disposal of properties located at:
- 55 rue de Lisbonne, Paris (9th district),
- 3 rue d'Edimbourg, Paris (8th district),
- 99 Bd Haussmann, Paris (8th district),
- Bois Candide at Ferney-Voltaire (01),
- Le Brévent at Ferney-Voltaire (01),
- Passage Dubail, Paris (10th district),

As well as condominiums in properties located at:
- 31 avenue de l'Opéra, Paris (2nd district),
- 15 rue de Marignan, Paris (8th district),
- 30 rue Claude Terrasse, Paris (16th district),
- 27 rue de Rome, Paris (8th district).

Generated as disposal results, a capital loss of 1,127 K€.
These results take into account all expenses and earnings deriving from the disposals, particularly selling fees (180 K€) and legal fees (52 K€).

2009 financial year:

The disposal of properties at rue Clément Marot and avenue de la Grande Armée respectively generated as disposal results, a capital gain of 3,304 K€ and a capital loss of -150 K€.
These results take into account all earnings and expenses deriving from the disposals, particularly selling fees, legal fees and prepayment charges for the loans backed by the transferred properties.

5.6. Checking tax expenses

in K€	31/12/2010	31/12/2009
Consolidated net income	**-181**	**-19,481**
Corporate income tax	-127	11
Earnings before taxes	**-54**	**-19,492**
French taxation rate	33.33%	33.33%
Notional tax revenue	**-18**	**6,497**
Restatement of foreign company accounts	174	-170
Other restatements and slippages	2,067	15,277
Untaxed income (SIIC regime)	-854	-23,312
Debits: Creation of transferable deficits	-1,242	1,719
TAx revenue in income	**127**	**11**

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.

Note 6. Operational sectors

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

At 31 December 2010, the Group boasted real property holdings spanning a total surface area of 87,073 m² (97,374 m² at 31 December 2009) broken down as follows:

Type of asset	31/12/2010	31/12/2009
Offices	41,162 m²	48,080 m²
Residential hotels	28,798 m²	30,472 m²
Housing	3,324 m²	3,798 m²
Business premises	12,071 m²	15,024 m²
Others (1)	1,718 m²	0 m²
Total (2)	**87,073 m²**	**97,374 m²**

Geographical location	31/12/2010	31/12/2009
Paris	38%	40%
Paris region (outside Paris)	26%	23%
Province	33%	34%
Abroad	3%	3%
Total	**100%**	**100%**

(1) This is a building acquired in October 2010 and which will be restructured. The rearrangement of the building into offices, business and housing spaces is not yet final

(2) including 25 m² at 31 December 2010 compared with 941 m² in real property stock at 31 December 2009

The surface area of unbuilt land at 31 December 2010 stood at 1,126 ares, 76 centiares.

Real property holdings (by geographical location)	
Paris	298,077
Paris region	20,964
Province	45,277
Abroad	6,200
	370,518
Other non-chargeable assets	51,982
Total assets	422,500

At 31.12.10:

Income statement by line of business at 31 December 2010

In K€	Offices	Business premises	Hotels	Housing	Non-chargeable	TOTAL
Rents	8,171	1,864	1,989	956	-	12,980
Rebilled occupancy expenses	1,635	304	225	224	-	2,388
Global occupany expenses	(3,387)	(737)	(649)	(451)	-	(5,224)
Net income from real properties	**6,419**	**1,431**	**1,565**	**729**	**-**	**10,145**
Income from real property development	-	-	-	6,405	-	6,405
Expenses from real property development	-	-	-	(100)	-	(100)
Changes in real property stocks	-	-	-	(6,231)	-	(6,231)
Net income from real property development	**-**	**-**	**-**	**74**	**-**	**74**
Income from other activities	-	-	-	-	-	-
Personnel expenses (1)	(501)	(147)	(350)	(40)	(2,359)	(3,397)
Other overhead costs (2)	(1,345)	(395)	(941)	(109)	(56)	(2,846)
Other earnings and expenses	(56)	(20)	144	(13)	(95)	(40)
Change in value of investment properties (3)	1,008	(2,892)	1,434	542	1,427	1,519
New reserves for other depreciations andprovisions	(778)	(78)	-	(8)	(168)	(1,032)
Renewed reserves for other depreciations and provisions	38	55	-	-	127	220
Income from disposal of investment properties	(813)	162	(56)	(352)	(68)	(1,127)
Cash income	6	2	4	1	-	13
Cost of gross financial debt	(2,174)	(637)	(1,521)	(176)	(91)	(4,599)
Other financial earnings and expenses	480	141	336	39	20	1,016
Earnings before taxes	**2,284**	**(2,378)**	**615**	**687**	**(1,263)**	**(54)**
Corporate income tax	-	-	-	-	(127)	(127)
Net income	**2,284**	**(2,378)**	**615**	**687**	**(1,390)**	**(181)**

(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 changes in value of non-chargeable investment properties derive from land.

Balance sheet data by line of business at 31 December 2010

In K€	Offices	Business premises	Hotels	Housing	Non-chargeable	TOTAL
Assets						
Investment properties	200,586	79,549	33,587	35,402	21,394	370,518
Tangible assets: Bassano QP Administrative offices	6,034	-	-	-	-	6,034
Real property stocks	-	-	-	25	-	25
Liabilities						
Non-current financial liabilities	48,725	22,935	2,388	12,640	1,048	87,736
Current financial liabilities	2,322	680	690	337	16,205	20,234

The unchargeable items in the assets are basically 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 31/12/2010

In K€	Offices	Business premises	Hotels	Housing	Non-chargeable	TOTAL
Investment properties	9,820	-	-	17,470	17,180	44,470

The acquisitions are detailed in note 4.1.1.

Financial statement by geographical location at 31 December 2010

In K€	Paris	Paris Region (outside Paris)	Province	Abroad	Non-chargeable	TOTAL
Rents	10,291	1,004	1,685	-	-	12,980
Rebilled occupancy expenses	1,740	323	325	-	-	2,388
Global occupany expenses	(3,286)	(952)	(794)	(192)	-	(5,224)
Net income from real properties	**8,745**	**375**	**1,216**	**(192)**	**-**	**10,145**
Income from real property development	6,405	-	-	-	-	6,405
Expenses from real property development	(100)	-	-	-	-	(100)
Changes in real property stocks	(6,231)	-	-	-	-	(6,231)
Net income from real property development	**74**	**-**	**-**	**-**	**-**	**74**
Income from other activities	-	-	-	-	-	-
Personnel expenses (1)	(393)	(277)	(352)	(37)	(2,338)	(3,397)
Other overhead costs (2)	(1,057)	(743)	(947)	(99)	-	(2,846)
Other earnings and expenses	(64)	(25)	144	-	(95)	(40)
Changes in value of investment properties	(48)	963	1,404	(800)	-	1 519
New reserves forother depreciations and provisions	(658)	(188)	(18)	-	(168)	(1,032)
Renewed reserves for other depreciations and provisions	25	40	28	-	127	220
Income from disposal of investment properties	(1,033)	-	(94)	-	-	(1,127)
Cash income	5	3	4	1	-	13
Cost of gross financial debt	(1,708)	(1,200)	(1,530)	(161)	-	(4,599)
Other financial earnings and expenses	377	265	338	36	-	1,016
Earnings before taxes	**4,265**	**(787)**	**193**	**(1,252)**	**(2,474)**	**(54)**
Corporate income tax	-	-	-	-	(127)	(127)
Net income	**4,265**	**(787)**	**193**	**(1,252)**	**(2,601)**	**(181)**

(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.

Balance sheet data by geographical location at 31/12/10

In K€	Paris	Paris Region outside Paris	Province	Abroad	Non-chargeable	TOTAL Balance sheet
Assets						
Investment properties	292,042	20,961	45,277	6,200	-	364,4808
Tangible assets: Bassano QP Administrative offices	6,034	-	-	-	-	6,034
Real property stocks	25	-	-	-	-	25
Liabilities						
Non-current financial liabilities	74,214	1,498	10,976	-	1 048	87,736
Current financial liabilities	19,206	285	558	-	185	20,234

The unchargeable items in the liabilities are bank overdrafts and related items, and the fair value of the derivative.

Acquisition of identifiable assets at 31/12/2010

In K€	Paris	Paris Region outside Paris	Province	Abroad	TOTAL
Investment properties	32,820	-	11,650	-	44,470

The acquisitions are detailed in note 4.1.1.

At 31 December 2009:

Income statement by line of business at 31 December 2009

In K€	Offices	Business premises	Hotels	Housing	Non-chargeable	TOTAL
Rental income	9,275	1,984	2,336	511	-	14,106
Rebilled occupancy expenses	1,583	297	214	76	-	2,170
Global occupancy expenses	-3,399	-583	-426	-165	-	-4,573
Net income from real properties	**7,459**	**1,698**	**2,124**	**422**	**-**	**11,703**
Net income from real property development	-	-	-	-1,082	-	-1,082
Personnel expenses (1)	-406	-127	-257	-24	-7 607	-8,421
Other overhead costs (1) (2)	-968	-303	-614	-58	-	-1,943
Other earnings and expenses	131	-94	9	197	-205	38
Change in value of investment properties (3)	-13,805	-2,940	-2,193	-143	-360	-19,441
New reserves for other depreciations and provisions	-196	-112	-	-	-1,777	-2,085
Renewed reserves for other depreciations and provisions	-1	41	-	7	-	47
Income from disposal of investment properties	-151	-	-	3,305	-	3,154
Business segment operating income	**-7,937**	**-1,837**	**-931**	**2,624**	**-9 949**	**-18,030**

(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 changes in value of non-chargeable investment properties derive from land.

Balance sheet data by line of business at 31/12/09

In K€	Offices	Business premises	Hotels	Housing	Non-chargeable	TOTAL
Assets						
Investment properties	224,809	83,958	37,660	21,577	3,204	371,208
Tangible assets:						
Bassano QP administrative offices	6,333					6,333
Real property stocks	-	-	-	5,304	-	5,304
Liabilities						
Non-current financial liabilities	59,318	24,185	3,070	5,357	1,586	93,516
Current financial liabilities	2,217	632	637	354	953	4,794

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 31/12/09

in K€	Offices	Business premises	Hotels	Housing	Non-chargeable	TOTAL
Investment properties	12,074	2,706	0	11,552	-	26,332

Financial statement by geographical location at 31/12/09

In K€	Paris	Paris region (outside Paris)	Province	Abroad	Non-chargeable	TOTAL
Rental income	11,270	946	1 628	262	-	14,106
Rebilled occupancy expenses	1,647	209	261	53	-	2,170
Global occupancy expenses	-2,885	-741	-455	-492	-	-4,573
Net income from real properties	**10,032**	**414**	**1 434**	**-177**	**-**	**11,703**
Net income from real property development	-1,082	-	-	-	-	- 1,082
Personnel expenses	-322	-192	-275	-26	-7 607	-8,422
Other overhead costs	-768	-458	-656	-61	-	-1,943
Other earnings and expenses	314	-74	3	-	-205	38
Changes in value of investment properties	-12,244	-3,095	-4,089	-13	-	-19,441
New reserves for other depreciations and provisions	-183	-82	-43	-	-1 777	-2,085
Renewed reserves for other depreciations and provisions	7	41	-1	-	-	47
Income from disposal of investment properties	3,154	-	-	-	-	3,154
Corporate income tax	-	-	-	-	(127)	(127)
Operating income by business segment	**-1-092**	**-3,446**	**-3,627**	**-277**	**-9,589**	**-18,032**

Balance sheet data by geographical location at 31 December 2009

In K€	Paris	Paris region (outside Paris)	Province	Abroad	Non-chargeable	TOTAL Balance sheet
Assets						
Investment properties	311,122	19,454	33,632	7,000	-	371,208
Tangible assets:						
Bassano QP administrative offices	6,333					6,333
Real property stocks	5,304	-	-	-	-	5,304
Liabilities						
Non-current financial liabilities	87,044	1,775	3,111	-	1,586	93,516
Current financial liabilities	2,978	264	599	-	953	4,794

The unchargeable items in the liabilities are bank overdrafts and related items, and the fair value of the derivative.

Acquisition of identifiable assets at 31.12.09

en K€	Offices	Business premises	Hotels	Housing	Non-chargeable	TOTAL
Investment properties		22,700	1,700	1,932	-	26,332

Note 7. Off-balance sheet commitments

The Group's internal or external commitments were as follows:

7.1. Off-balance sheet commitments relating to the scope of the consolidated group

7.1.1. Off-balance sheet liabilities

Off-balance sheet liabilities deriving from the Group's scope of consolidation	Key features (type, date, equivalent)	31/12/2010 Amount in K€	31/12/2009 Amount in K€
Share acquisition commitments	None	None	None
Commitments on ad hoc entities not consolidated but likely to have a substantial effect on the financial statements	None	None	None
Other	None	None	None

7.1.2.Off-balance sheet assets

Off-balance sheet liabilities deriving from the Group's scope of consolidation	Key features (type, date, equivalent)	31/12/2010 Amount in K€	31/12/2009 Amount in K€
Off-balance sheet assets from specific transactions	None	None	None

7.2. Off-balance sheet commitments from financing transactions

7.2.1. Commitments given

The commitments will only be exercisable to the tune of the actual outstanding amounts to be repaid at the exercise date of the guarantee, plus fees, charges and additional costs capped at 20% of the said amount. The real impact of these commitments for the Group on the year-end closing date is shown below.

In K€	31/12/2010	31/12/2009
Guarantees provided for financial institutions	58,043	66,648
Mortgage registrations on real properties acquired Amount of outstanding loan plus a coefficient 1.2	109,345	116,390
Collateral for commercial rents	82,121	96,992

NB: the sureties comprise a joint and several guarantee set up in favour of the subsidiary AD INVEST in July 2003 within the scope of the financial leasing of office premises. AD INVEST was sold to the ADT SIIC Group in 2005. The commitment amounted to €2,238 K on 31/12/2010.

Period of commitments

In K€	Total at 31/12/10	At less than 1 year	From 1 to 5 years	More than 5 years
Guarantees provided	58,043	5,207	19,664	33,172
Mortgages	109,345	4,403	27,802	77,140
Collateral for commercial rents	82,121	3,669	23,169	55,283

The commitment periods are aligned with the loan periods.

Collateral, Guarantees and Sureties:

Companies with secured shares or stock	Name of shareholder or partner	Beneficiary	Starting date	Due date	Number of secured shares or stocks	% of capital secured
BASNO	VENUS	DEUTSCHEPFANDBRIEFBANK	13/08/03	1/10/18	100	100%
As collateral, BASNO provided en nantissement les titres FONCIERE DU ROCHER securities	VENUS	DEUTSCHEPFANDBRIEFBANK	29/09/03	1/10/18	2,801,000	100%
SCI BRIHAM	VENUS	CREDIT FONCIER	16/11/01	20/11/13	439,600	100%
SCI LES DAUPHINS	BALDAVINE SA	SADE	19/12/02	19/12/14	100	100%
PONT BOISSIERE	ACANTHE DÉVELOPPEMENT & VENUS	LANDESBANK SAAR	14/05/09	15/05/19	10,000	100%
IMOGEST	FONCIERE ROMAINE	PICTET	15/10/10	31/03/11	26,800	100%
AMELOT	IMOGEST	PICTET	15/10/10	31/03/11	10,000	100%

Collateral is provided for the securities to the tune of the outstanding capital due on the loans concerned.

OTHER OFF-BALANCE SHEET LIABILITIES (in K€)		
TYPE	31/12/2010	31/12/2009
Collateral for mutual monetary funds or financial instrument accounts on behalf of banks	1,477	1,578
Collateral for fixed term deposits and interest-bearing accounts on behalf of banks	719	575

Other commitments

Commitments to maintain the share ownership were made with the following loans contracted by the Group:
- BASNO - loan contracted from DEUTSCHE PFANDBRIEFBANK.
- FONCIERE DU 17 RUE FRANCOIS 1er - loan contracted from CREDIT FONCIER.
- FRANCOIS VII loan contracted from CREDIT FONCIER.
- SC CHARRON loan contracted from ING LEASE FRANCE

Commitments not to transfer shares to companies outside the ACANTHE DÉVELOPPEMENT Group were made as the Group in contracted the following loans:
- BRIAULX loan contracted from CREDIT FONCIER.
- BRIHAM loan contracted from CREDIT FONCIER.

On the other hand, the Group refrained from granting the unused credit lines ("drawdown letters",…) to any third party and has no take-out commitments for assets loaned out or deposited as collateral.

7.2.2. Off-balance sheet assets

Guarantee for the loan granted to ADT SIIC: pledge of the VENUS shares held by ADT SIIC valued at €3,571 K in the consolidated financial statements (minority interests).

Guarantee by Mr Alain DUMENIL for the loan contracted one of the Group's subsidiaries (CEDRIANE) to finance the acquisition of a property on behalf of DEUTSCHE PFANDBRIFBANK to the tune of 1,694 K€.

Liability guarantee provided by transferors of IMOGEST securities to the tune of 500 K€ up to 15/10/2012.

Guarantee by the PICTET bank within the framework of a liability guarantee provided by the transferors of IMOGEST securities to the tune of 500 K€ up to 15/10/2012.

7.3. Off-balance sheet commitments from the Group's core operations

7.3.1. Commitments given

The Group has chosen EIFFAGE for the rehabilitation of the building on Rue François 1er. The overall bill for the works stood at 6.2 M€.

Registrations of "Treasury preferential rights" were made against a number of companies belonging to the ACANTHE DÉVELOPPEMENT Group to guarantee contentious taxes amounting to 5,161 K€ at 31 December 2010 (cf. note 9.2.1).

On the other hand, the following mortgages were taken out as an interim measure by the Government Treasury (cf. note 9.2.1):

In K€	31/12/2010	31/12/2009
Mortgage registrations on real properties (1)	38,675	14,281

The breakdown of mortgage amounts is as follows:

In K€	Total at 31/12/10	at <1 year	at >1 year and =5 years	>5 years
Mortgages	38,675	0	30	38,645

(1) Including 35,575 K€ on properties previously owned by the companies, ADC SIIC, TAMPICO and FIG, and, which, following the capital contribution agreement, have been taken over by SNC VENUS that owes no outstanding debt to the Tax Authorities.

7.3.2. Off-balance sheet assets

Bank sureties were granted by SOCIETE GENERALE in favour of the French tax authorities, against a SICAV pledge of €1.4 M (for a tax payment pursuant to the creation of office space at 2/4, Rue de Lisbonne in Paris).

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

Note 8. Risk exposure

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

8.1. Capital management risks

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 financial debts" retained include the loans mentioned in note 4.5, minus cash flow and cash equivalents. Equity comprises the parent company's share capital plus consolidated reserves and the consolidated income for the financial year.

In K€	31/12/2010	31/12/2009
Financial debts with credit institutions	107,970	98,310
Cash flow and cash equivalents	(21,953)	(12,269)
Net financial debts	86,017	86,041
Equity (Group share)	297,347	301,385
Net financial debt / Equity (Group share) ratio	29%	29%

The net financial debts / Equity (Group share) ratio does not consider the Treasury Stock (29.0 M€ appraised at the ANR) that may be mobilised to generate cash flow, or the surplus generated from the current realisable determined based on the difference obtained from current assets (excluding cash flow and cash equivalents) and current liabilities (excluding current financial liabilities).
After a period when the Management's main objective was to reduce its debt, this ratio could nevertheless increase. Indeed, the Group may take out loans to finance acquisition opportunities that may arise on its main market, i.e. the office building market in the central business district of Paris. It may also decide to sell certain buildings if market opportunities arise.

8.2. Interest-rate risk

As the ACANTHE DÉVELOPPEMENT Group has variable-rate loans, the Group's debt is exposed to an interest-rate risk. However, through a prudent policy suited to the profile of its activities, the Group uses financial instruments to hedge the risk of a rise in interest rates.

Variable rate loans were therefore partially capped (at 20 M€), following an interest rate swap capped at 6.94%.

Instruments	Due date	Notional at 31/12/2010 in K€
"Swap CAP sur pente" 0% - 6.94%	June 2012	20,000
		20,000

In order to assess the debt risk, the following table (cf. note 8.3) sums up the items as well as the repayment periods for variable rate loans and fixed term loans with a re-setting of interest rates by five-year or ten-year terms.

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 2010 and at 31 December 2009:

In K€	31/12/2009		31/12/2009	
	Impact on income	Impact on equity	Impact on income	Impact on equity
Interest rate +/- 0.6%	+/- 307	-	+/- 267	-

8.3. Liquidity risk

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

8.3.2.Short-term liquidity risk
The Group's policy is however to diversify its counterparties in order to avoid risks arising from excessive concentration, and to select counterparties according to qualitative criteria. Moreover, the Group controls its credit risks related to the financial instruments in which it invests by limiting investments according to its counterparties' rating. At 31 December 2010, the Group's net cash surplus amounted to €22.0 M versus €12.3 M at 31 December 2009. 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 current debt (€29.1 M at 31 December 2010 versus €15.9 M at 31 December 2009) is offset by the value of the current assets (€44.5 M at 31 December 2010 versus €35.5 M at 31 December 2009).

Debts due but not depreciated:

In K€	31/12/2010						
	Assets due at closing date				Depreciated assets	Total assets not depreciated & not yet due	Total
	0 to 6 months	6 to 12 months	>12 months	Total	Total		
Trade receivables	-	-	295	295	312	3,923	4,530
Other receivables	8	393	5,092	5,493	-	10,210	15,703
TOTAL	**8**	**393**	**5,387**	**5,788**	**312**	**14,133**	**20,233**

In K€	31/12/2010						
	Assets due at closing date				Depreciated assets	Total assets not depreciated & not yet due	Total
	0 to 6 months	6 to 12 months	>12 months	Total	Total		
Trade receivables	708	549	1,330	2,587	208	4,482	7,277
Other receivables	64	-	4,891	4,955	-	5,517	10,472
TOTAL	**772**	**549**	**6,221**	**7,542**	**208**	**9,999**	**17,749**

The "Nontrade receivables" item includes a claim against the State of 4.626 K€ due at 2009 year ending. This involves the payment of an Exit tax supplement made following a (contested) tax adjustment, which amount will be repaid to the Group in case of a positive outcome in the dispute with the tax authorities.
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 31/12/2010 in K€	Shares		
		<1 year in K€	>1 year and <5 years (in K€)	>5years in K€
Taux fixes	15,993	250	1,447	14,296
Taux Variables				
Euribor	54,293	2,244	16,152	35,897
Fixed rates with five-year re-setting plan 5 YEAR PEX	19,922	1,025	5,050	13,847
	90,208	**3,519**	**22,649**	**64,040**

Certain loans are accompanied by clauses providing for an early repayment in some cases (cf. note 7.2).
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, notably by realising certain assets.
A proposal will equally be made to shareholders to reinvest their dividends in shares, with the understanding that the main shareholder will not exceed the 60% threshold in the share capital or voting rights of ACANTHE DÉVELOPPEMENT pursuant to the SIIC criteria.

8.4. Counterparty risk

The counterparty risk concerns investments made by the Group and the Group's counterparties in commercial transactions and derivatives. The counterparty risk on transaction investments is limited by the type of vehicle used – essentially monetary UCITS managed by leading financial institutions.

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. DÉVELOPPEMENT is 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 2010, no account receivable amounted to more than 12.39% of the total outstandings (versus 7.33% at 31 December 2009), except for affiliated companies. It concerns the lessee of the hotel at Porte de Vanves (Vanves 92) who owes €345 K and pays in arrears.

The first 5 customers account for 37.6%, while the first 10 customers represent 47.3%.

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

8.5. Risk related to the REIT (French SIIC) status

Since 1st 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 1st January 2007, this condition should, in principle, have been complied with on 1st January 2009. However, item I of Article 24 of the 2009 French Financial Act deferred the coming into force of this condition to 1st 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 shall be suspended over this financial year only where the situation is regularised before the end of the said year.

For the said suspension year, the SIIC shall be charged for corporate tax under the terms and conditions in force, excluding any capital gains from disposal of properties that are taxed at the reduced rate of 19%, after deduction of depreciation charges initially deducted from the tax-exempted income.

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 2010, 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.

8.6. Insurance risk

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

8.7. Foreign exchange risk

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

8.8. Risk related to treasury shares

At 31 December 2010, the Group held 9,205,138 of its own shares in treasury and 182,771,588 share subscription warrants for which the total acquisition cost (€21,626 K) is booked against shareholders' equity.

8.9. Market risk

8.9.1. The risks on management of the investment properties portfolio mainly derive from the following items

- Escalation rate for rents:
• 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 INSEE index for construction costs. The leases are generally reviewed on a yearly basis.

Consequently, future income from the buildings is correlated to the changes in those indicators. 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.

- Property occupancy rate:

At 31 December 2010, the financial occupancy rate was 67%. On the same date, the physical occupancy rate was 73%. These rates respectively rise to 85% and 86% if we set aside the buildings being sold off and those under rehabilitation which cannot be occupied (Rue François 1er, Rue Vieille du Temple, and the building located in Brussels due to be transformed into a hotel).

The financial occupancy rate is defined as the amount of the current rents divided by the amount of the rents that would be collected if the building was fully rented.

- Evolution of the real estate market:
The evolution of the market is described in note 9.1 – Restated net assets

- Impact of evolution of benchmark indicators:

• Evolution of building cost indicator:
The table below shows the impact of a 30-point increase or decrease in the construction cost index. This index is considered as representative.
The last building cost index known at the accounts closing date was that of the 3rd quarter of 2010. The index stood at 1.520.

In K€	31/12/2010		31/12/2009	
	Impact on income	Impact on equity	Impact on income	Impact on equity
Building cost +/- 30 points	+/- 237	-	+/- 272	-

• Evolution of the rent benchmark index
The table below shows the impact of a 2-point increase or decrease in the rent reference index. This index is considered as representative. The last rent benchmark index known at the accounts closing date was that of the 4th quarter of 2010, where the index stood at 119.17.

In K€	31/12/2010		31/12/2009	
	Impact on income	Impact on equity	Impact on income	Impact on equity
Rent benchmark index +/- 2 points	+/- 16	-	+/- 9	-

• Maturity of leases

The maturity of the leases based on the ongoing leases at 31.12.10 (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 ≤1 year	Due in >1 year and <5 years	Due in >5 years
Maturity	12,856	2,260	5,964	4,632
TOTAL	**12,856**	**2,260**	**5,964**	**4,632**

8.9.2. Impacts of the fair value method on profit (loss)

On the income statement, the impacts are centralised on the item "Changes in value of investment properties".

Note 9. Other disclosure

9.1. Net assets remeasured

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

Since 2008 ending, due to the economic and financial crisis that rocked the global economy as from the 2nd half of 2008, the Group has been laying special emphasis 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.

Although it was not actually a real estate crisis as had been the case in the 1990s, the economic environment was gloomy in 2008 and 2009, and the logical outcome in this state of affairs was definitely a slowdown on the real estate market.

However, the French economy which had fallen by 2.5% in 2009 - its worst performance since the war - bounced back in 2010, even achieving small growth of 1.6%.

- The Investment Market in 2010:

According to the studies carried out by the main agencies in the market (CBRE, Estate Consultant, Evolis, etc.), despite the economic uncertainty depressing the gobal economy, 2010 was actually a year in which the French real estate market and corporate real estate, in particular, recovered.

In fact the improvement is explained by investors' renewed interest in real estate as a long term investment in view of the current stock market climate.

This has been facilitated by the cost of credit which is promoting investment in France and especially in Paris and the Ile de France. Provided that the underlying asset is secured, credit has become available again and there has been a relaxation of "equity" share requirements.

In 2010, 11 billion euros were invested in the French investment market, representing a 42% increase over the whole of France and 19% in office property in the Ile de France region. This share was to a great extent achieved in the 4th quarter with 4.7 billion euros, representing over 40% of the year's commitments. With a figure of 7.4 billion euros, the offices segment brought in 65% of commitments.

Purchasers were focused on high quality, secured assets with a view to limiting their risks. All of this led to growth in the real estate sector, with the immediate result that returns on this asset type fell sharply. In the Paris Central Business District, yields on prime office premises are around 4.75% and this figure is expected to rise slightly in view of increased interest rates.

In 2010, real estate companies therefore continued to optimise their portfolios and carry out arbitrage of non-strategic assets.

- The Rental Market in 2010:

The offices market in the Ile de France region recorded a very strong performance in 2010 with a 53% increase in office rentals compared to the previous year, with figures of 920,000 m² leased out from a total of 2.16 million m². This improvement should not be underestimated in view of the current nervous economic environment and as a result, rental values have stabilised and have even recovered in some sectors such as the Paris Central Business District. Demand for premises with small and medium-sized areas is still lively.

As a result, SMEs and large Groups took advantage of the difficult times to renegotiate rents or trading benefits (franchises, works…) thereby enabling them to relocate or move in (or even return) to Paris.

As a result of the increased demand, average rents in Paris strengthened in 2010 with an annual increase of 2.7%, especially for new, restructured or renovated buildings. In the Paris Central Business District, the "prime " average rent rose by 11%. The confirmed conviction that there is a scarcity of high quality, well located offers has pushed up rents.

- 2011 prospects:

Although 2010 marks a turning point in the real estate sector, this improvement should not disappoint us as regards the 2011 financial year. In view of investor enthusiasm and 2010 end of year volumes, the investment and rentals markets are expected to continue at this pace in 2011.

With economic growth likely to be low, very low job creation numbers, increased financing rates although still on the low side and an unsettled geopolitical situation in the Middle Orient, the market does not appear very promising. Despite these factors, the real estate market will remain active for the reasons stated above.

In fact, it is expected that investment volumes in France should reach approximately 15 billion euros and rentals achieved should be between 2.2 and 2.4 million m² representing a further increase over the previous year.

Properties with high liquidity, located in the Paris CBD will always be very attractive because of their scarcity. We should also remember that "green" properties or sites will begin to expand and take up more market share.

- The Group's Property Holdings:

This year, as recommended by the AMF, the Group has changed its real estate valuation experts.

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

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

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

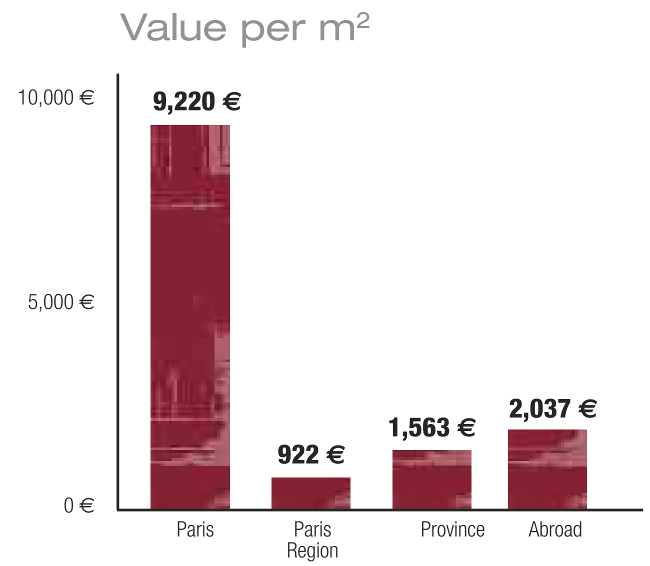
This year, the Group has carried out a number of arbitrage deals relating to its non-strategic assets: properties located in Paris, but not exactly centred within the Group's target strategy (co-ownership lots, apartment hotel, split sales project, buildings located on the edge of the 8th arrondissement but not within the Central Business District, etc.) and properties in the other regions of France.

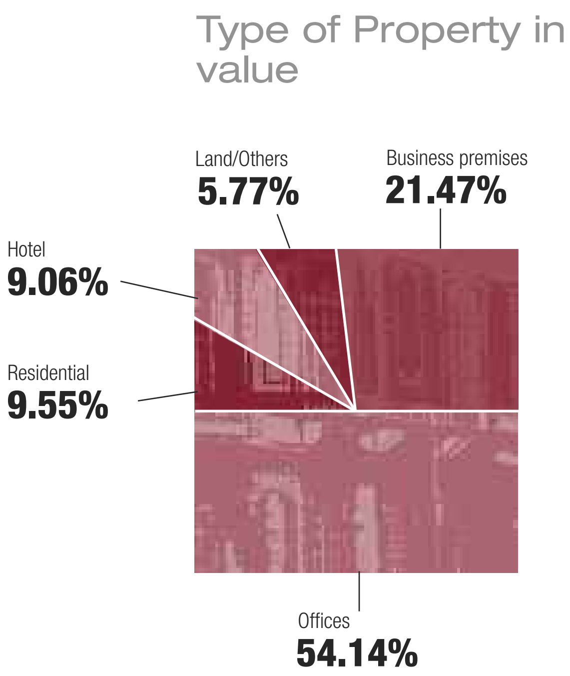
As concerns investments, the Group acquired 2 chalets at Megève (74), an office building of 930 m² at rue Georges Bizet and standing next to the property at rue de Bassano (Paris 16the district) equipping it with an exceptional property holding on a surface area 4,400 m² in this highly prized Paris neighbourhood, as well as in le Marais (Paris 4th district), an extraordinary private mansionat rue Vieille du Temple (1,718 m²), a residential property at rue des Guillemites (793 m²) and sundry parking lots.

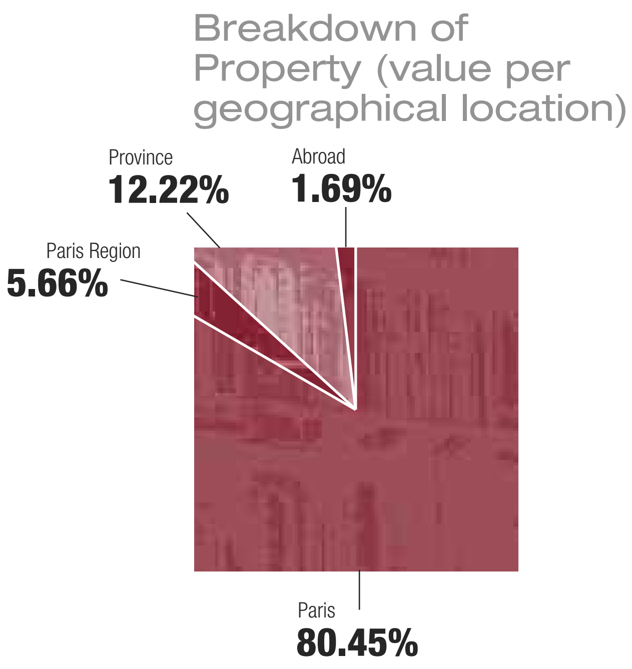
The estimated value of the Group's property assets totals 370,517 K€, after deduction of building work estimated at 6,000 K€ and inclusion of of 3,775 K€ of commercial use permits for disposal. These assets consist of 200,586 K€ of offices, 79,549 K€ of commercial premises, 33,587 K€ of hotel buildings and apartment hotels, 35,402 K€ of residential buildings and 3,464 K€ of land rent charges and car parks in addition to a further 17,930 K€ in respect of the hôtel particulier in rue Vieille du Temple which was acquired in October 2010 and which will be restructured into offices, shops and later into residences. In terms of surface area, offices represent 41,162 m², commercial premises represent 12,071 m², hotels represent 28.798 m² and the residential sector represents 3,324 m². The building currently under restructuring represents 1,718 m² and land rent charges 1126a76ca.

Expert valuations of the ACANTHE DÉVELOPPEMENT Group, with a similar consolidation scope, show an increase of 1.16% compared to 31 December 2009, with some variations in respect of the geographical location (Paris CBD, Suburbs, Mountains) and the different building types. To a great extent, the small rise is explained by the Group's change of valuation experts as valuation experts do not all have the same approach when valuing certain types of property, especially those properties which are considered to be the most atypical (hôtel particulier, entirely commercial Paris buildings, building lease, Brussels building, etc).

The following average values per m² emerge from these appraisals:







In view of this fact, the Group's net financial situation, therefore amounts to 326,391 K€. In calculating the Net Asset Value (NAV), the treasury stock amount (shares and BSA share subscription warrants) has been added and both the acquisition value of the treasury stock and the unrealised gain on these shares have been deducted from shareholders' equity. The Restated Net Assets, excluding fees, was thus determined at 31 December 2010:

In K€	
Consolidated equity	297,347
Treasury stock:	
- 182 771 588 BSA	1,828
- 9 205 138 shares	19,798
Unrealised capital gains from treasury stock	7,418
Restated Net Assets	**326,391**

Number of shares (at 31/12/2010)	110,392,205
- ANR:	2.957 € per share
- Diluted RNA after issuance of free 4 year shares still to be issued	2.845 € per share
- Diluted NAV resulting from the issue of 4 year bonus shares, remaining to be issued and the exercise of BSA share subscription warrants:	2.747 € per share

The final diluted NAV per share is the figure that would result from the issue of all of the 4.330.000 bonus shares over 4 years that were granted and will be issued in July 2011 plus the exercise of all of the 350,953,650 BSA share subscription warrants in circulation (note: 75 BSA +4€ entitles the holder to 2.33 new shares) which would require the creation of 10,902,960 new shares. The potential exercise of 9,936,436 stock options granted at a subscription price of 1.24€ per share has not been included as there is very little advantage to the holder to exercise these options in view of the stock market price at the financial year end (weighted average price at 31/12/2010: 1.17€).

At this stage, shareholders' equity will have increased by 18,717 K€ and will therefore stand at 345,108 K€; in addition 15,232,960 new shares will have been created and the total number of shares will be 125,625,165.

In comparison, the Restated Net Assets at 31 December 2009 stood as follows:

In K€	
Consolidated equity	301,385
Treasury stock:	
- 86,730,147 BSA	867
- 8,149,849 shares	18,613
Unrealised capital gains from treasury stock	7,860
Restated Net Assets	**328,725**

Number of shares (at 31/12/09)	101,199,299
- ANR:	3.248 € per share
- Diluted RNA after exercise of BSA only:	3.099 € per share
- Diluted RNA after exercise of BSAs and issuance of free 3 year shares:	2.984 € per share
- Diluted RNA after exercise of BSAs and issuance of free 2 year and 4 year shares:	2.850 € per share

9.2. Tax status

The Group is not fiscally integrated.

Its fiscal deficits, particularly the portion under the (non-SIIC) taxable regime is broken down as follows:

	31/12/10 In K€	31/12/2009 In K€
Allowable loss carry-forwards	20,573	35,800
Long-term capital losses	-	-
Total	**20,573**	**35,800**

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. moreover, no deferred tax debit was recorded as a precautionary measure.

9.3. Disputes

9.3.1. Tax disputes

Following numerous tax audits, most of which reviewed the 2002 to 2005 financial years, the Tax Authorities made a number of adjustment proposals to companies in the Group, including ACANTHE DÉVELOPPEMENT, for a total principal tax amount of 9.26 M€ (excluding interest of 1.0 M€ and an additional charge of 3.81 M€).

These adjustment proposals mainly challenged - for the sum of 6.04 M€ (excluding interest of 0.56 M€ and additional charges of 2.99 M€) - the principle of non-taxation of dividends under the parent-daughter system, and hence the right to pay out dividends received under the parent company system.

As this position of the French tax authorities, which can result in a company's profits being taxed twice and which has been heavily criticised, concerns companies established within the European Union, it will be subject to the censure of the Court of Justice of the European Union.

Yet the position of the French tax authorities seems likely to be seriously undermined in view of recent French tax case law and, in particular, recent judgements of the French Council of State in the cases of JANFIN (judgement of 27 September 2006 that restricted the conditions under which the tax authorities can challenge, on the grounds of abuse of law, certain financial transactions involving dividend distribution) and the cases of GOLDFARB and AXA (judgements of 07 September 2009 that also went against the claims of the French tax authorities that challenged similar financial transactions. These cases concerned the validity of applying tax credits, attached to received dividends, to corporation tax owed by the applicants, The corrections of which ACANTHE DÉVELOPPEMENT 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, the French Council of State validated the transactions criticised by the tax authorities from the point of view of objective criteria that the ACANTHE group considers, as regards the situations that concern it, to have met.

As regards the decisions of the Comité de l'abus de droit fiscal [consultative committee against abuse of process], they do not prejudge any decisions that could be made by the competent courts in so far as they find that (i) contrary to the intention of the legislator the fact of having undertaken to keep the acquired investments in associate companies for two years in order to benefit from the tax system relating to the subsidiaries of parent companies; and (ii) that the investments in question are inactive, whereas the tax system relating to the subsidiaries of parent companies is not subject to such limitations and that the fact of the companies of the group being shareholders could not be challenged

Furthermore, it is important to consider the importance of these decisions in the light of a decision taken by the French Council of State on 29 September 2010 by which, regarding penalties, it stipulated that the burden of proof still lay with the French tax authorities regardless of the view of the committee.

Thus, on the grounds of the decisions of the Council of State, the Company - with counsel from CMS Bureau Francis Lefebvre - contests at all stages of the proceedings (including the collection of taxes) the additional taxes that the tax authorities are claiming.

These challenges are still in progress and will be - according to the process concerned - decided by administrative courts, first and foremost of which the Paris Administrative Court, should the French tax authorities maintain their position.

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

On 7 July 2008, the local representative of the tax authorities met with the company's consultant, CMS Bureau Francis Lefebvre, and at the end of the meeting, although the authorities confirmed the questioning of the initial valuation method, it retained part of the valuation items presented and reduced the amount of the adjustment accordingly to a base amount of 11.8 M€ representing a tax adjustment in principal of 2.5 M€.

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 €10.4M, that is, a tax adjustment of €2.15M (excluding interst of €0.34M and surcharges of €0.82M).

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

Finally, the tax authorities equally made an adjustment proposal to one of the Group's companies, which, in addition to an objection to the exemption of dividends of subsidiaries (as mentioned earlier), made mention of an increase in a capital gain posted by the company when opting for the SIIC regime (4.4 M€). Following consultations at the different levels of authority, this gave rise to a tax refund for the 2005 financial year to the tune of 1.08 M€ (excluding interest 0.02 M€).

The valuation method retained by the tax authorities is likely to be challenged considering the information held by the Group, which led the company to file a claim against the said taxation in August 2009, with assistance from its consultant, CMS Bureau Francis Lefebvre, which objection was accompanied by an application for deferment of payment.

Following the rejection of this claim, the matter was referred to the Administrative Court of Paris in December 2009, with the understanding that the above-mentioned deferment of payment will remain in force, in keeping with the legal requirements until a decision is taken by the said jurisdiction.

For all of these reasons, the Group did not set aside a provision to cover these claims.

The other tax claims are insignificant.

9.3.2. SOGEB minority shares

SOGEB's minority shareholder filed a suit against BRUXYS and its managers on 10 August 2009 with a view to obtaining especially the invalidation of the invitations to and resolutions of the different meetings that led to the increase in capital , the amendment of the by-laws and the liquidation of the company, SOGEB.

In January 2009, the minority shareholder that had filed a suit for summary judgement against SOGEB and BRUXYS (aimed at invalidating the meeting that increased the capital), had been nonsuited.

In its additional submissions of September 2010, the minority partner requested that it should be stated and established that the sale of the property at rue Clément Marot was carried out in breach of the by-laws, that the income for 2009 should be shared out to the partners, that its property holdings are in danger due to the actions of the company, BRUXYS, and its board members to whom it is personally claiming compensation for damages it feels it has suffered from the fact the building had remained vacant.

Since the Group and its consultants deemed the demands of the minority partner completely baseless, they did not set aside any provision for this purpose.

The accounts were duly closed and the arguments by the defence scheduled for 8 September 2011.

9.3.3. Real estate litigation

The company, GERY DUTHEIL, was supposed to deliver the project at 30 rue Claude Terrasse in July 2008, which was postponed October 2008. Due to the delays, the company requested a firm commitment on the delivery date.

Since no firm commitment had been made on the delivery date of this project, the company, VELO, stopped settling the charges of GERY DUTHEIL.

It is in these circumstances that VELO was sued by GERY DUTHEIL to settle bills to the tune of 927 K€.

In our latest conslusions, we requested that the sum of 927 K€ (incl. taxes) demanded by DUTHEIL should be deducted from the following amounts:

• 405 K€ (excl. taxes) as payments directly made to sub-contractors

• 56 K€ (incl. taxes) as penalties for contractual delays, which amount was equally accompanied by interest at the legal rate as from 30 January 2009

Representing a balance of 368 K€ before deduction of the lawful interest on penalties for delays.

And we are requesting that GERY DUTHEIL be sentenced to pay to VELO:

•the sum of 165 K€ (incl. taxes) to cover the cost of resuming the project.

• Lawful interest for one year on the sum of 5,995 K€ being the cost of locking up its investment for another one year period, i.e. 227 K€.

• The loss it suffered due to the delivery delay caused by the slowdown in real estate activities, i.e. 1,408 K€.

Consequently, we are requesting that compensation be paid for the respective amounts owed by each of the parties and that GERY DUTHEIL be sentenced to pay the sum of 1,428 K€besides the lawful interest on penalties for delays and 20 K€ in compliance with Article 700 of Ncpc.

The next hearing is scheduled for 6 May 2011 to designate a reporting judge.

9.3.4. CICOBAIL-ING LEASE disputes

In July 2003, ACANTHE DÉVELOPPEMENT stood as joint guarantor up to the sum ofe 4,840K in favour of its subsidiary AD INVEST within the framework of the finance lease agreement signed with EUROSIC (of which the rights being represented by CICOBAIL) and ING LEASE. This agreement was entered into for the financing of 4,598 m² of office space occupied by FORCLUM in Centre d'Affaires Paris Nord located in Blanc-Mesnil.

AD INVEST was taken over by the ADT SIIC in 2005.

In 2010, AD INVEST had serious cash-flow problems due to the departure of its tenant.

Pending the reoccupation of its premises, AD INVEST therefore requested to negotiate with CICOBAIL and ING LEASE on the possibility of paying, over a given period, only the "interest" component of the contract and to defer the "capital depreciation" component. Since the negotiations were proving difficult, AD INVEST requested the designation of an ad hoc representative to assist it in its negotiations with CICOBAIL to prevent it from disrupting its development, and equally assist in negotiating and drawing up agreements and resolutions that will establish the solutions adopted.

The balance owed to CICOBAIL and ING LEASE at 31 December 2010 for the early exercise of the purchase option stood at 2,014 K€ plus outstanding payments for 2010 of 349 K€ (incl. taxes).

Whereas the negotiations are still underway, CICOBAIL and ING LEASE decided to call up ACANTHE DÉVELOPPEMENT in its capacity as surety, to pay them the full amount still owed by AD INVEST for the 2010 financial year, which stand at 349 K€ (incl. taxes) in principal.

On its part, ACANTHE DÉVELOPPEMENT felt this call to execute its surety was premature and refused to pay for the time being, arguing that AD INVEST had actually made a commitment to CICOBAIL and ING LEASE to examine the possibility of selling one of its buildings to enable it to pay off all of its debts.

9.3.5.Other disputes

a/ Judgements of 28 September 2009

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

The aim of these enforceable judgements was to reposition FIG and all of its shareholders, in all regards, in their initial situation prior to the 24 February 2004 Meeting.

Up to the said date, FIG did not belong to the ACANTHE DÉVELOPPEMENT Group.

b/ Enforcement of the 28 September 2009 Judgements

In order to enforce the judgements of 28 September 2009, FIG decided to advance by making positive decisions since it was practically impossible to cancel the merger that took place in July 2005, after the invalidated General Meeting, with the company, BALTIMORE (dissolved in the process), and following which it fully took over all real estate activities. As a result, there was a split-up in FIG's activities with a distribution of the totality of its real estate assets. This split-up was carried out by paying an interim dividend on 9 December 2009 and reducing the capital on 10 December 2009. These amounts were paid out to TAMPICO, followed by ACANTHE DÉVELOPPEMENT.

Two judgements delivered by the Commercial Court of Paris on 14 January 2011, bearing the provisional execution order expressly pointed out that there were no grounds to question the payments made in December 2009. Actually, these judgements rejected the claims of the former minority shareholders to invalidate all transactions conducted after the invalidated FIG General Meeting of 24 February 2004, and on the same grounds, equally nonsuited their claims against ACANTHE DÉVELOPPEMENT. These judgements sentenced the companies, FIG and TAMPICO (that no longer belong to the Group) to compensate the former minority shareholders "to the tune of their rights in the equity of FIG and in the payment and reserves carried out, taking into account the evolution of their contributions in the different transactions that affected FIG's net assets since the Ordinary and Extraordinary General Meeting of 24 February 2004". Mr KLING, an appraiser, was assigned the mission of assessing the damages charged to TAMPICO and FIG. TAMPICO made up for the insolvency of the former minority shareholders who refused to record the adjustment expenses charged to them. It should be noted that a report drawn up in November 2010, at the request of ACANTHE DÉVELOPPEMENT, by Mr Vincent FAYEIN (Fiduciairy of Valois), court expert at the Paris Court of Appeal, had already assessed the damage at the global sum of 50 K€ for all of the former minority shareholders. The former minority shareholders lodged an appeal against these judgements bearing the provisional execution order.

On 19 March 2010, FIG was sold to the company 19B S.A., acting on behalf of DOHIR, shareholder of FIG at 24 February 2004, but which had been dissolved since then.

FIG is no longer part of the ACANTHE DÉVELOPPEMENT Group since then.

On 6 January 2010, FIG was sentenced to liquidation by order of the court.

Following this operation, our company sold its subsidiary TAMPICO that held 100% of FIG, to the company SLIVAM, on 20 April 2010.

Consequently, TAMPICO no longer belongs to the ACANTHE DÉVELOPPEMENT Group.

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

c/ FIG litigation still involving ACANTHE DÉVELOPPEMENT

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

However, it should be noted that in its summary order of 8 October 2010, the Commercial Court of Paris had established that: "mindful of the fact that there is no objection, as argued by ACANTHE DÉVELOPPEMENT, that Messrs Barthes and Ceuzin have no direct or indirect debts towards the said company…"

The judgements delivered by the Commercial Court of Paris on 14 January 2011 rejected the claims of Messrs BARTHES and CEUZIN on the one hand, and NOYER on the other hand, to invalidate all transactions conducted after the invalidated FIG General Meeting of 24 February 2004, and on the same grounds, equally nonsuited their claims against ACANTHE DÉVELOPPEMENT. These judgements sentenced the companies, FIG and TAMPICO to compensate the former minority shareholders "to the tune of their rights in the equity of FIG and in the payment and reserves carried out, taking into account the evolution of their contributions in the different transactions that affected FIG's net assets since the Ordinary and Extraordinary General Meeting of 24 February 2004". Mr KLING, an appraiser, was assigned the mission of assessing the damages charged to TAMPICO and FIG. TAMPICO made up for the insolvency of the former minority shareholders who refused to record the adjustment expenses charged to them following these judgements. It should be noted that a report drawn up in November 2010, at the request of ACANTHE DÉVELOPPEMENT, by Mr Vincent FAYEIN (Fiduciairy of Valois), court expert at the Paris Court of Appeal, had already assessed the damage at the global sum of 50 K€ for all of the former minority shareholders. The former minority shareholders lodged an appeal against these judgements bearing the provisional execution order.

- Through a summary order on 15 June 2010 issued at the request of Messrs BARTHES and CEUZIN, the president of the Commercial Court of Paris ordered the sequestration of 95,496 SNC VENUS shares belonging to ACANTHE DÉVELOPPEMENT, in the hands of the Bailiffs, SCP CHEVRIER de ZITTER-ASPERTI. This order could not be executed by the bailiff. By an order following an uncontested petition, pronounced on 16 September 2010 at the request of Messrs BARTHES and CEUZIN, the President of the Commercial Court of Paris ordered the sequestration of the sum of 15,179,894.85 €(representing the full amount of the dividend voted by the General Meeting of ACANTHE DÉVELOPPEMENT shareholders of 18 June 2010) in the hands of the Bailiffs, SCP CHEVRIER de ZITTER-ASPERTI. By a summary order of 8 October 2010, the President of the Court restricted the amount of the sequestration to the sum of 1,700,000 €. This order was confirmed by a decision from the Apeal Court of Paris on 8 December. Since the judgement upon merits delivered by the Commercial Court on 14 January 2011 had overruled the bases for these two sequestrations, ACANTHE DÉVELOPPEMENT requested the revocation of the three orders at issue and the withdrawal of the said sequestrations. A summary order of 29 March 2011 rejected ACANTHE DÉVELOPPEMENT's request concerning the order of 15 June 2010 and declared it invalid with regard to its requests pertaining to the orders of 16 September and 8 October 2010 (the exclusive competence of which lay with the Appeal Court of Paris). ACANTHE DÉVELOPPEMENT lodged an appeal against the sequestration of VENUS shares and referred the sequestration of 1.7 M€ to the Appeal Court of Paris.

9.4. Ad hoc entities

The Group does not conduct any transactions through ad hoc entities.

9.5. Binding parties

The ACANTHE DÉVELOPPEMENT Group has carried out transactions with ARDOR CAPITAL, a company controlled by Mr Alain DUMENIL and holding roughly 50% of ACANTHE DÉVELOPPEMENT's share capital.

Moreover, ACANTHE DÉVELOPPEMENT has conducted transactions with ADC SIIC, a listed group and with non-listed groups (ALLIANCE DESIGNERS Belgium and ALLIANCE DESIGNERS France), one of whose leading shareholders is Mr Alain DUMENIL, and who share the same leaders and/or board members.

On the other hand, ACANTHE DÉVELOPPEMENT has carried out operations with ADT SIIC, a listed group, with which it shared the same board members in the 2010 financial year. The ACANTHE DÉVELOPPEMENT Group no longer had any ties with the ADT SIIC Group at 31 December 2010.

In K€ Type of service	Related Counterparty Name	Related Counterparty Affiliation	Balance on balance sheet (1)	Impact on income (2)
Management fees paid to	ARDOR CAPITAL	Shareholder of d'ACANTHE DÉVELOPPEMENT	0	-200
Provision of personnel	ARDOR CAPITAL	Shareholder of d'ACANTHE DÉVELOPPEMENT	39	39

(1) A positive amount indicates a receivable and a negative amount a debt.
(2) A positive amount indicates an income and a negative amount a debt.

The above transactions neither gave rise to the entry of a provision for depreciation of receivables, nor to any expenses in this regard for the period, besides those mentioned. They are not accompanied by any specific guarantees. They are not accompanied by any specific guarantees.

a) The parent company:
Current related transactions were as follows:

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 8,289 K€ in interest from current accounts, 855 K€ in salaries and 905 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:

NA

f) Key leaders of the entity or its parent company:

In K€ Type of service	Related Counterparty Name	Related Counterparty Affiliation	Balance on balance sheet (1)	Impact on income (2)
Provision of personnel	ADC SIIC	Shared Leaders/board members	234	196
Rents and rental expenses	ADC SIIC	Shared Leaders/board members	0	127
Security deposit	ADC SIIC	Shared Leaders/board members	-25	0
Sundry receivables	ADC SIIC	Shared Board members	150	0
Advance on current account and loan and related interest	ADC SIIC	Shared Board members	5,268	206
Provision of personnel	ADC SIIC	Shared Board members	49	41
Management fees	MEP	Shared Board members	-19	-201
Rents and rental expenses	SMALTO	Shared Leaders/board members	228	707
Security deposit	SMALTO	Shared Leaders/board members	-148	0
Provision of personnel	SMALTO	Shared Leaders/board members	18	34
Rents and rental expenses	SEK	Shared Leaders/board members	0	15
Sundry receivables	SEK	Shared Leaders/board members	1,098	6
Provision of personnel	SEK	Shared Leaders/board members	4	3
Rents and rental expenses	JACQUES FATH	Shared Leaders/board members	0	30
Security deposit	JACQUES FATH	Shared Leaders/board members	-6	0
Rents and rental expenses	RUE DES MARQUES	Shared Leaders/board members	27	7
Provision of personnel	RUE DES MARQUES	Shared Leaders/board members	4	3
Rents and rental expenses	POIRAY	Shared Leaders/board members	130	212
Security deposit	POIRAY	Shared Leaders/board members	-38	0
Provision of personnel	POIRAY	Shared Leaders/board members	18	23
Rents and rental expenses	FERAUD	Shared Leaders/board members	515	170
Security deposit	FERAUD	Shared Leaders/board members	-32	0
Provision of personnel	FERAUD	Shared Leaders/board members	12	16
Provision of personnel	EK BOUTIQUES	Shared Leaders/board members	4	3
Provision of personnel	EK BOUTIQUES	Shared Leaders/board members	0	-5

(1) A positive amount indicates a receivable and a negative amount a debt.
(2) A positive amount indicates an income and a negative amount a debt.

The above transactions neither gave rise to the entry of a provision for depreciation of receivables, nor to any expenses in this regard for the period, besides those mentioned. They are not accompanied by any specific guarantees. They are not accompanied by any specific guarantee, except for the company, SEK Holding, which has an agreement on the settlement of its debts to the Group and with the company, ADT SIIC, which has provided a collateral on behalf of the Group, made up of its shares in the company, VENUS.

g) Other related parties.

The company, ALLIANCE DESIGNERS, controlled indirectly by Mr DUMENIL had a rental debt of 563 K€ to the Group. There was no income over the financial year. The Group set aside a provision of 527 K€ for the depreciation of ALLIANCE DESIGNERS receivables.

FIG was sold out for 1.4 K€ to the company, 19 B SA, a subsidiary of ALLIANCE DESIGNERS.

9.6. Staff headcounts

The Group's headcounts, excluding property employees, stood at 18 (excluding leaders), broken down at 31 December 2010 (18 at 31 December 2009) into:

- Senior staff: 10

- Non-senior staff: 8

Some employees are equally leaders of subsidiaries. They equally have an employment contract for their salaried activities. They are included in the two previous items.

9.7. Compensation/salaries

All information on the compensation of company managers are available in the management report. The most relevant information is provided here below:

In keeping with IFRS 2 requirements, the free shares granted to Mr Alain DUMENIL in the 2007 financial year (cf. note 9.8) give rise to a personnel expenses for 2010 of 2.3 M€, representing free shares with an acquisition period of 4 years.

Moreover, the General Meeting set the amount for sitting fees to be shared amongst board members for the current financial year at the (gross) amount of 120 K€. These were shared out as follows amongst the different board members:

Mr Patrick Engler:	55 K€
Mr Pierre Berneau:	40 K€
Mr Bernard Tixier:	20 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
NA

9.8. Compensation in Shares

The Board meeting of 25 July 2007 decided to offer free shares with stock options based on the following procedures:

Decision to grant free shares to be issued (in keeping with the authorisation voted by more than 99% of shareholders present, based on the 2nd resolution of the Ordinary and Extraordinary General Meeting of 21 March 2007): allocation of 8,660,000 free shares (representing 9.99132% of the company's share capital issued so far) on behalf of Mr Alain DUMENIL in his capacity as Chairman and Managing Director of the Company, and broken down as follows: 4.99566%, representing 4,330,000 shares floated for an acquisition period of 2 years and a retention period of 2 years, and, 4.99566%, representing 4,330,000 shares floated for an acquisition period of 4 years with no retention period.

• Decision to grant free shares to be issued (in keeping with the authorisation voted by more than 99% of shareholders present, based on the 2nd resolution of the Ordinary and Extraordinary General Meeting of 21 March 2007): on behalf of Mr Alain DUMENIL in his capacity as Chairman and Managing Director of the Company for 8,667,520 Options. Stock option exercise price: 3.21 euros for subscription of a share and 3.22 euros for purchase of a share. The options will be exercisable after a 1 year acquisition period (i.e. as from 26 July 2008), and remain valid until 25 July 2017.

In keeping with the preamble to the stock option plan adopted at the Board meeting of 25 July 2007, the Board meeting of 18 July 2008 decided that, firstly, the options granted are stock options. Secondly, the Board of Directors adjusted the number and price of the stock options following the distribution of bonuses. Actually, the Company had to make such an adjustment for the total subscription price to remain constant, thereby protecting the interests of the stock option beneficiaries. This adjustment therefore resulted in a right to exercise 9,528,520 stock options at an exercise price of 2,92 K€ (instead of 8,667,520 options at an exercise price of 3.21K€ prior to the adjustment).

The Board meeting of 28 August 2009:

took note of Mr DUMENIL's letter of 3 August 2009, whereby he expressly relinquished the totality of the stock options granted to him by the Board of Directors at their meeting of 25 July 2007,

decided, based on the authorisation granted at the joint General Assembly meeting of 21 March 2007, to allocate 9,936,436 stock options at a fixed price of 1.24 €,

decided, in keeping with Article L.225-185 of the Commercial Code, that Mr DUMENIL must keep 1% of the shares deriving from the option exercise until he quits his duties as Chairman and Managing Director, subject to this obligation not jeopardising the company's entitlement to the SIIC regime.

The Board meeting of 31 December 2009 (2h00 p.m.) pointed out that in case on the due date of the stock option(s) the company does not hold the volume of shares needed to exercise them, the options will firstly be call/purchase options to the tune of the number of shares actually held by the company and subscription rights for the remaining options that could not be exercised since the company lacked the number of shares required.

9.8.1. Assessment method for free shares and stock options

The assessment of the free shares and stock options was carried out in compliance with IFRS 2 requirements.

For the free share plans, the following specifications were retained:

- Underlying value: 3.29 € (this is the closing price of ACANTHE DÉVELOPPEMENT stock at 24 July 2007, on the eve of the share allocation);

- Annual dividend rate: 8%;

- Loan-borrowing margin (difference between the rate to be received in case of investment of the stock value and what will be paid for a loan of the same amount – or REPO margin): 2%;

- number of outstanding stock at the time of allocation: 86,675,203 shares.

The allocation of free shares were both assessed using the Black-Scholes model with the following specifications:

Features specific to free shares with 2 year acquisition period:
- Volatility: 24.10%;
- Risk-free rate: 4.52%;
- Borrowing rate during period of unassignability (2 years): 6%.

Features specific to free shares with 4 year acquisition period:
- Volatility: 25%;
- Risk-free rate: 4.54%.

For the new share plan, the following specifications were retained:
- exercise price: 1.24€ (representing 95% of the average price for 20 trading sessions prior to the issuing date of the options, i.e. 1.31€);
- annual dividend rate: 10% in 2010, 8% in 2011 and 2012, 4% for the other years;

- Loan-borrowing margin (difference between the rate to be received in case of investment of the stock value and what will be paid for a loan of the same amount - or REPO margin): 2%;
- number of outstanding stock at the time of allocation: 99,985,905 shares;
- Other dilutive instruments considered: free shares and BSAs.

The stocks options were assessed using the Cox, Ross & Rubinstein model based on binomial trees with the following specifications:
- Exercise price: 1.24 €;
- Volatility: 35%;
- Risk-free rate: 2.76%.

9.8.2. Valuation of stock options and free shares

The valuations were carried out at the allocation using reports by independent experts (namely the actuarial consultants, Valoria Conseil (1) and a financial company (2)).

Designation	Allocation date	Vesting date	Financial year ending	Number of stocks or options allocated	Cost recognised in books for stocks or options
Free shares					
2 year acquisition period	25/07/2007	26/07/2009		4,330,000	2.59 € (1)
4 year acquisition period	25/07/2007	26/07/2011		4,330,000	2.16 € (1)
Stock purchase warrants	28/08/2009	31/12/2009	28/08/2019	9,936,436	0.21 € (2)

The data on costs are a result of the application of IFRS 2 requirements that is mandatory for companies governed by the IAS-IFRS requirements, determined using the Black-Scholes and Cox, Ross & Rubinstein models, and are solely used for this purpose. It is worth noting that these costs are not an indicator of prices given by the company.

The expense recorded as personnel costs, with the equivalent being the issue premium item, is spread out as follows:

Year	Amounts recognised and to be recognised in M€	Options	Free shares due in 2 years	Free shares due in 4 years
2007	4.3	0.7	2.5	1
2008	9.2	1.4	5.5	2.3
2009	7.6	2.1	3.2	2.3
2010	2.3			2.3
2011	1.4			1.3

The expense booked in the fiscal years in which the employees acquired their rights is based on the fair value of the options and shares on the plan allocation date. This remains fixed regardless of subsequent changes in prices, be they upwards or downwards. It is worth noting that the price used to set the value of the free shares was 3.29 € (= closing price on the eve of the allocation date). The price used to determine the value of the options granted in 2009 after the beneficiary relinquished the previous ones was 1.31€.

9.9. Retirement provision

To perform a valuation of the retirement provision, the following assumptions were retained:

Salary growth rate: 2% yearly;
Discount rate: 3.84% (TMO 1st half-year 2010 + 0.25%);
The turnover rate retained was determined based on resignations and compared with the staff headcounts in service at 1st January of the year. The final rate represents the average over the last 3 years adjusted to discard any statistical abnormalities. On the other hand, the headcounts are broken down into3 age groups (-40 years, -55 years, and +55 years) and two socio-professional categories (senior staff and non-senior staff);
The life expectancy has been determined using new mortality tables for the years 2006-2008 provided by INSEE.

The provision at 31 December 2010 stood at 56 K€ against 34 K€ at 31 December 2009.

The change in laws on the pension plan, which has led to an extension of the period of contribution and a higher full-rate retirement age, had no specific incidence, however, on the level of the provision. Actually, in the calculation, the 65 year retirement age had already been taken into consideration.

9.10. Earnings per share.

The basic earnings per share stood at -0.002 € at 31 December 2010 (with the weighted average number of shares being 103,869,052).

With the basic result being a loss, the diluted result per share is identical to the basic result per share.

However, in the presence of a positive result, the allocation of free shares for 4,330,000 shares to be issued will be a dilutive instrument.

The instruments as described in note 9.1, whose exercise price is higher than the average price for 2010, may subsequently dilute the basic result per share, although it is not included in calculating the diluted result per share below.

Earnings per share at 31 December 2009

Numerator		
Net earnings - Group share at 31 December 2010 (in K€)	(292)	
Denominator		
Weighted average number of shares before dilutive effect	103,869,052	
Net earnings - Group share per undiluted share (in €)		**-0.003**
Net earnings - Group share per undiluted share (in €)		**-0.003**

The conversion of 2011 BSAs is not presented in calculating the diluted net earnings per share at 31 December 2009. Actually, this conversion has an accretive effect, and should therefore not be included in the dilutive calculation.

Earnings per share at 31 December 2009

Numerator		
Net earnings - Group share at 31 December (in K€)	(19,481)	
Denominator		
Weighted average number of shares before dilutive effect	98,433,715	
Net earnings - Group share per undiluted share (in €)		**-0.198**
Effect of dilutive shares		
Numerator		
Net earnings - Group share at 3& December 2009 (in K€)	(19,481)	
Dilution after issuance of 2011 Free Shares		
Denominator		
Weighted average number of shares before dilutive effect of 2009 free shares	98,433,715	
Number of shares to be issued in July 2011	4,330,000	
Total number of shares to be considered:	**102,763,715**	
Earnings per share after issuance of 2011 Free Shares (in €)		**-0.190**
Dilution after issuance of 2011 Free Shares		
Denominator		
Weighted average number of shares before dilutive effect of stock options	102,763,715	
Number of shares to be floated by exercising the stock options	9,812,168	
Number of shares acquired at market price using financial year earnings (1)	-9,412,667	
Number of dilutive shares	399,501	
Total number of shares to be considered:	**103,163,216**	
Earnings per share after exercise of stock options (in €)		**-0.189**
Net earnings - Group share per diluted share (in €)		**-0.189**

(1) Carried out using the stock purchase method required by the IAS 33 standard. This does not suggest by any means whatsoever that the company will buy back its own shares on the market with the amount obtained from exercising the stock purchase warrants.

The conversion of 2011 BSAs is not presented in calculating the diluted net earnings per share at 31 December 2009. Actually, this conversion has an accretive effect, and should therefore not be included in the dilutive calculation.

9.11. Information on rents at 31 December 2010

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 in ≤1 year	Due in >1 year and <5 years	Due in >5 years
Rents to be received	52,104	12,856	34,616	4,632
	52,104	**12,856**	**34,616**	**4,632**

The Group did not record any contingent rentals over the 2010 financial year.
The global description of the lease contract terms is provided in note 2.18.

9.12. Key events since 31 December 2010

The judgement of the Commercial Court of Paris rejected the claims of Messrs BARTHES and CEUZIN on the one hand and NOYER on the other hand to invalidate transactions carried out after the invalidated FIG General Meeting of 24 February 2004, and on the same grounds, nonsuited their petitions against ACANTHE DÉVELOPPEMENT (cf. note 9.3.4). The former minority shareholders lodged an appeal against these judgements that bore the provisional execution order.

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 DÉVELOPPEMENT 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 DÉVELOPPEMENT 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). ACANTHE DÉVELOPPEMENT lodged an appeal against the sequestration of VENUS shares and referred the sequestration of 1,7 Meto the Appeal Court of Paris (cf. note 9.3.4).

On the annual financial statements

AUDITOR'S REPORT ON THE ANNUAL FINANCIAL STATEMENTS AT YEAR ENDED 31 DECEMBER 2010

AUDIT AND CONSULTING FIRM
17 bis, rue Joseph-de-Maistre

75876 Paris Cedex 18

DELOITTE & PARTNERS
185, avenue Charles-de-Gaulle
B.P 136
92524 Neuilly-sur-Seine Cedex

ACANTHE DÉVELOPPEMENT

AUDITOR'S REPORT ON THE ANNUAL FINANCIAL STATEMENTS
Year ended 31 December 2010

To the Shareholders,

In discharging the mission assigned to us by your General Assembly, we are hereby submitting our report on the financial year ended 31December 2010 on:

- the auditing of the annual financial statements of the company, ACANTHE DÉVELOPPEMENT, as attached herewith;
- Justifications for our assessments;
- The specific verifications and information required by the law.

The annual financial statements were approved by the Board of Directors On the basis of our audit, the onus is on us to express our views on the said financial statements.

I. Opinion on the annual financial statements

We carried out our audit following the professional standards applicable in France. These standards require the implementation of due diligence and checks needed to reasonably ascertain that the annual financial statements do not contain any substantial abnormalities. An audit consists in checking, by sampling and using other selective methods, the items used to justify the figures and information mentioned on the annual financial statements. It equally consists in assessing the accounting principles used, the significant estimations retained and the global presentation of the financial statements. In our reckoning, the items we have collected are adequate and appropriate to form our opinion.

We hereby certify that, in view of French accounting rules and principles, the annual financial statements are genuine and in order, and provide a true and fair view of operating results for the financial year ended as well as of the state of the finances and assets of the company at the close of the said financial year.

Without questioning the conclusion expressed hereinafter, we are hereby drawing your attention to the point set out in note 6 of the appendix to the financial statements concerning tax litigation and other litigation in which the company is involved, and which states the reasons why provisions were not set aside for the purpose.

II. Justifications for assessments

In keeping with the terms of Article L.823-9 of the Commercial Code as concerns justification of our assessments, we wish to bring the following to your attention:

- On the basis of our deliberations and the information we have collected so far, and within the framework of the assessment of the accounting rules and principles applied by your company, we especially made sure that note 6 – "Litigation", provided appropriate information on the company's situation considering the disputes pending.
- Note 3.2 – "Investments and related receivables" describes the principles and procedures used to assess investments and their related receivables.

Our deliberations consisted in conducting a thorough appraisal of these investments and their related receivables in view of the value of the properties held by the companies, and on the basis of the appraisal reports and their financial situations, in keeping with the accounting principles in force, making sure that the information on the note to the appendix was appropriate.

The assessments thus made are in line with our financial audit method, taken as a whole, and therefore enabled us to form our opinion as expressed in the first part of the report.

III. Specific verifications and information

In keeping with the standard professional practice in France, we equally performed the specific audits required by the law.

We have no comments as to the fact that the information provided in the report of the Board of Directors and the documents submitted to the shareholders on the financial situation and the annual financial statements are genuine and consistent with the annual financial statements.

As concerns the information provided in keeping with Article L.225-102-1 of the Commercial Code on salaries and benefits paid to company managers as well as the commitments made on their behalf, we checked to make sure they matched with the financial statements or the data used to draw up the said financial statements, and where needed with the information collected by your company from the companies controlling your company or controlled by your company. On the basis of these deliberations, we hereby certify the accuracy and genuineness of the said information.

In keeping with the law, we made sure that the different information on the acquisition of shares and control of companies, and the identity of the holders of capital and voting rights were duly provided in the management report.

Done at Paris and Neuilly-sur-Seine, on 29 April 2011
The Auditors

AUDIT AND CONSULTING FIRM

DELOITTE & PARTNERS

DELOITTE & PARTNERS

Albert AIDAN

On the annual financial statements

AUDITOR'S REPORT ON THE ANNUAL FINANCIAL STATEMENTS AT YEAR ENDED 31 DECEMBER 2010

AUDIT AND CONSULTING FIRM
17 bis, rue Joseph-de-Maistre

75876 Paris Cedex 18

DELOITTE & PARTNERS
185, avenue Charles-de-Gaulle
B.P 136
92524 Neuilly-sur-Seine Cedex

ACANTHE DÉVELOPPEMENT

AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2010

To the Shareholders,

In discharging the mission assigned to us by your General Assembly, we are hereby submitting our report on the financial year ended 31 December 2010 on:

- the auditing of the conolidated financial statements of the company, ACANTHE DÉVELOPPEMENT, as attached herewith;
- Justifications for our assessments;
- Specific audit required by the law.

The consolidated financial statements were approved by the Board of Directors On the basis of our audit, the onus is on us to express our views on the said financial statements.

I. Opinion on the consolidated financial statements

We carried out our audit following the professional standards applicable in France. These standards require the implementation of due diligence and checks needed to reasonably ascertain that the consolidated financial statements do not contain any substantial abnormalities. An audit consists in checking, by sampling and using other selective methods, the items used to justify the figures and information mentioned on the annual financial statements. It equally consists in assessing the accounting principles used, the substantial estimations retained and the global presentation of the financial statements. In our reckoning, the information we have collected is adequate and appropriate for us to form our opinion.

We hereby certify that, in view of the IFRS requirements as adopted by the European Union, the consolidated financial statements are genuine and in order, and provide a true and fair view of the financial situation, the global results generated by the persons and entities included in the consolidation.

Without questioning the conclusion expressed hereinafter, we are hereby drawing your attention to the point set out in note 9.3 of the appendix to the consolidated financial statements concerning the pending tax and real estate litigation and other litigation in which the Group is involved, and which states the reasons why provisions were not set aside for the purpose.

II. Justifications for assessments

In keeping with the terms of Article L.823-9 of the Commercial Code as concerns justification of our assessments, we wish to bring the following to your attention:

- 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.

- In assessing the accounting rules and principles followed by your Group, we especially ensured that note 9.3 – Litigation, provided appropriate information on the situation of your Group in view of the tax, real estate and other litigation pending, in which the Group is involved.

The assessments thus made are in line with the methods we used to audit the consolidated financial statements, taken as a whole, and therefore enabled us to form our opinion as expressed in the first part of the report.

III. Specific audit

In keeping with the standard professional practices in France, we equally conducted the specific audit required by the law concerning the information on the Group as provided in the management report.

We have no comments as to their genuineness and their consistency with the consolidated financial statements.

Done at Paris and Neuilly-sur-Seine, on 29 April 2011
The Auditors

Audit and Consulting Firm

Jean-Marc FLEURY

DELOITTE & PARTNERS

Albert AIDAN

On regulated agreements and commitments

For year ended 31 December 2010

SPECIAL AUDITOR'S REPORT
ON REGULATED AGREEMENTS AND COMMITMENTS
FOR YEAR ENDED 31 DECEMBER 2010

AUDIT AND CONSULTING FIRM	DELOITTE & PARTNERS
17 bis, rue Joseph-de-Maistre	185, avenue Charles-de-Gaulle
	B.P 136
75876 Paris Cedex 18	92524 Neuilly-sur-Seine Cedex

ACANTHE DÉVELOPPEMENT

SPECIAL AUDITOR'S REPORT ON
REGULATED AGREEMENTS AND COMMITMENTS
General Meeting to approve the financial statements for the year ended 31 December 2010

To the Shareholders,

In our capacity as auditors of your company, we are hereby presenting our report on regulated agreements and commitments.

It is our duty to present to you, on the basis of the information received, the key characteristics and procedures of the agreements and commitments disclosed to us or that we would have discovered in the process of discharging our mission, while refraining from making any comments as to their relevance and validity, and searching to know whether any other agreements and commitment actually exist. Pursuant to Article R.225-31 of the Commercial Code, it is your duty to assess the rationale for concluding these agreements and commitments in view of their approval.

Moreover, where the need arises, the onus is on you to provide the information required in Article R.225-31 of the Commercial Code on the implementation, over the year ended, of the agreements and commitments already approved by the General Assembly.

We carried out all the due diligence we deemed necessary in view of the professional policy of the national association of auditors (Compagnie nationale des commissaires aux comptes) with regard to this mission. These due diligence operations consisted in ensuring that the information provided to us matched with the source documents from which they emanate.

AGREEMENTS AND COMMITMENT SUBMITTED TO THE GENERAL ASSEMBLY FOR APPROVAL

Agreements and commitments authorised over the financial year ended

Pursuant to Article L. 225-40 of the Commercial Code, we were informed on the agreements and commitments that had received prior authorisation from your Board of Directors.

With MEP CONSULTANTS:

Mr Philippe MAMEZ, Executive Managing Director and Board member of your company is equally a manager of the company, MEP CONSULTANTS. Following a Board meeting held on 13 January 2010, 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 2010 and setting the payment at 16,000 per month € xcl. taxes. Services of an extraordinary character shall give rise to an additional payment on the basis of 1,700 € per business day. It should be understood that this payment excludes extraordinary expenses, such as travel, accommodation and feeding expenses.

These services include counselling and assistance for management of the financial debt, relations with market authorities and the communications of your company.

The amount for services charged to your company stands at 200,500 € xcl. taxes for the financial year 2010.

With LORGA:

LORGA is a sub-subsidiary of your company.

In a Board meeting held on 6 July 2010, your company provided an on-demand guarantee to the company, ANTHURIUM, buyer of the property located at 3 rue d'Edimbourg - 75009 Paris, belonging to to company, LORGA, for a maximum amount of 250,000 €, for a period of 6 years effective from the date of conveyance of the property.

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.

With related companies:

In financing the acquisition of properties, your company made commitments to various banking institutions in the form of sureties, guarantees and/or collateral. On the summary table appended hereto, we are presenting the companies, on whose behalf ACANTHE DÉVELOPPEMENT has pledged its responsibility, the nature of the commitment and the limits of the commitments.

Done at Paris and Neuilly-sur-Seine, on 29 April 2011
The Auditors

AUDIT AND CONSULTING FIRM	DELOITTE & PARTNERS
Jean-Marc FLEURY	Albert AIDAN

APPENDIX TO THE SPECIAL AUDITOR'S REPORT

RELATED COMPANIES	Lending organisations	Joint surety without compensation Initial amount in €	Amount at 31/12/10 in €
SC BASNO	Deutsche PFANDBRIEFBANK	On-demand guarantee 21,000,000	17,220,000
SCI BRIAULX	Crédit Foncier	2,286,735	1,123,538
SCI BRIHAM	Crédit Foncier	1,969,641	606,451
SCI CANDIDE	SADE	2,800,000	Repaid at 31/12/10
SCI LES DAUPHINS			
SC DFLI	AAREAL	On-demand guarantee 396,000	Repaid at 31/12/10
SCI LES MEUNIERS	Deutsche PFANDBRIEFBANK	On-demand guarantee 5,640,614	Repaid at 31/12/10
SAS SFIF			
SARL LORGA	Deutsche PFANDBRIEFBANK	3,754,514	Repaid at 31/12/10
SNC VENUS formerly SA TAMPICO	Deutsche PFANDBRIEFBANK	1,905,613	1,305,344
SNC VENUS formerly SA TAMPICO	Crédit Foncier	3,048,980	892,303
SNC VENUS formerly SA TAMPICO	Deutsche PFANDBRIEFBANK	16,769,392	11,633,765
SNC PONT BOISSIERE	LANDESBANK SAAR	8,000,000	7,840,000
SC FRANCOIS I	Crédit Foncier	14,000,000	9,408,000
SCI FRANCOIS VII	Crédit Foncier	6,000,000	4,032,000