2014

ANNUAL REPORT

A portfolio
of quality buildings,
generating high
and secure yields

ACANTHE DEVELOPPEMENT

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ACANTHE DEVELOPPEMENT

PROFILE

ACANTHE DEVELOPPEMENT is a European and property company eligible for French SIIC (real estate investment company) tax status. More than 97% of its properties are located in the privileged districts of Paris.

ACANTHE DEVELOPPEMENT's strategy is underpinned by rigorous management of exceptional assets and the search for the best names to ensure capital growth on its portfolio and to secure a return on its assets.

ACANTHE DEVELOPPEMENT is listed in the C compartment of NYSE Euronext Paris and on the IEIF SIIC-REITS index.

ASSETS

81,47 %
in value comprising office space and commercial premises at 31/12/2014

24 270 m²
total floor area 31/12/2014

€189,6
million equity

€294,755
million at 31/12/2014

97,60 %
in value in Paris's central business district and in its historic centre

16 buildings
at 31/12/2014

CHAIRMAN'S MESSAGE

In 2014 the real estate market in France was characterized by two-speed growth, a trend already observed in previous years but one that was even more marked, with steadily rising values and low vacancy rates for "core" assets in the recognized business districts of Paris, whereas in other markets the situation was mediocre. Acanthe Développement continues to stand firm in the face of uncertainties still weighing on the French and European economic environments.

With a strategy embarked on in the 2000s to concentrate its assets in the central business district of Paris, as well as judicious arbitrage on its assets reaching maturity, the group has achieved its prime objective, namely to hold a portfolio of quality buildings generating high and secure yields.

On a like-for-like basis the appraised value of its assets is 294 million euros, up 2.88%; revenue for its part totals €9,965 million in rents.

With moderate leverage intentionally kept at 47.3% of its net worth, the group has confirmed its capacity to control its investment strategy and consolidate its soundness this past year.

Adjusted net asset value totals 189.5 million euros, making 1.289 euros per share.

Lastly, and to confirm its performance aims, Acanthe Développement has paid its shareholders a total of 336 million euros in dividends in the period from 2004 to 2014, not counting the distribution in 2015.

Alain DUMÉNIL
Chairman of the Board of Directors

MANAGEMENT & ORGANIZATION

The Board of Directors met 9 times in 2014. Beyond its statutory powers, its brief is to study external growth operations and set strategic and financial policy. The schedule and agenda of its meetings are planned in advance to ensure all directors have all the information they need at their disposal.

COMPANY MANAGEMENT

is handled by a small team for greater efficiency.

Chairman of the Board of Directors **Alain DUMÉNIL**

Managing Director **Patrick ENGLER**

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

STATUTORY AUDITORS FOR FINANCIAL YEAR 2014

INCUMBENT

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

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

SUBSTITUTE

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

M. FRANÇOIS SHOUKRY
5, avenue Franklin Roosevelt
75008 Paris

BOARD OF DIRECTORS

There are five board members, two of whom are independent.

MEMBERS

Alain DUMÉNIL
Chairman of the Board of Directors

Philippe MAMEZ
Director and Deputy Managing Director

Patrick ENGLER
Director and Managing Director

Jean FOURNIER
Non-executive director

Valérie DUMÉNIL
Director

APPRAISERS

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

The Group's portfolio was appraised by experts on 31 December 2014, mostly by the firm Crédit FONCIER EXPERTISE. Their appraisals were conducted according to the criteria set out in the Charte de l'Expertise en Evaluation Immobilière (French property appraisal charter) and applied by all the listed property companies.

BUSINESS, SOCIAL AND ENVIRONMENTAL POLICY

CAPITAL GROWTH: AN ACTIVE STRATEGY

The Group didn't sell any assets in financial year 2014. In other respects, the Group continued to add value to its assets:

- The building in Rue François Ier à Paris (8th): Following the signing of a new lease from 1st January 2015 with BRUNELLO CUCINELLI, replacing ANNE FONTAINE, the building is generating 2.9 million euros of annual rent.

- The building known as the «former Dutch ambassador's residence» in Paris (4th): The restructuring work on the commercial shell on the ground floor and basement of the building was completed in the 1st quarter of 2014, whereupon these areas will be wholly available for rent. The refacing work on the building will commence during the course of 2015 further to planning permission being granted at the end of 2014.

- Building at 24 Rue Georges Bizet in Paris (16th): a lease has been signed for the whole property complex (a little over 1000 m^2) with a law firm. The lease, which started in June 2014, was signed for a full-year headline rent of 520,000 euros. In addition, a refinancing arrangement for the building was made with MUNCHENER HYPOTHEKENBANK for 6.5 million euros.

ENVIRONMENTAL IMPACT OPTIMIZED CONTROL AND OBSERVANCE OF STANDARDS

None of Acanthe Développement's activities have any adverse impact in environmental terms.

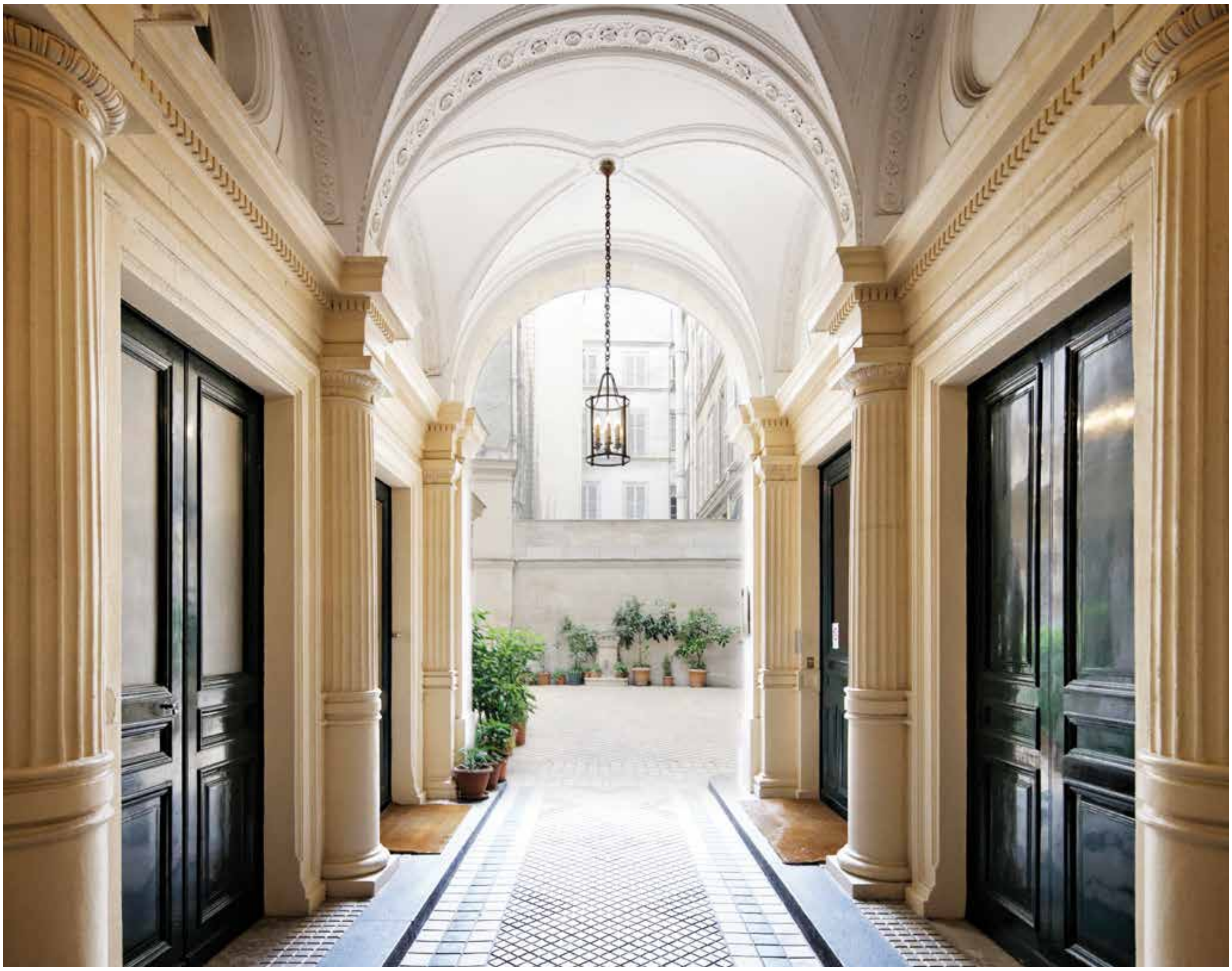
Broadly speaking, water and energy consumption is carefully managed and controlled.

In special cases involving major structural works on buildings, Acanthe Développement fully assumes its role as contracting owner. In this respect it ensures that current building and worker health and safety standards are met. It has this audited by independent experts to ensure impartial control and strict observance thereof.

In staffing terms, 23 employees (executive and non-executive staff in equal numbers, not counting personnel in buildings) are in charge of acquisition analysis and financing, portfolio valuation and financial management. The management of buildings and marketing are entrusted to specialized outside firms.

ASSETS

PARIS 1ST



184, rue de Rivoli

- 2,493 m^2 of office space, commercial premises and residential units
- A beautiful building in the typical style of the 19^{th} century at the corner of Rue de Rivoli and Rue de l'Echelle

PARIS 2ND

15, rue de la banque

- 2,019 m² of office space
- 9 parking spaces
- A beautiful building near La Bourse, in the heart of an important business district, in a district well served by public transport

PARIS 4TH

47, rue Vieille du Temple

- Private mansion
- The former residence of the ambassadors of Holland
- 1,718 m²

PARIS 6TH

3-5, quai Malaquais

- 549 m² of residential properties
- + parking spaces (Rue de Seine)
- 17th century building in the heart of the St Germain district, leading to the Quais de Seine

PARIS 8TH

2-4, rue de Lisbonne

- 2,458 m² of office space
- 38 parking spaces
- Typical Haussmann building near Place Saint-Augustin, at the corner of Rue de Lisbonne and Rue du Général-Foy, thus enjoying a double aspect

PARIS 8TH

17, rue François 1er

- 2,095 m² of commercial premises and offices
- Luxury commercial premises, near Avenue Montaigne

PARIS 8TH

7, rue de Surène

- 1,378 m² of offices and commercial premises
- Situated in the central business district, near Place de la Madeleine

PARIS 8TH

55, rue Pierre Charron

- 2,890 m^2 of offices and commercial premises
- Superb Haussmann building, very close to the Champs-Élysées, comprising an exceptional 70 m^2 hall and very spacious volumes on the upper floors
- Public parking near the building

PARIS 9TH

26, rue d'Athènes

- 963 m² of offices and commercial premises
- Double façade for this building situated in the immediate vicinity of Saint-Lazare station

PARIS 16TH

24, rue Georges Bizet

- 930 m² of office space
- Late 19th century mansion, entirely renovated, situate in the central business district

PARIS 16TH

2, rue de Bassano

- 3,400 m^2 of office space
- 20 parking spaces
- Exceptional private mansion comprising offices, a few metres from the Champs-Élysées

PRO FORMA

Address		Type	Floor area	Current financial occupancy	Current rent
PARIS					
184, rue de Rivoli	PARIS 1ST	Mixed-use building	2,652 m²	97%	€841,486
15, rue de la Banque	PARIS 2ND	Office building	2,019 m²	90%	€919,535
47, rue Vieille du Temple	PARIS 4TH	Private mansion	1,718 m²	NS	€0
6-8 Rue des Guillemites	PARIS 4TH	Car parks		NS	€5,891
3/5, quai Malaquais	PARIS 6TH	Apartments	549 m²	100%	€350,377
2-4, rue de Lisbonne	PARIS 8TH	Office building	2,458 m²	100%	€1,211,629
55, rue Pierre Charron	PARIS 8TH	Office building	2,890 m²	88%	€1,491,183
17, rue François 1er	PARIS 8TH	Commercial premises	2,095 m²	100%	€2,909,679
7, rue de Surène	PARIS 8TH	Mixed-use building	1,378 m²	100%	€630,986
18,20 rue de Berri	PARIS 8TH	Car parks	0 m²	NS	€0
26, rue d'Athènes	PARIS 9TH	Mixed-use building	963 m²	100%	€442,767
24, rue Georges Bizet	PARIS 16TH	Office building	930 m²	100%	€520,000
2, rue de Bassano (Buildings A & B)	PARIS 16TH	Office building	2,535 m²	89%	€1,465,798
2, rue de Bassano (Building C)	PARIS 16TH	Office building	865 m²	30%	€130,105
TOTAL PARIS			21,052 m²	82%	€10,919,436
PROVINCES AND ABROAD					
2 Avenue de la Grande Armée	AJACCIO	Residential	173 m²	NS	NS
Villeneuve d'Ascq	VILLENEUVE D'ASCQ	Land	NS	NS	NS
9 Avenue de l'Astronomie	BRUSSELS	Private mansion	3,043 m²	15%	€65,764
TOTAL PROVINCES AND ABROAD			3,216 m²	15%	€65,764

In the process of being sold

Building works

FINANCIAL DATA

The soundness of Acanthe Développement's assets stems from their concentration in Paris's central business district. Controlled debt is a guarantee of sustainability.

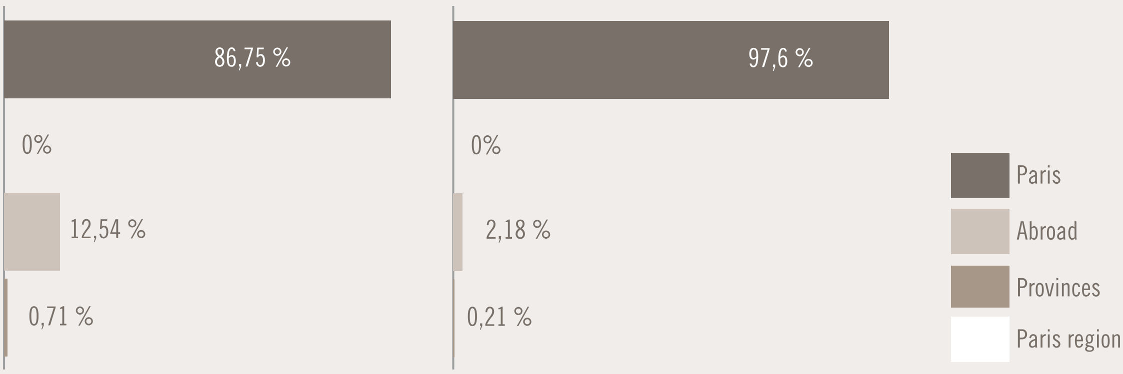
FOCUS ON NET WORTH

€294 million
Networth at 31/12/14

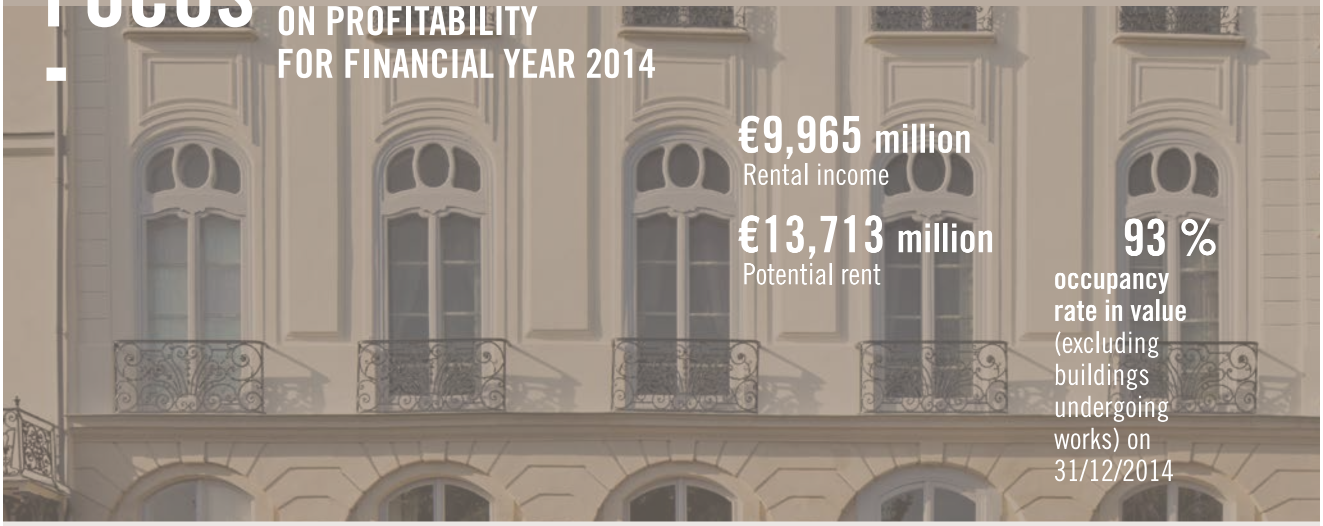
24 270 m²
Total floor area of assets at 31/12/14

BREAKDOWN OF ASSETS by floor area

BREAKDOWN OF ASSETS by value



FINANCIAL DATA



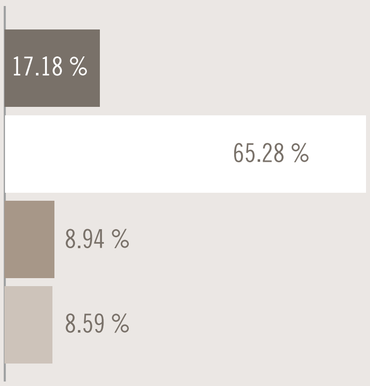
FOCUS ON PROFITABILITY FOR FINANCIAL YEAR 2014

€9,965 million
Rental income

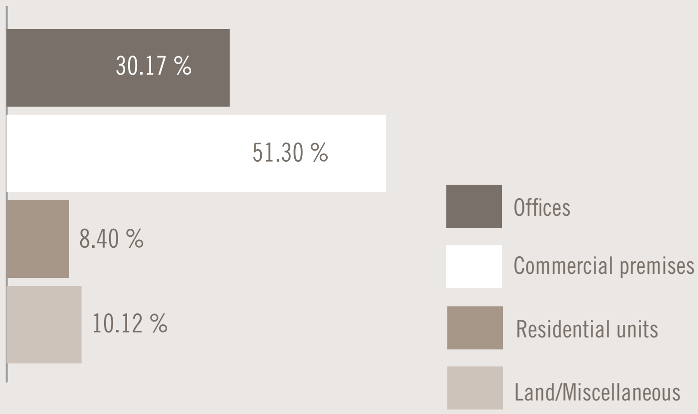
€13,713 million
Potential rent

93 %
occupancy rate in value (excluding buildings undergoing works) on 31/12/2014

NATURE OF ASSETS
by floor area



NATURE OF ASSETS
by value



FOCUS ON THE FINANCIAL POSITION

Equity, Group share	€189.5 million
Net debt	€89.7 million
Net debt/ equity ratio, Group share	47.3%
Adjusted Net Asset Value after dilution, per share	€1.289

FOCUS ON FINANCIAL PERFORMANCE

Operating profit before disposals and allowances	€5.944 million
including change in value from investment properties	€7.443 million*

* Estimated by an appraisal firm, based on the criteria of the Charte de l'expertise en évaluation immobilière (French property appraisal charter). Estimated on 31 December 2014, the market value represents the expected selling price of a building within approximately six months.

Net consolidated group income	-€1.533 million
Cash flow from operations	-€2.182 million

FOCUS ON SHAREHOLDERS' DIVIDENDS

Changes in dividend, ordinary + bonus

2004 :	€0.15 + €0.53
2005 :	€0.28 + €0.47
2006 :	€0.13 + €0.45
2007 :	€0.13 + €0.16
2008 :	€0.20 + €0.19
2009 :	€0.04
2010 :	€0.15
2011 :	€0.47 + €0.60
2012 :	€0.9
2013 :	€0.06
2014 :	€0.03
Accumulated amount for period 2004-2013	€336 million

STOCK MARKET DATA AT 31/12/2014

Breakdown of capital

Floating	42.12%
+ Alain Duménil directly and indirectly	57.88%

OPERATING AND FINANCIAL REVIEW OF THE BOARD OF DIRECTORS

As provided for by Articles L. 451-1-2 of the French Monetary and Financial Code and 222-3 of the General Rules of the AMF (Financial Markets Authority), this report includes the following documents and disclosures:

1 Certificate issued by natural persons taking responsibility for the annual financial report 22

2 Operating and financial review of the Board of Directors on the Company and the consolidated Group presented to the Annual Ordinary and Extraordinary General Meeting. This report includes the report of the Chairman of the Board of Directors pursuant to article L.225-37 of the French Commercial Code on internal control procedures (appendix 6 to the operating and financial review) and the auditors' report pursuant to article L. 225-235 of the French Commercial Code on the Chairman's report (appendix 7 to the operating and financial review) 23

3 Parent-company financial statements of ACANTHE DEVELOPPEMENT for the period ending 31 December 2014 (and the notes thereto) 95

4 Consolidated financial statements of ACANTHE DEVELOPPEMENT for the period ending 31 December 2014 (and the notes thereto) 119

5 Auditors' report on the annual financial statements for the period ending 31 December 2014 192

6 Auditors' report on the annual consolidated financial statements for the period ending 31 December 2014 194

7 Auditors' special report on the annual consolidated financial statements and regulated commitments 196

CERTIFICATE ISSUED BY NATURAL PERSONS TAKING RESPONSIBILITY FOR THE ANNUAL FINANCIAL REPORT

«I hereby certify that to my knowledge the individual and consolidated financial statements for the period ending 31 December 2014 as presented in the following financial report have been drawn up in accordance with generally accepted accounting principles and give a true and fair view of the asset base, financial position and earnings of the company and of all consolidated companies, and that the operating and financial review presents an accurate view of trends in the business, earnings and the financial position of the company and of all consolidated companies, as well as a description of the main risks and uncertainties they face.»

Company ACANTHE DEVELOPPEMENT
Represented by: Patrick Engler
CEO

OPERATING AND FINANCIAL REVIEW OF THE BOARD OF DIRECTORS PRESENTED

TO THE ANNUAL AND EXTRAORDINARY SHAREHOLDERS' MEETING OF 25 JUNE 2015

Dear Shareholders,

We have convened the general shareholders' meeting, as required by law and our articles of association to (i) report the results of our management during the period ending 31 December 2014, (ii) seek your approval of the said period's accounts, (iii) ratify the appointment of a new director, (iv) renew the term of office of a director, (v) renew the engagement of a co-incumbent statutory auditor and a co-substitute statutory auditor, (vi) renew the authority vested in the Board of Directors to buy and sell the Company's own shares, (vii) authorize the Board of Directors to reduce share capital by cancelling redeemed shares, (viii) increase the capital with a view to remunerating in-kind contributions, (ix) authorize the Board of Directors to proceed with certain changes in the share capital, (x) vest the Board with the authority to increase the share capital by issuing new shares reserved for subscribers to a company savings plan and (xi) harmonize the articles of association with the new statutory and regulatory provisions.

The formalities for convening this Meeting have been duly accomplished.

As required by current regulations, the relevant documents and information have been sent to you or kept at your disposal and at the disposal of holders of securities giving access to your share capital within the time limits laid down by statutory and regulatory provisions and by our Articles of Association.

We would remind you that you have been convened to rule on the following agenda:

AGENDA

UNDER THE GENERAL PROCEDURE:

- Operating and financial review of the Board of Directors for the period ending 31 December 2014, including the Group's operating and financial review;
- The Chairman of the Board's report on internal control procedures as provided for by Article L.225-37 of the French Commercial Code;
- Supplementary report of the Board of Directors on the use of powers granted in connection with capital increases (Articles L.225-129-1 and L.225-129-2 of the French Commercial Code);
- The Auditors' reports on the financial statements for the period ending 31 December 2014 and on the consolidated financial statements;
- The Auditors' special report on the Chairman's report on internal control procedures as required by Article L.225-37 of the French Commercial Code;

- The Auditors' special report on the regulated commitments and agreements pursuant to 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;
- Appropriated earnings;
- Approval of the covenants referred to in Article L.225-38 of the French Commercial Code;
- Setting Directors' fees;
- Opinion on the items of the compensation plan due or awarded to Mr Alain Duménil, Chairman of the Board of Directors, for the period ending 31 December 2014,
- Opinion on the items of the compensation plan due or awarded to Mr Philippe Mamez, Deputy CEO, for the period ending 31 December 2014,
- Opinion on the items of the compensation plan due or awarded to Mr Patrick Engler, CEO, for the period ending 31 December 2014,
- Ratification of the provisional appointment of Mr Jean Fournier as new director;
- Renewal of the directorship of Mr Jean Fournier;
- Renewal of the engagement of Deloitte & Associés as co-incumbent statutory auditors;
- Renewal of the engagement B.E.A.S as co-substitute statutory auditors. ;
- Authority vested in the Board of Directors to set up a new share redemption plan;
- Authority vested in the Board of Directors to increase the capital through incorporation of reserves, profits or premiums;
- Powers vested for legal formalities.

UNDER THE EXTRAORDINARY PROCEDURE:

- Authority vested in the Board of Directors to reduce the share capital by cancelling treasury shares;
- Delegate powers to the Board of Directors with a view to proceeding with a capital increase by issuing ordinary shares with preferential subscription rights and/or securities giving access to equity and/or securities with rights to debt securities;
- Delegate powers to the Board of Directors with a view to proceeding with a capital increase by issuing ordinary shares without subscription rights and/or securities giving access to equity and/or securities with rights to debt securities;
- Authority to increase the amount of shares issued in the event of surplus applications;
- Authority vested in the Board of Directors to proceed with a capital increase, up to a maximum of 10% of capital, with a view to remunerating in-kind contributions, equity securities or securities giving access to equity;
- Delegation of authority to the Board of Directors to proceed with a capital increase by issuing shares reserved for subscribers to a company savings plan set up pursuant to articles L.225-129-6 of the French Commercial Code and L.3332-18 et seq of the Labour Code;
- Ceiling on capital increases;
- Amendment of article 15 of the articles of association so as not to grant double voting rights pursuant to the last subsection of article L.225-123 of the French Commercial Code;
- Amendment of article 34 of the articles of association on the conditions of admission to general shareholders' meetings;
- Powers vested for legal formalities.

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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):

Key information

In millions of euros unless otherwise specified	31 dec 14	31 dec 13	Changes
Property assets (including Inventories)	294,8	286,0	8,7
Shareholders' equity, Group share	189,6	190,3	-0,7
Financial debt	89,7	84,9	4,7
Adjusted Net Asset Value diluted per share (€) (1)	1,289	1,339	-0,1

(1) Not including dilutive instruments. 4.896.436 stock options remain but their exercise has not been taken into account given that this period is of little interest to the beneficiary (exercise price = €1.24 compared with the quoted market price of €0.34 at 31/12/2014)

The segment disclosures are presented below and in note 6 of the consolidated financial statements.

Revenues for 2014 totalled €10,948,000, against €10,432,000 in the prior period, up 4.9%. This increase is primarily the result of the following events:

The building in Rue de Lisbonne (Paris 8th) and the building in Rue de la Banque (Paris 2nd) showed a fall in revenue in 2014 (respectively -€247,000 and – €53,000) following the departure of lessees. Lessees were found for the two lots in the building in Rue de Lisbonne (one in September 2014, the other in February 2015), and the entire building is now leased out. With regard to the building in Rue de la Banque, one lot was leased out again in January 2015 so only one lot is still vacant.

But these shortfalls should be weighed up against the rest of the company's assets, which performed well: revenue from all the followed buildings showed a slight increase: the building in Rue de Rivoli in Paris 4th, acquired in June 2013, boosted overall revenue in 2014 (+ €467,000 compared with 2013) and the building in Rue Bizet in Paris 16th, fully leased out to a law firm in 2014, showed a + €249,000 increase in revenue compared with 2013.

On a like-for-like basis, Group revenue is up 6.40% (+€556,000).

At operating segment level, office space revenues represent 57.0% (€6,245,000) of total revenue, against 59.1% (€6,172,000) in 2013.

Other usual segments: commercial premises and the residential sector for their part represent respectively 34.4% (€3,878,000) and 7.5% (€825,000) of total revenue.

By way of comparison, other segments (commercial premises and the residential sector) for their part represented respectively 34.8% (€3,626,000) and 6.1% (€635,000) of total revenue.

Geographically, buildings in Paris (inside the city boundaries) generate 99.1% of revenue.

The Group did not make any disposals in 2014. It continued to add value to its assets:

- Building in Rue François Ier in Paris (8th): Following the signing of a new lease from 1st January 2015 with BRUNELLO CUCINELLI, replacing ANNE FONTAINE, the building is generating 2.9 million euros of annual rent.

- The building known as the «former Dutch ambassador's residence» in Paris (4th): The restructuring work on the commercial shell (the ground floor and basement) of the building was completed in the 1st quarter of 2014, whereupon these areas are now entirely available for rent. As planning permission was granted at the end of 2014, the refacing and brickwork (façades and interior courtyards) started in March 2015: they will take roughly 9 months and cost 1.6 million euros excluding tax.

- Building at 24 Rue Georges Bizet in Paris (16th): A lease has been signed for the whole property complex (a little over 1,000 m²) with a law firm. The lease, which started in June 2014, was signed for a full-year headline rent of 520,000 euros. In addition, a refinancing arrangement for the building was entered into with Deutsche Hypothekenbank for 6.5 million euros.

Your real estate assets valued at €294.8 million have been financed primarily with medium and long-term bank loans. The credit outstanding on this financing has risen from

€93.0 million at end 2013 to €94.8 million as of 31 December 2014.

On 28 July 2014, an audit of ACANTHE DEVELOPPEMENT's accounts was initiated, for periods from 1st January 2011 to 31 December 2013.

The audit was completed in December 2014 without any adjustments.

1.2. CHANGES IN ACANTHE DEVELOPPEMENT OVER THE PAST FINANCIAL YEAR (ARTICLE L.225-100 OF THE FRENCH COMMERCIAL CODE):

Increase in share capital:

During the period ending 31 December 2014, the Company's capital was increased from 19,312,608 euros representing 142,131,582 shares on 31 December 2013 to 19,991,141 euros representing 147,125,260 shares on 31 December 2014.

This increase is due to the shareholders' reinvestment as part of the dividend payment in shares:

The Annual Ordinary and Extraordinary General Meeting on 25 June 2014 offered each shareholder the choice between a dividend payment in cash or in Company shares. The share option was chosen by holders of 67,050,018 shares. On 15 July 2014 the Board of Directors set the price of new shares at 0.39 euros per share as approved by the said meeting.

The Board noted that further to payment of the dividend in shares, 4,993,678 new shares had been issued. The new shares were fully paid up (nominal value and share premium) in cash for a total amount of 1,947,534.42 euros (4,993,678 x 0.39 euros). The difference between the total amount subscribed and the capital increase, namely 1,269,001.58 euros, was entered in a «share premium» account.

The sum of 0.16 euros debited from the «share premium» account was then incorporated into the new share capital to make it a round number.

Directors:

At the Board of Directors meeting on 30 May 2014, the directors appointed Miss Valérie Duménil as new director for the rest of her predecessor's term, namely until the general shareholders' meeting convening to approve the accounts of period ending 31 December 2018, in place of Mr Bernard Tixier, who has resigned.

The shareholders, convening for the Annual Ordinary and Extraordinary General Meeting on 24 June 2014, ratified the co-option of Miss Valérie Duménil and renewed the directorship of Mr Phippe Mamez for a new six-year term, until the General Shareholders' Meeting convening to approve the accounts for period ending 31 December 2019.

2. PARENT-COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDING 31 DECEMBER 2014

2.1. PARENT-COMPANY FINANCIAL STATEMENTS

Intangible assets primarily comprise a long-term lease on a mansion in Avenue de l'Astronomie in Brussels, the subsoil belonging to TRENUBEL, a wholly-owned subsidiary of ACANTHE DEVELOPPEMENT.

The net value of real estate assets totals €4.60 million and includes an office and commercial building in Rue d'Athènes in Paris 9th, with 963 m² of floor area and a plot of land in Brussels as well as fixtures in the mansion for which the Company has the aforementioned long-term lease.

Equity interests in your subsidiaries total €227.49 million (including company VENUS for €217.7 million) in net value as of 31 December 2014 (gross value €228.14 million less a provision of €0.68 million) and have not undergone any significant change.

Other receivables from equity interests primarily comprise €41.43 million net of advances made to your subsidiaries, against €38.59 million in 2013. This increase primarily results from advances granted to subsidiary BALDAVINE SA and its lower-tier subsidiary SCI DE L'HOTEL AMELOT to finance the works on the building at 47 Rue Vieille du Temple in Paris 4th. In other respects, during the period cash advances are made between subsidiaries according to their needs.

The other investments essentially include the deposit as guarantee (paid with regard to the rental of the head office).

Trade and other receivables (€1.79 million) essentially include €1.79 million of unbilled receivables, including reinvoiced head office and payroll expenses.

Other receivables total €2.52 million, against €2.81 million on 31 December 2013. They essentially include €0.61 million of VAT receivables, and €1.7 million in escrow concerning a dispute with the minority shareholders of a former subsidiary (FRANCE IMMOBILIER GROUP, see note 9.3.4 to the consolidated financial statements at 31 December 2014).

Short-term investments and cash assets total €3.95 million against €7.01 million in 2013.

Shareholders' equity amounts to €138.07 million 31 December 2014. The €7.63 million decrease compared with 31 December 2013 is chiefly the result of:

- the reinvestment of 67,050,018 coupons generating the creation of 4,993,678 shares and a €1.95 million increase in shareholders' equity;
- the dividend distribution for a gross amount of €4.26 million;
- a deficit of €5.31 million in period 2014.

Contingency and loss provisions total €8.94 million against €5.84 million at the previous closing. They were funded for a total of €3.1 million to cover tax risks. These are explained in detail in note §9.3 to the consolidated financial statements.

Bank borrowings total €1.08 million in 2014 against €1.22 million in 2013. The decrease reflects repayments as per the bank loan schedule.

Loans and financial liabilities total €134.52 million, including €130.22 million with SNC VENUS, against €126.1 million on

31 December 2013; the change primarily concerns cash advances to subsidiaries having cash surpluses.

Advances and down payments received on orders total €0.12 million and represent lessees' advance payments on their rents for the 1st quarter of 2015.

Trade and other payables comprise €0.18 million of supplier payables and €0.64 million of unbilled payables.

Tax and social security liabilities total €0.42 million, mainly a VAT debt (€0.28 million).

The period showed a loss of €5.31 million against a loss of €6.48 million in the prior period, primarily comprising;

- €2.58 million of revenue, including €0.51 million of rents and occupancy expenses from the building at Rue d'Athènes (Paris 9th), €0.09 million of rents and occupancy expenses from the building in Brussels, €0.14 million of revenue from subletting the head office in Rue de Bassano, €1.51 million of revenue from reinvoiced committed and payroll costs, and lastly €0.31 million of revenue from reinvoiced renovations on the building in Rue Vieille du Temple on behalf of SCI DE L'HÔTEL AMELOT;

- operating expenses totalling €4.3 million (part of which was reinvoiced, see previous paragraph, in particular €0.31 million of expenses committed on behalf of SCI DE L'HÔTEL AMELOT). These primarily include €1 million of rents and occupancy expenses on the head office, €1.04 for fees, €0.75 million for salaries and social security taxes and €0.35 million for amortization expenses;

- a €0.17 million share in the profits transferred from a subsidiary;

- net financial income totalling -€0.7 million, which includes among other things €0.37 million of dividends paid by subsidiaries and -€0.95 million of net finance charges on advances granted to or received from subsidiaries;

- -€3.07 million of provisions for tax risks.

2.2. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

The value of the investment properties as of 31 December 2014 amounts to €288.29 million. This value as of 31 December 2014 is the fair value of the investment properties.

The premises occupied by the Group (389 m² at 2, Rue de Bassano – Paris 16th) follow IAS 16 on Property, Plant and Equipment. In accordance with IAS 16§36, the group continues to apply the revaluation method for Land and Buildings asset classes. The net revaluation of these premises was €5.99 million as of 31 December 2014.

Financial assets essentially include shares in BASSANO DEVELOPPEMENT, which owns a 4-star hotel in which 15% of the capital is held; these shares are measured at fair value on the basis of adjusted net asset value and stand at €5.1 million.

Cash and cash equivalents amount to €5.13 million, comprising €3.85 million of short-term investments and €1.28 million of cash.

Other asset items are itemized in §4.3 of the notes to the consolidated financial statements.

Shareholders' equity amounted to €189.50 million excluding non-controlling interests against €190.28 million on 31 December 2013.

The change in shareholders' equity compared with 31 December 2013 is primarily explained by:
- The reduction in consolidated group reserves further to the dividend payment (-€4.26 million);
- The €0.68 million capital increase and €1.27 million share premium, as a result of dividends reinvested in shares;
- «Group» consolidated income for the period showed a profit of €1.53 million.

Contingency and loss provisions concern:

- Tax disputes (€10.66 million);

- Other disputes for €0.4 million, including €0.32 million for the provision covering the adverse rulings of the Paris Court of Appeal on 27 February 2014, against which an appeal in law has been lodged. The Group paid the entire debt of Mr Barthes further to this decision in 2014. As of 31 December 2014 there remained the provision for charges in respect of Mr Noyer's debt: this was settled in April 2015.

- the €0.23 million provision for retirement severance pay, which was reduced by €5,000 during the period, including income of €24,000, arising from actuarial calculations recognized in other comprehensive income, and a €19,000 allowance for the period.

Financial liabilities (current and non-current) rose from €93.0 million in 2013 to €94.8 million at the end of 2014.

During the period, a loan totalling €6.5 million was taken out with DEUTSCHE HYPOTHEKENBANK by SCI BIZET 24 to refinance the building at 24 Rue Bizet in Paris 16th. The 8-year loan will expire in June 2022 and bears interest at the fixed rate of 3.028%, which will be lowered to 2.828% when the Loan to Value ratio (the debt divided by the appraised value) falls below 60%. The loan capital will be written down by 0.50% in the first year then by 2.60% in the seven following years and the balance at the end.

Other liabilities are itemized in §4.6 and 4.7 of the notes to the consolidated financial statements.

Consolidated income statement

Consolidated turnover totalled €10.95 million as of 31 December 2014 (€9.25 million from rents and €1.70 million from reinvoiced expenses), against €10.43 million on 31 December 2013 (€8.69 million from rents and €1.74 million from reinvoiced expenses). Turnover is explained in paragraph 1.1 of this operating and financial review.

Net revenue form buildings totals €8.16 million as of 31 December 2014 against €6.86 million on 31 December 2013.

At the end of December 2014, operating profit excluding sales of investment property totalled €5,944,000, against €1,669,000 in 2013. The main components of this change are:

- The €1,300,000 increase in net revenue from the aforementioned buildings,

- The €7,443,000 change in the fair value of investment property in 2014 (see 4.1.1 of the note to the consolidated financial statements at 31 December 2014), against an increase of €2,625,000 (up €4,818,000);

- As of 31 December 2014, the provision stood at -€ 2,576,000, against -€409,000 on 31 December 2013. The increase in charges (-€2,167,000) is explained in particular by the €1,800,000 early cancellation charge on a lease in the building in Rue François 1er, recognized in 2014. Further to the early termination of the lease, a 9-year lease for an annual rent of €300,000 was signed with a new lessee for the same floor area.

- Provisions for risks and contingencies are lower this year. They total -€5,092,000, against -€8,001,000 on 31 December (a positive variance of €2,909,000). Among other things they cover tax risks (€4,886,000) and provisions for litigation (€39,000, see cross-reference to specific developments).

In other respects, for this period «Reversals of other amortization and provisions» includes €1,239,000 of reversed provisions for tax disputes concerning subsidiary LORGA, €383,000 of reversed provisions for other disputes and a €33,000 reversed provision for depreciation of trade receivables against total reversed provisions of €695,000 in the prior period.

The Group did not make any disposals of investment properties in 2014. Disposals of investment properties were therefore nil, against a profit of €124,000 on 31 December 2013.

Income taxes include €1,061,000 for company LORGA's tax reassessment relating to financial year 2005, this charge is covered by a reversed provision (see above).

Net consolidated income showed a profit of €1,701,000, including €1,533,400 for the group owners' share and €168,000 for non-controlling interests.

Significant disputes of any kind are explained and analysed in note 9.3 to the consolidated financial statements.

2.3. RISK FACTORS

The company has carried out a review of any risks that could have a significant impact on its business, financial position or performance (or its ability to achieve its goals) and considers that there are no significant risks other than those presented here.

Equity management risk

The Group manages its equity to ensure that the Group's entities can continue operating by maximizing return on shareholder investment through an optimized balance between «shareholders' equity» and «net financial liabilities».

Net financial liabilities» include the loans referred to in note 4.6 to the consolidated financial statements less cash and cash equivalents. «Shareholders' equity» includes the parent company's share capital plus consolidated reserves and the period's consolidated income (loss).

in thousands of €	31/12/2014	31/12/2013
Debt outstanding with lending institutions	94 785	92 961
Cash and cash equivalents	(5 133)	(8 037)
Net financial liabilities	89 652	84 924
Group share of shareholders' equity	189 504	190 277
Group share debt/equity ratio	47%	45%

The Group's share of the debt/equity ratio does not take €23,000 worth of treasury shares into account nor the surplus arising from current realizables, i.e. the difference between current assets (apart from cash and cash equivalents) and current liabilities (apart from current financial liabilities).

Although the ratio has risen, it is still under 50%, and does not suggest a risk of financial dependency.

Interest-rate risk

As the ACANTHE DEVELOPPEMENT group leverages at a variable rate, its debt could be exposed to an interest-rate risk. However the Group pursues a prudent policy geared to the profile of its activities, and makes use of financial instruments to hedge against rising interest rates.

Variable-rate borrowings are partially capped (€42.9 million), as swaps have been put in place.

Derivatives at 31/12/2014

Instruments	Maturity	Notional at 31/12/2014 In 1,000s of euros
CAP swap (3.65% guaranteed rate)	30/06/2016	14 906
CAP swap (3.50% guaranteed rate)	24/04/2020	28 000
TOTAL		**42 906**

In order to assess the risk to debt, the following table (see note 4.6. to the consolidated financial statements) summarizes the values and the payback periods for variable-rate borrowings, and for fixed-rate borrowings with a rate reset for each five or ten-year period.

The sensitivity analysis is based on the position of its debt and interest rate derivatives (the Group is not exposed to exchange rate risk) at year-end closing.

Sensitivity is the effect a 0.6% variation in the interest rate would have on profit or loss or on shareholders' equity compared with the interest rates prevailing in the period. The Euribor rate was 0.078% at 31 December 2014. The fall was thus limited to -0.1%, as it could not fall any lower.

The Euribor rate was 0.287% at 31 December 2013. The fall was thus limited to -0.3%.

Rate change sensitivity

	31/12/2014		31/12/2013	
In 1,000s of euros	A rise in net income	A fall in net income	A rise in net income	A fall in net income
Interest rate +0.6%/-0.1%	340	-57	237	-147

As the derivative is a variable interest rate swap variable compared with a capped rate, it is estimated that the rates exchanged increase symmetrically without reaching the CAP threshold, and thus do not affect net income.

Liquidity risk

Group policy however consists in diversifying its counterparties to avert the risk of excessive concentration and to select quality counterparties. Moreover, the Group controls credit risk associated with the financial instruments it invests in according to the credit rating of its counterparties. As of 31 December 2013, the Group's cash position stood at €5.13 million, against €8.04 million on 31 December 2013. The Group invests its cash surpluses in short-term monetary instruments negotiated with counterparties having at least a three-star Morningstar credit rating. Off-balance sheet derivatives are negotiated with leading banks.

At 31 December 2014, the short-term liquidity balance was achieved, as current liabilities (€11.3 million as of 31 December 2014, against €10.0 million on 31 December 2013) were offset by current assets (€16.2 million as of 31 December 2014, against €19.2 million euros on 31 December 2013).

Matured receivables not impaired:

	31/12/2014						
	Assets matured at year-end closing				Asset written down	Assets neither written down nor matured	
In 1,000s of euros	0-6 months	6-12 months	over 12 months	Total	Total	Total	Total
Customer receivables	-	-	13	13	115	2 858	2 985
Other receivables	-	-	767	767	-	5 984	6 751
TOTALS	**-**	**-**	**780**	**780**	**115**	**8 842**	**9 736**

Other receivables overdue for more than 12 months mainly include state carry-backs and escrow funds.

Leases are subject to returnable deposits equal to three months' rent excluding service charges, limiting the risk of uncollectibility of rent.

	31/12/2013						
	Assets matured at year-end closing				Asset written down	Assets neither written down nor matured	
In 1,000s of euros	0-6 months	6-12 months	over 12 month	Total	Total	Total	Total
Customer receivables	-	-	59	59	118	1 490	1 667
Other receivables	-	1	1 923	1 924	-	6 948	8 872
TOTALS	**0**	**1**	**1 982**	**1 983**	**118**	**8 438**	**10 539**

The following table lists the outflows of cash (capital + accrued interest) needed to make bank loan repayments, in order to complete the information on Group liquidity risk.

Rate type	Total Cash Flow at 31/12/2014	Units			
		< 3 months	> 3 month	> 1 year	over 5 years
			< 1 year	and < 5 years	
Fixed rates	43 203	558	1 706	9 864	31 075
Variable-rates (Euribor)	53 022	540	1 811	9 650	41 021
Fixed rates adjusted every five year (PEX 5-year)	15 676	402	1 331	13 599	344
TOTAL	**111 902**	**1 500**	**4 848**	**33 113**	**72 440**

Certain loans include clauses allowing for accelerated maturity in certain cases (see note 7.2 to the consolidated financial statements at 31 December 2014).

Finally, regarding the amount of dividend to distribute under the SIIC (Real Estate Investment Company) regime, the company will take all appropriate measures to meet its obligations, where appropriate by realizing certain assets.

The Company has carried out a special review of its liquidity risk and considers it is in a position to meet its scheduled payments.

Risk relating to future investments

The Group's opportunities strategic depend on its ability to mobilize funding in the form of loans or shareholders' equity to fund its investments. One should consider a scenario of events affecting the property market or an international crisis affecting financial markets, in which the company would not have access to the funding it needs to fund the acquisition of new buildings, due either to lack of available capital or to the terms and conditions imposed on the desired funding arrangements.

Credit risk

This risk concerns Group investments and the Group's counterparties in its business and derivative transactions. The credit risk on financial assets is limited by the type of instrument used, primarily monetary investment funds managed by well-known institutions. The Group invests is surpluses in short-term monetary financial instruments negotiated with counterparties having a credit rating of at least AA- (Standard & Poors) and AA2 (Moody's).

Regarding transactions in derivatives, these are only made with large financial institutions.

ACANTHE DEVELOPPEMENT's capacity to collect rents depends on the solvency of its lessees. ACANTHE DEVELOPPEMENT takes the quality of lessees into consideration before signing any leases. ACANTHE DEVELOPPEMENT's operating profit could however be relatively prone to lessees occasionally defaulting on their payments.

All our leases are granted to SMEs. In the event of dishonoured rent payments, the lessee would be deemed legally insolvent. The court-appointed administrator would then decide whether or not to allow the lease to continue, in which case he would be liable for the payments out of his own funds. The administrator could, generally within 3 months (covered by the returnable deposit), decide to end the lease and thus surrender the keys of the premises to us.

In such cases the only risk for the group would be the period of vacancy before finding a new lessee, with a negotiated rent that could be higher or lower, depending on the market.

The highest customer debt (excluding affiliated companies) represented 23.87% of customer outstandings at 31 December 2014 (against 15.87% at 31 December 2013). Only ANNE FONTAINE (former lessee at Rue François 1er in Paris), and ASSOCIATION VIGUIER SCHMIDT (lessee at 2-4 Rue de Lisbonne in Paris) represent over 10% of outstanding customer receivables on the balance sheet.

The five customers with the most outstandings on the balance sheet represent 46.24% (€787,000) and the ten with the most outstandings represent 52.58% (€895,000): A total of €442,000 had been repaid at the beginning of 2015.

The customer with the most outstandings (apart from affiliated companies) represented 15.1% of revenue in 2014, and the five with the most outstandings represented 39.9%.

With regard to other debtors such as notaries or building managers, these professions are covered by insurance.

Tax risk relating to the status of SIIC (Real Estate Investment Company)

ACANTHE DEVELOPPEMENT opted for the SIIC tax regime with effect from 1st January 2005. In that capacity, it is exempt from corporation tax on the part of its tax profit arising from (i) renting buildings and subletting buildings on leasing arrangements or buildings the enjoyment of which has been temporarily granted by the State, a public authority or one of their publicly-owned companies, (ii) capital gains on sales of buildings, rights relating to a property leasing contract, holdings in partnerships or in subsidiaries that have opted for this special regime, (iii) dividends received from subsidiaries subject to the special regime, and paid by another SIIC when the beneficiary company holds at least 5% of the capital and voting rights of the distributing company for at least two years.

This corporation tax exemption is however subject to meeting certain obligations, in particular the obligation to distribute given amounts of net rental income, capital gains and dividends within specified deadlines. For instance, at least 95% of net rental income must be distributed to shareholders before the end of the period following the one in which it is earned, and at least 60% of capital gains must be distributed before the end of the second period following the one in which they are made. As for dividends received from subsidiaries subject to the special regime, they must be redistributed in full during the period following the one in which they are paid.

ACANTHE DEVELOPPEMENT subsidiaries in which it has at least a 95% interest have already opted or could opt for the same regime, under comparable conditions.

The benefit of the SIIC regime is also subject to other conditions, in particular the condition governing controlling shareholders. As with all SIICs, no more than 60% of ACANTHE DEVELOPPEMENT's share capital can be held directly or indirectly by one shareholder, or by several shareholders acting in concert (except for situations in which the 60% interest is held by one or more SIICs). For companies that had already opted for the SIIC regime before 1st January 2007, this condition should in principle have been met by 1st January 2009. However, paragraph I of Article 24 of the 2009 Finance Act deferred the effective date of this condition to 1st January 2010.

This ceiling could however be exceeded, on an exceptional basis, for certain transactions (takeovers bid or securities exchange takeover bids referred to in Article L 433-1 of the French Monetary and Financial Code, mergers, demergers or mergers of assets referred to in Article 210-0 A of the General Tax Code and transactions converting or repaying bonds as shares), subject to the ownership interest being lowered to under 60% before the tax returns filing deadline for the period concerned.

The law considers two situations: a temporary overrun on the 60% threshold not justified by any of the aforementioned events; and if this situation has not been remedied in the period in question.

In the first case, the SIIC regime is suspended only for the said period if the situation is regularized before the closing of the said period.

In respect of the period in which this regime is suspended, the SIIC is liable for corporation tax under the conditions of common law, subject to capital gains on sales of buildings, which are taxed at the lower rate of 19%, after deduction of accumulated amortization previously deducted from exempted profits.

A return to the exemption regime for the next period in principle has the consequences of cessation of business. Tax law however mitigates this with regard to the tax on unrealized gains. Unrealized gains on buildings, rights relating to a leasing contract and interests in partnerships having the same corporate purpose as SIICs are only subject to corporation tax at the lower rate of 19% on the part acquired since the first day of the period in which the threshold was exceeded, and unrealized gains on other non-current assets are not taxed immediately if no changes have been made to the accounting entries.

Lastly, the amount of tax payable is also increased by the tax at the lower rate of 19% on unrealized gains on buildings, rights relating to a property leasing contract and shareholdings acquired during the period of suspension, which would have been payable had the company not opted out of the regime.

In the second case, failure to regularize the fact of exceeding the 60% threshold entails the definitive disqualification of the regime for the defaulting company.

Now if the company is disqualified, more particularly for this reason, and if the event occurs within ten years of its opting for the SIIC regime, the SIIC is required to pay supplementary corporation tax on the capital gains taxed during the lower rate regime, taking the overall rate of tax on the capital gains in question to the rate under common law as provided for by Article 219 I of the General Tax Code.

Furthermore, the SIIC and its subsidiaries must reinstate into their taxable income for the period in which the regime ends the portion of distributable income existing at the end of the said period, originating from sums previously exempt. The amount of corporation tax due is also increased by a 25% tax on unrealized gains on buildings, rights relating to a property leasing contract and holdings acquired during the regime, less one tenth per calendar year since the beginning of the regime.

At 31 December 2014, no shareholder had reached in the aforesaid conditions the 60% threshold for a direct or indirect ownership interest in ACANTHE DEVELOPPEMENT.

With regard to dividends paid out by ACANTHE DEVELOPPEMENT from the time it took up this option, the law provides for a 20% levy on dividends taken from exempted profits distributed to shareholder other than a natural person directly or indirectly holding at least 10% of the SIIC's dividend entitlements at the time of payment, when the said shareholder's dividends are not liable for corporation tax (or any equivalent tax), unless the shareholder is a company required to redistribute all dividends thus paid.

Insurance risk

ACANTHE DEVELOPPEMENT has insurance cover for its real estate assets that would fund the rebuilding of the Group's investment properties (excluding the value of the land). As the company is dependent on the insurance market, the premiums it pays could be raised in the event of a major claim borne by the insurance companies.

Our buildings are insured by reputedly solvent insurance companies, namely ACE Europe, HISCOX and AXA.

Exchange rate risk

As the Group operates only in the eurozone, it is not exposed to any foreign exchange risk.

Risk on treasury shares

As of 31 December 2014, the Group held 71,532 repurchased shares, the total cost of purchase thereof being €23,000.

2.4. FACTORS OF UNCERTAINTY

Market-related uncertainties

Uncertainties regarding the management of the investment properties portfolio relate to the following elements:

- Index-linked rents:

- For offices and commercial premises: the main index the group uses for its signed leases is INSEE's construction cost index. Leases are mainly revised every year. Only certain leases are revised every three years.

- For residential premises: the main index the group uses for its signed leases is the rent benchmark index (IRL in French). Leases are mainly revised every year.

Consequently, future revenues from buildings will be correlated to changes in these indicators.

As the reference rent and increases in the said rent are fixed in the lease, they are legally binding on the parties until the leases expire. However, rents may be renegotiated with the lessee during the lease, but only if both parties are willing to do so.

- Building occupancy rate:

The financial occupancy rate was 80% at 31 December 2014. The physical occupancy rate on the same date was 77%. These rates respectively stand at 93% and 94% if we disregard buildings in the process of being sold or in stock and those undergoing extensive renovations that cannot therefore be occupied (Rue Vieille du Temple).

The financial occupancy rate is the total current rents divided by the rents that would have been earned had the building been fully rented.

- Property market trends:

Trends in the property market are described in note 9.1 'Adjusted Net Asset Value' to the consolidated financial statements at 31 December 2014.

- The impact of changes in the benchmark indexes:

- Changes in the construction cost index:

The table below presents the effect of a 30 point change in the construction cost index. This index is considered representative.

The latest known construction cost index on the reporting date is that of the 4th quarter of 2014. It stands at €1,625.

	31/12/2014		31/12/2013	
In 1,000s of euros	Impact on income	Impact on shareholders' equity	Impact on income	Impact on shareholders' equity
Construction cost ± 30 points	+/- 157	-	+/- 151	-

- Changes in the rent benchmark index

The table below presents the effect of a 2 point change in the rent benchmark index. This index is considered representative. The latest known rent benchmark index on the reporting date is that of the 4th quarter of 2014. It stands at 125.29.

	31/12/2014		31/12/2013	
In 1,000s of euros	Impact on income	Impact on shareholders' equity	Impact on income	Impact on shareholders' equity
Rent benchmark index ± 2 points	+/- 12	-	+/- 9	-

Maturity of leases

The table below presents the maturity of leases based on current leases at 31 December 2014 (rents for which leases will be renewed at a given frequency).

In 1,000s of euros	Total	Maturing in one year at the most	Maturing in between one and 5 years	Maturing in over 5 years
Maturity	9 907	1 998	1 729	6 180
	9 907	1 998	1 729	6 180

Impacts on the result of applying the fair value method

Impacts on profit (or loss) are grouped under «Changes in the value of investment property».

Sensitivity tests

Sensitivity tests conducted by property experts show the following outcomes:

a) On the basis of the rate of return as of 31 December 2014, an increase of 25 basis points would lower the value of commercial property assets by €5 million.

b) A 10% fall in the value of the residential assets or an increase of 25 basis points would lower it by €2.99 million (excluding conveyancing duty and costs).

c) As for office space, an increase of 25 basis points in the rate of return would lower its overall value by €11.2 million.

d) A 10% fall in the value of the other property assets would lower it by €0.83 million (excluding conveyancing duty and costs).

These sensitivity tests would thus have a negative impact of €19.33 million on real estate assets (-6.6%).

The assumptions underlying these sensitivity tests were chosen to estimate the impact of a change in the property market.

3. DISCLOSURE OF TERMS OF PAYMENT (ARTICLE L.441-6-1 OF THE FRENCH COMMERCIAL CODE)

In accordance with the provisions of Article L.441-6-1 of the French Commercial Code, we present a breakdown of the balance of supplier payables by due date, at the closing of the last two periods, in 1,000s of €:

2014						
Unbilled payables	Suppliers					TOTAL
	Balance at 30 days	Balance at 60 days	Balance at 90 days	Balance at 120 days	Credit note	
644	67	-	-	109	-	820

Payments due in over 120 days concern disputes (Mazars, Global Architectures)

2013						
Unbilled payables	Suppliers					TOTAL
	Balance at 30 days	Balance at 60 days	Balance at 90 days	Balance at 120 days	Credit note	
544	209	20	48	80	-	901

4. ACQUISITIONS OF MINORITY AND/OR CONTROLLING INTERESTS IN COMPANIES (ARTICLES L.233-6 AND L.247-1 OF THE FRENCH COMMERCIAL CODE)

Name of consolidated companies	Percentage of equity		Controlling interest	
	N	N-1	N	N-1
SCI BIZET 24 Property investment partnership with capital of €10,851,000 802 381 681 - Paris	97.34 %	-	100 %	-

BIZET 24 was formed on 5 May 2014 to benefit form the contribution in kind of the property at 24 Rue Georges Bizet in Paris (75116).

5. IDENTITY OF PERSONS HOLDING SHARES OVER A CERTAIN THRESHOLD (ARTICLES L.233-13 AND L.247-2 OF THE FRENCH COMMERCIAL CODE)

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

	Position at 31/12/2014			Position at 31/12/2013			Position at 31/12/2012		
Shareholders	number shares	% of equity	% of voting rights	number shares	% of equity	% of voting rights	number shares	% of equity	% of voting rights
A.Duménil and companies indirectly controlled									
A.Duménil	9 971 908	6.78%	6.78%	155 386	0.11%	0.11%	137 000	0.11%	0.11%
Rodra Investissement	71 947 619	48.90%	48.93%	71 942 393	50.62%	50.62%	64 037 908	50.57%	50.57%
Foncière 7 Investissements	855 000	0.58%	0.58%						
Kentana	303 165	0.21%	0.21%						
ADC SIIC	2 000 000	1.36%	1.36%						
Acanthe Group									
Acanthe Développement	71 532	0.05%	0.00%	1 532	0.00%	0.00%	1 532	0.00%	0.00%
Subtotal for Alain Duménil and controlled companies (including the Acanthe Group)	85 149 224	57.88%	57.85%	72 099 311	50.73%	50.73%	64 176 440	50.68%	50.68%
Public									
Public	61 976 036	42.12%	42.15%	70 032 271	49.27%	49.27%	62 454 437	49.32%	49.32%
TOTAL	**147 125 260**	**100.00%**	**100.00%**	**142 131 582**	**100.00%**	**100.00%**	**126 630 877**	**100.00%**	**100.00%**

In addition, SA Paris HOTELS ROISSY VAUGIRARD (P.H.R.V), a subsidiary of the Allianz and GMF groups of COFITEM-COFIMUR, which held over 5% of the share capital and voting rights, declared in May 2014 that it had fallen below this 5% threshold.

As far as the Company is aware, no other shareholders hold more than 5% of equity or voting rights.

As of 31 December 2014, the Company's capital consists of 147,125,260 shares and voting rights; there are no double voting rights.

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

Position as of 31 December 2014:

ACANTHE DEVELOPPEMENT holds 71.532 treasury shares out of the 147.125.260 shares making up ACANTHE DEVELOPPEMENT's capital at 31 December 2014.

Notice of holding and disposals of reciprocal cross-holdings

There have been no disposals of shares to regularize reciprocal cross-holdings in accordance with Article R.233-19 of the French Commercial Code.

6. SIGNIFICANT EVENTS SINCE THE COMPANY AND GROUP'S YEAR-END CLOSING

Assets:

The building at 47 Rue Vieille du Temple, 75004 Paris was granted planning permission for refacing the façades overlooking the street and courtyard. The works started in March 2015 and will take roughly 9 months and cost 1.6 million euros excluding tax.

Directors:

At the Board of Directors meeting on 3 April 2015, the directors appointed Mr Jean Fournier as new director for the rest of her predecessor's term, namely until the end of this general shareholders' meeting, in place of Mr Pierre Berneau, deceased.

7. POSITION AND VALUE OF ASSETS - EXPECTED CHANGES AND OUTLOOK OF THE COMPANY AND THE GROUP

The ACANTHE DEVELOPPEMMENT Group decided to adopt the IAS 40 fair value measurement option to measure the fair value of its investment property on 1st January 2006. The purpose of this option is to reflect changes in «investment properties» in the consolidated financial statements and measure the market value of its assets.

The rental market in 2014:

2014 saw a definite upturn in transactions.

From the marketing point of view:

With 2,118,000 m² marketed in 2014, the office premises market in Ile-de-France showed a 13% rise compared with the same period in 2013. After a downturn in the 3rd quarter, the 4th quarter once again picked up (568,000 m² marketed).

However, the 2.3 million m² mark (the 10-year average in Île-de-France) was not reached.

Large premises are still the most in demand. Transactions for premises over 5,000 m² soared by 24% in 2014 compared with 2013. Small and medium-sized premises for their part showed an 8% rise, proving that demand for them is steady. It is also worth noting that transactions for small premises (under 500 m²) are still dynamic (+17%).

Of all the geographical areas in Ile-de-France, La Défense was the one that grew the most in 2014 (+123% compared with 2013). It thus vastly exceeded its ten-year average with a record number of transactions for large premises. In general, it was the traditional business districts that emerge relatively unscathed this year. Marketed volumes increased significantly in inner Paris and in Neuilly/Levallois. On the other hand, other areas in western Ile-de-France and in the inner suburbs were below their ten-year average this year.

One-year supply totalled 4.96 million m² as of 31 December 2014, a level virtually unchanged since the end of 2013 (-1%). However, it is expected to start falling in 2015, due to the lack of deliveries these past few months. 23% of available premises are new or restructured, a relatively stable proportion for several years. The vacancy rate for its part stands at 7.6%, against only

7.4% at the end of 2013. The highest vacancy rates are still found in western Ile-de-France (16% around La Défense) and the lowest in inner Paris (5%).

Whereas the volume of premises under construction is particularly low (624,000 m²), the volume of operations granted planning permission totals over 2.3 million m². Developers prefer projects with leases already agreed, as only 11% of premises under construction have yet to be leased. That is the lowest level for 10 years. Against this backdrop, certain sectors - inner Paris in particular - could be under tension again by 2016.

The annual GDP growth figure is expected to be 0.4% in 2014. However, employment in Ile-de-France, driven by the service sector, is buoyant compared with the rest of France with 12,500 job creations forecast in 2014. The forecast for 2015 is the same, due to a slight acceleration in growth (+ 0.7%). In this context, satisfied demand for office space in Ile-de-France is expected to be between 2 and 2.2 million m² in 2015.

From the investment point of view:

With 26.6 billion euros committed in 2014, the business property investment market is very bullish, up 41% over one year and much higher than average over the last ten years (19 billion euros). Despite sluggish economic growth, France is still highly prized by investors, showing its second best record year after 2007.

With 72% of volumes invested, Ile-de-France continues to be the preferred market for investors by virtue of its liquidity. The major French institutions are stepping up their investment programmes, focusing on major operations.

In terms of typology, investors continue to favour more liquid assets, namely offices and commercial premises. Offices represent 58% of volumes invested in France. Commercial premises come second, with 6.4 billion euros committed in 2014, twice as much as in 2013.

Rates of return on office space are falling automatically due to the influx of liquidity and the sharp drop in financial rates. The central business district of Paris now boasts a «premium» rate of return, in the region of 4%. That is encouraging certain investors to take positions on less «core» assets to secure a better yield.

In view of the numerous exceptional transactions in excess of 500 million euros in 2014, a slight reduction in amounts committed to business property can be expected. Nevertheless, invested volumes will remain high and are expected to be between 23 and 25 billion euros over 2015 as a whole. Investors will want to capitalize on the buoyant market and the rise in commercial values to realize their capital gains and collect new cash assets.

The Group's assets:

Apart from buildings undergoing structural works (Rue Vieille du Temple, Brussels) and the one in Rue Bassano, mainly occupied by the group and affiliated companies, the ACANTHE DEVELOPPEMENT group's assets show a good occupancy rate (94%).

On a like-for-like basis, the group's revenue has grown by nearly 5%.

The Group did not make any disposals in 2014.

As in previous years, its valuations were based on the criteria set out in the Charte de l'Expertise en Evaluation Immobilière (French property appraisal charter), which are used by all listed property companies.

The group's assets are estimated at €294,755,000. They include €151,218,000 of office space, €88,942,000 of commercial premises, €24,765,000 of residential premises, €680,000 of car parks and €150,000 of plots of land, plus €29,000,000 for the mansion in Rue Vieille du Temple acquired in October 2010, which will be converted into offices, commercial premises and possibly residential units.

Floor areas break down into 15,842 m² of office space, 4,170 m² of retail space and 2,171 m² of residential space.

Non-attributable floor areas total 1,718 m², the area of the building undergoing structural works, and 368 m² of annexes.

On a like-for-like basis, the expert appraisals of the ACANTHE DEVELOPPEMENT group's assets showed an increase of 3.01 % against 31 December 2013.

The Group's net position stands at €189,504,000. To calculate the Adjusted Net Asset Value (ANAV), this value is increased by the treasury shares whose acquisition cost was deducted from consolidated shareholders' equity measured at fair value. Adjusted Net Asset Value excluding rights was as follows at 31 December 2014:

	In 1,000s of euros
Consolidated shareholders' equity	189,504
Treasury shares	23
Adjusted Net Asset Value as of 31/12/14	189,527
Number of shares as of 31/12/14	147,125,260

- **ANAV** : €1,2882 per share

Dilutive instruments are not included at 31 December 2014. There remain 4,896,436 share options (to be exercised by 28 August 2019) awarded in August 2009 at the issue price of €1.24 per share. They have not been taken into account, given that this period is of little interest to the beneficiary with respect to quoted market prices (closing price as of 31 December 2014: €0.34).

8. APPROVAL OF THE ACCOUNTS - APPROPRIATION OF RETAINED EARNINGS - DISCHARGE OF DIRECTORS

Appropriated earnings

The appropriation of your Company's retained earnings we propose complies with legal requirements and our Articles of Association.

We propose that the loss for period ending 31 December 2014, namely five million three hundred and thirteen thousand three hundred and fifteen euros and ninety-three centimes, (€5,313,315.93) be allocated as follows:

- Loss for the period ending 31 December 2014: €5,313,315.93
- Unappropriated retained earnings on 31 December 2013: €20,903,522.85

Making distributable income of €15,590,206.92

Appropriation

- in full, as «unappropriated retained earnings»: €15,590,206.92

With regard to the SIIC regime, we propose that we are under no obligation to distribute our earnings for the period ending 31 December 2014.

Non tax-deductible expenses (Article 39-4 du General Tax Code)

You are advised that our annual financial statements at 31 December 2014 show no expenses or charges listed in Article 39-4 of the General Tax Code.

Prior dividend distributions (Article 243a of the General Tax Code)

Pursuant to Article 243a bis of the General Tax Code, please be advised that the following dividends per share were paid out over the last three periods:

	31/12/2011 (per share)	31/12/2012 (per share)	31/12/2013 (per share)
Distributed dividend	€0,09	€0,06	€0,03
Total amount (in thousands of €)	€10,874,000	€7,598,000	€4,264,000

We would remind you the Company made no exceptional distributions in the last three years.

In addition, the following exceptional distributions have been made since 2004:

Period	Distribution (per share)	Total amount (in thousands of euros)
2014	NA	NA
2013	NA	NA
2012	NA	NA
2011	€0,60 (*)	€72,490,000
2010	NA	NA
2009	NA	NA
2008	€0.19	€17,752,000 (1*)
2007	€0.16	€13,472,000 (1*)
2006	€0.45	€36,021,000 (2*)
2005	€0.47	€23,721,000 (3*)
2004	€0.53	€26,757,000 (4*)

(*) exceptional distribution fully deducted from «unappropriated retained earnings», made in kind as one FIPP share (ISIN code FR 0000038184), valued at 0.60 euros.

(1) exceptional distributions fully deducted from «share premiums».*

(2) exceptional distribution deducted from «other reserves» and «share premiums».*

(3) exceptional distribution fully deducted from «other reserves».*

(4) exceptional distribution fully deducted from «share premiums», made in kind as one ALLIANCE DEVELOPPEMENT CAPITAL share, ISIN code FR0000065401 valued at €0.50 and a cash amount of €0.03 per share.*

Discharge of directors

We ask you to grant your directors full discharge.

9. RESEARCH AND DEVELOPMENT ACTIVITIES OF THE COMPANY AND THE GROUP (ARTICLES L.232-1 AND L.233-26 OF THE FRENCH COMMERCIAL CODE)

As provided for by Articles L.232-1 and L.233-26 of the French Commercial Code, we would remind you that our Company and Group have not committed any expenses to research and development in the period.

10. DISCLOSURE OF CORPORATE OFFICERS' TERMS OF OFFICE AND DUTIES (ARTICLE L.225-102-1 PARAGRAPH 4 OF THE FRENCH COMMERCIAL CODE)

Full name or corporate designation of company officers	Office held in the Company	Date of appointment	Date of end of term	Other function(s) in the Company	Offices and/ or functions in another company (Group and outside group)
Alain DUMENIL	Director	30/06/1994 renewed on 30/06/2000, on 25/07/2006 and on 29/06/2012	AGM ruling on the accounts 31/12/2017	Président du Conseil d'Administration depuis le 30/06/1994	See list in appendix
Patrick ENGLER	Director	18/05/1995, renewed on 31/05/2001, on 22/05/2007 and on 22/06/2013	AGM ruling on the accounts 31/12/2018	Directeur Général depuis le 15/01/2013	See list in appendix
Philippe MAMEZ	Director	19/06/2002 renewed on 30/05/2008 and on 25/06/2014	AGM ruling on the accounts 31/12/2019	Directeur Général Délégué depuis le 25/07/2007	See list in appendix
Pierre BERNEAU	Director until 03/04/2015	10/06/2003 renewed on 17/06/2009	03/04/2015 (deceased)	NA	See list in appendix
Valérie DUMENIL	Director	30/05/2014	AGM ruling on the accounts 31/12/2018	NA	See list in appendix
Bernard TIXIER	Director until 30/05/2014	08/12/2008	30/05/2014 (resigned)	NA	See list in appendix
Jean FOURNIER	Director until 03/04/2015	03/04/2015	AGM ruling on the accounts 31/12/2014	NA	See list in appendix

In accordance with the provisions of article L.225-102-1 paragraph 3 of the French Commercial Code provided in appendix 3 hereto, you will find the list of other offices held by members of our Company's Board of Directors during financial period 2014.

As provided for by Article 19 of the Company's Articles of Association, no more than one third of the members of the Board of Directors are aged 75 or over.

11. DISCLOSURE OF CORPORATE OFFICERS' COMPENSATION PACKAGES AND BENEFITS (ARTICLE L.225-102-1 PARAGRAPH 1 OF THE FRENCH COMMERCIAL CODE)

In accordance with the provisions of article Article L.225-102-1 of the French Commercial Code, we hereby advise you of the total compensation package and perquisites paid to each corporate officer during the period.

Mr Philippe Mamez, Director and Deputy CEO, was paid 120,000 euros excluding tax in respect of his consultant's contracts between MEP CONSULTANT and ACANTHE DEVELOPPEMENT, for the period from 1st January to 31 December 2014. You are reminded that the duties laid down in the consultant's service contract are as follows: assist and advise the Company inter alia to conduct negotiations with financial partners regarding financing arrangements on the occasion of acquisitions and early repayments of current loans, and more generally offer advice to optimize financial debt; supervise the asset management team in conjunction with the property manager, and monitor acquisitions and disposals of buildings. The statutory auditors refer to this agreement in their special report.

Table 1

Table summarizing compensation packages and stock options awarded to each executive corporate officer		
M. Alain DUMENIL, Chairman of the Board of Directors	Financial year 2013	Financial year 2014
Compensation packages for the period (itemized in table 2)	0	€47,000
Valuation of variable long-term compensation packages awarded during the period	0	0
Value (as per IFRS and without deferral of the expense) of options granted during the period (itemized in table 4)	0	0
Value (as per IFRS and without deferral of the expense) of bonus shares granted during the period (itemized in table 6)	0	0
TOTAL	**0**	**€47,000**

M. Philippe MAMEZ, Director and Deputy Managing Director	Financial year 2013	Financial year 2014
Compensation packages for the period (itemized in table 2)	0	0
Services invoiced by MEP Consultants for the period (itemized in table 2)	€158,000	€120,000
Valuation of variable long-term compensation packages awarded during the period	0	0
Value of options granted during the period (itemized in table 4)	0	0
Value of bonus shares granted during the period (itemized in table 6)	0	0
TOTAL	**€158,000**	**€120,000**
M. Patrick ENGLER, Director and Managing Director	Financial year 2013	Financial year 2014
Compensation packages for the period (itemized in table 2)	€245,500	€253,000
Valuation of variable long-term compensation packages awarded during the period	0	0
Value of options granted during the period (itemized in table 4)	0	0
Value of bonus shares granted during the period (itemized in table 6)	0	0
TOTAL	**€245,500**	**€253,000**

Table 2

Table summarizing each corporate officer's gross compensation package (before social security taxes)				
M. Alain DUMENIL, Chairman of the Board of Directors	Amounts for period 2013		Amounts for period 2014	
	due	paid	due	paid
Fixed compensation package	0	0	0	0
Variable annual compensation package	0	0	0	0
Variable long-term compensation package	0	0	0	0
Exceptional compensation	0	0	0	0
Directors' fees	0	0	€47 000	€47 000
Perquisites	0	0	0	0
TOTAL	**0**	**0**	**€47 000**	**€47 000**

M. Philippe MAMEZ, Director and Deputy Managing Director	Amounts for period 2013		Amounts for period 2014	
	due	paid	due	paid
Fixed service invoiced by MEP Consultants	€150 000	€150 000	€120 000	€120 000
Variable serve invoiced by MEP Consultants	€8 000	€8 000	0	0
Variable long-term compensation package	0	0	0	0
Exceptional compensation	0	0	0	0
Directors' fees	0	0	0	0
Perquisites	0	0	0	0
TOTAL	**€158 000**	**€158 000**	**€120 000**	**€120 000**
M. Patrick ENGLER, Director and Managing Director	Amounts for period 2013		Amounts for period 2014	
	due	paid	due	paid
Fixed compensation package	172 500 €	172 500 €	180 000 €	180 000 €
Variable fee	0	0	0	0
Variable long-term compensation package	0	0	0	0
Exceptional compensation	0	0	0	0
Directors' fees	73 000 €	73 000 €	73 000 €	73 000 €
Perquisites	0	0	0	0
TOTAL	**€245 500**	**€245 500**	**€253 000**	**€253 000**

Table 3

Table of director's fees (gross) and other compensation paid to non-executive corporate officers		
Non-executive corporate officers	Amounts paid in 2013	Amounts paid in 2014
M. Pierre BERNEAU, Director until 03/04/2015		
Directors' fees	€40 000	€10 000
Other	0	0
M. Bernard TIXIER, Director until 30/05/2014		
Directors' fees	€27 000	
Other	0	
Melle Valérie DUMENIL, Director since 30/05/2014		
Directors' fees		€10 000
Other		0
M. Jean FOURNIER, Director since 03/04/2015		
Directors' fees		
Other		
TOTAL	**€67 000**	**€20 000**

Table 4

Share subscription or purchase options granted during the period to each executive corporate officer by the Company and by any Group company						
Name of the executive corporate officer	Plan no. and date	Nature of the options (purchase or subscription)	Valuation of options according to the method adopted for the consolidated financial statements	Number of options exercised during the period	Exercise price	Exercise period
None						

Table 5

Share subscriptions or purchase options exercised during the period by each company officer			
Name of the executive corporate officer	Plan no. and date	Number of options exercised during the period	Exercise price
None			

Table 6

Bonus shares granted to each corporate officer						
Shares awarded free of charge by the shareholders' general meeting during the period to each corporate officer by the Company and any Group company	Plan no. and date	Number of shares awarded during the period	Valuation of options according to the method adopted for the consolidated financial statements	Acquisition date	Date of availability	Conditions of performance
None						

Table 7

Bonus shares available to each corporate officer			
Bonus shares available to each corporate officer	Plan no. and date	Rumen of shares available during the period	Conditions of acquisition
None			

Table 8

History of share purchase or subscription options		
Disclosure of share purchase or subscription options		
	Plan 1 (the beneficiary waived this allocation on 03/08/2009)	Plan 2
Date of the general meeting	21 March 2007	21 March 2007
Date of the Board meeting	25 July 2007	28 August 2009
Total number of shares available for subscription or purchase, including the number available for subscription or purchased by:		
Mr Alain DUMENIL	8,667,520 options	9,936,436 share purchase options
Starting point for exercising options	26 July 2008	28 August 2009
Expiry date	25 July 2017	28 August 2019
Subscription or purchase price	€2.92	€1.24
Exercising arrangements (when the plan includes several stages)		
Total number of cancelled or lapsed stock or purchase options	9,528,336 share options cancelled owing to the waiver of Mr Duménil	
Share subscription or purchase options remaining at the end of the period		4,896,436

Table 9

Share subscription or purchase options granted to the first 10 non-corporate officer employees and options exercised by them	Total number of options granted/shares subscribed for or purchased	Weighted average price
Options granted during the period by the issuer or any company within the option granting 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 shares of the issuer and the aforesaid companies that have been exercised in the period by their ten employees having the largest number of options thus purchased or subscribed (total figures)	None	

Table 10

History of bonus share allocations		
Disclosure of bonus share allocations		
	Envelope A	Envelope B
Date of the general meeting		
Date of the Board meeting		
Total number of bonus shares granted to:	None	None
Vesting date		
Date of end of retention period		
Number of shares subscribed		
Cumulative number of shares cancelled or lapsed		
Bonus shares remaining at the end of the period		

Table 11

Executive corporate officers	Employment contract		Supplementary pension plan		Compensation or benefits due or likely to be due for termination or change of office		Compensation relating to a non-competition clause	
	yes	no	yes	no	yes	no	yes	no
M. Alain DUMENIL Chairman of the Board of Directors		x		x		x		x
M. Patrick ENGLER Managing Director		x		x		x		x
M. Philippe MAMEZ Deputy CEO		x		x		x		x

The directors' fees budget for FY 2015:

We propose paying your directors attendance fees totalling 140,000 euros to be shared out among them for the current period.

12. INFORMATION ABOUT THE WAY IN WHICH THE COMPANY MANAGES THE SOCIAL AND ENVIRONMENTAL CONSEQUENCES OF ITS ACTIVITIES (ARTICLE L.225-102-1 PARAGRAPH 5 OF THE FRENCH COMMERCIAL CODE)

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

13. EMPLOYEES' SHAREHOLDING THRESHOLD (ARTICLE L.225-102 OF THE FRENCH COMMERCIAL CODE)

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

14. DISCLOSURE OF THE IMPLEMENTATION OF THE SHARE REDEMPTION PLAN (ARTICLE L.225-211 OF THE FRENCH COMMERCIAL CODE)

A share redemption plan applied by our Company for its own shares was authorized by the Annual Ordinary and Extraordinary General Meeting of 25 June 2014 for a period of 18 months.

As this plan comes to an end in December 2015, a proposal will be put to this Meeting to set up a new share redemption plan cancelling and replacing the previous one.

Under the authority and in accordance with the aims set by the General Shareholders' Meeting on 25 July 2006 (as extended by the General Shareholders' Meeting of 25 June 2014), a description of the plan was published on the AMF web site on 21 August 2006 and the Company made the following transactions in financial year 2014:

During the previous financial year	
Number of own shares redeemed	70,000
Number of own shares sold	0
Average purchase price	0.3257
Average price of shares sold	0
Total trading costs:	-
Redeemed shares registered in the company's name on 31/12/2014	
Number:	71,532
Fraction of the capital they represent	0.049%
Total value evaluated at the purchase price	€23,000

No liquidity contract was signed for 2014. Consequently, in order to inform you of transactions made pursuant to the provisions of article L.225-209 paragraph 1 of the French Commercial Code, the table referred to in point 32 of this report is voided.

15. CONVERSION RATIOS FOR SECURITIES GIVING ACCESS TO CAPITAL (ARTICLES R.228-90 AND R.228-91 OF THE FRENCH COMMERCIAL CODE)

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

- **share subscription or purchase options granted to Mr Alain Dumenil on 28 August 2009.**

28 August 2009: The Board of Directors, acting pursuant to the authorization granted by the Ordinary and Extraordinary Shareholders' Meeting of 21 March 2007, decided to award 9,936,436 share subscription or purchase options to Mr Alain Dumenil, in his capacity as Chairman & Managing Director of the Company, for which the exercise price was set at 1.24 euros.

On 31 December 2009 at 12 noon the Board of Directors decided that the options awarded by the Board of Directors on 28 August 2009 were call (purchase) options. The Board of Directors also decided that the beneficiary could only exercise the call options if the Company held the number of shares required to fulfil them on the option date(s).

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

16. CURRENT DIRECTORSHIPS

You are reminded of the provisional appointment, by the Board of Directors during its meeting on 3 April 2015, of Mr Jean Fournier as Director, in place of Mr Pierre Berneau, deceased.

In accordance with legal and statutory provisions, we would ask you to ratify this appointment.

As Mr Jean Fournier is acting as director for the rest of his predecessor's term, namely until the end of this meeting, we would also ask you to renew his directorship for a further six-year term, namely until the end of the general shareholders' meeting convening to approve the accounts of financial year ending 31 December 2020.

17. CURRENT STATUS OF STATUTORY AUDITORS' ENGAGEMENTS

As the term of the engagements of Deloitte & Associés and B.E.A.S., respectively co-incumbent and substitute statutory auditors, expires at this meeting, we would ask you to renew their engagements for a further six-year term, namely until the end of the general shareholders' meeting convening to approve the accounts of financial year ending 31 December 2020.

In accordance with the provisions of article L.621-22 of the Monetary and Financial Code, the Financial Markets Authority must be notified of the proposed renewal of co-incumbent and substitute statutory auditors and may make any observations it deems fit in that respect. Where appropriate, the general shareholders' meeting will be apprised of any such observations.

18. AUTHORIZATION GRANTED TO THE BOARD OF DIRECTORS TO SET UP A NEW SHARE REDEMPTION PLAN;

The Annual Ordinary and Extraordinary General Meeting of 25 June 2014 authorized the Board of Directors to set up a new share redemption plan for a period of eighteen months.

As this authorization lapses in December 2015, this Meeting will be asked to renew it for a further period of eighteen months.

These purchases and sales could be completed for any purpose that is or may be authorized by current law and regulations.

Shares may be purchased, sold or transferred on the market or by private agreement, by any means compatible with current law and regulations, including financial derivatives and block purchases or sales.

Such transactions may be made at any time, subject to the abstention periods provided for by General Rules of the Financial Markets Authority (AMF).

The maximum purchase price may not exceed €2 (two euros) per share and the maximum number of shares available for purchase under this authorization would, in accordance with article L.225-209 of the French Commercial Code, be set at 10% of the Company's share capital; on the understanding 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 its capital, pursuant to article L.225-209, paragraph 6 of the French Commercial Code and (ii) this limit applies to a number of shares that, 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 an individual acting in his own name but on behalf of the Company, more than 10% of the share capital; given that the total amount the Company may devote to redeeming its own shares must comply with the provisions of article L.225-210 of the French Commercial Code. If a capital increase is made by incorporating bonuses, reserves, profits or other items in the capital in the form of a bonus shares during the validity period of this authorization and in the event of a division or grouping of shares, the maximum unit price referred to above would be adjusted by a multiplying coefficient equal to the ratio of the number of shares making up the capital before the transaction to the number of shares after the transaction.

We propose that you vest your Board of Directors with the authority to:

- decide how this authorization is implemented;
- place all stock market orders and conclude all agreements particularly with a view to the updating of share purchase and sale registers, in accordance with current stock market regulations;
- complete all declarations, carry out all other formalities and, in general, do whatever is necessary.

19. AUTHORITY VESTED IN THE BOARD OF DIRECTORS TO INCREASE THE CAPITAL THROUGH INCORPORATION OF RESERVES, PROFITS OR PREMIUMS

We ask you to vest the Board of Directors, for a period of twenty-six months from this meeting, with the powers (including the authority to subdelegate such powers) to make one or more capital increases by capitalizing premiums, reserves or profits or any other items permitted by law and by our articles of association, in the form of bonus share awards and/or rises in the nominal value of existing shares.

We propose limiting the total amount of such capital increases to the amounts of reserves, premiums or profits referred to above as they stand at the time of the capital increase, plus the amount needed - as required by law - to protect the rights of holders of securities with share rights regardless of the overall ceiling set in point 26 from which it is deducted.

If the Board of Directors exercises this delegated power, we would ask you, in accordance with the provisions of article L.225-130 of the French Commercial Code, that the rights forming odd lots shall not be tradable and that the corresponding securities shall be sold; the proceeds of the sale shall be allocated to the rights holders within the regulatory time limit, and no later than thirty days after the round number of securities allocated is entered in their account.

We would ask you to grant your Board of Directors all powers, including the authority to subdelegate, as provided for by law, to carry this out and to amend the articles of association accordingly.

We would ask you to acknowledge that this delegation of powers may be used during a period of public purchase or exchange offer pertaining to the Company's shares.

This delegation of authority will void any prior delegation granted for the same purpose.

20. AUTHORITY GRANTED TO THE BOARD OF DIRECTORS TO REDUCE THE SHARE CAPITAL BY CANCELLING TREASURY SHARES;

The Extraordinary General Meeting of 25 June 2014 authorized the Board of Directors to reduce the share capital in one or more stages in the proportions and at the times it sets, by cancelling the number of treasury shares decides, within the limits laid down by law, as provided for by Articles L.225-209 et seq of the French Commercial Code.

This authority was granted for a period of eighteen months and will expire in December 2015. This Meeting is therefore asked to renew this authorization for a further period of eighteen months.

21. DELEGATE POWERS TO THE BOARD OF DIRECTORS WITH A VIEW TO PROCEEDING WITH A CAPITAL INCREASE BY ISSUING ORDINARY SHARES WITH PREFERENTIAL SUBSCRIPTION RIGHTS AND/OR SECURITIES GIVING ACCESS TO EQUITY AND/OR SECURITIES WITH RIGHTS TO DEBT SECURITIES

We would ask you to vest the Board of Directors with the authority:

Including the authority to subdelegate, to proceed with one or more capital increases by issuing Company ordinary shares with preferential subscription rights in euros, in France or abroad, or any securities giving access immediately and/or at term to future ordinary shares of the Company of any company directly or indirectly controlling more than half its capital or one in which it holds over half the capital, or securities giving entitlement to debt securities, securities other than shares that can also be denominated in foreign currencies or any monetary unit in reference to several currencies, by cash subscription or by offsetting receivables under legal conditions.

This proposed delegation of authority to the Board of Directors would be valid for twenty-six months from this meeting.

Such capital increases would be capped, in accordance with point 26 of this report hereafter.

Shareholders would have a preferential subscription right, proportional to the amount of their shares, to any shares and/or securities issued under this delegated authority.

If the statutory and optional (if any) subscriptions have not absorbed all the issued shares and/or securities as defined above, the Board may offer all or part of the unsubscribed securities to the public.

If the shareholder and public subscriptions are less than the total issue of shares or securities, the Board of Directors may, in the order it determines and in accordance with the law, either limit the issue to the amount subscribed, provided this is at least three-quarters of the issue, or freely redistribute all or part of the unsubscribed securities issued.

Please note that where applicable the aforesaid delegation of authority by rights implies that shareholders waive their preferential subscription right to the shares in favour of holders of securities carrying rights to any Company shares.

We would ask you to grant your Board of Directors all powers, including the authority to subdelegate, as provided for by law, to carry this out and to amend the articles of association accordingly.

We would ask you to acknowledge that this delegation of powers may be used during a period of public purchase or exchange offer pertaining to the Company's shares.

This delegation of authority will void any prior delegation granted for the same purpose.

22. DELEGATE POWERS TO THE BOARD OF DIRECTORS WITH A VIEW TO PROCEEDING WITH A CAPITAL INCREASE BY ISSUING ORDINARY SHARES WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS AND/OR SECURITIES GIVING ACCESS TO EQUITY AND/OR SECURITIES WITH RIGHTS TO DEBT SECURITIES

We ask you to also to vest your Board of Directors with the authority, including the authority to subdelegate, to proceed with one or more capital increases though public offerings of financial securities, Company ordinary shares denominated in euros or any other securities giving access immediately and/or at term to future ordinary shares of the Company of any company directly or indirectly controlling more than half its capital or one in which it holds over half the capital, or securities giving entitlement to debt securities, securities other than shares that can also be denominated in foreign currencies or any monetary unit in reference to several currencies, by cash subscription or by offsetting receivables under legal conditions, without a preferential subscription right, in order to finance the Group's activities and investments.

In accordance with article L.225-148 of the French Commercial Code, new shares may be issued in payment of securities contributed to the Company as part of a securities exchange or combined takeover bid on the shares of another company whose shares are traded on a regulated market, on the understanding that the Board of Directors will in particular have to set the conversion parities and where applicable the cash compensation payable to shareholders contributing their securities under the securities exchange takeover bid initiated by the Company.

This proposed delegation of authority to the Board of Directors would be valid for twenty-six months from this meeting.

We would ask you to cancel the shareholders' subscription rights to any ordinary shares and/or securities issued pursuant to this delegation of authority and to grant the Board of Directors the power to grant shareholders a priority subscription period, in accordance with the provisions of article L.225-135 of the French Commercial Code.

If the shareholders' and public subscriptions are less than the total issue of shares or securities, we ask that you permit the Board of Directors, in the order it determines and in accordance with the law, to limit the issue to the amount subscribed, provided this is at least three-quarters of the issue, or freely redistribute all or part of the unsubscribed securities issued.

The issue price of the shares and/or securities issued immediately or in the future shall be at least equal to the minimum authorized by current legislation.

The issue price of shares resulting from the exercise of securities giving access to equity issued under this delegation of authority shall be subject to the provisions of article L.225-136 of the French Commercial Code.

In accordance with article L.225-129-2 and the second paragraph of article L.225-136 1° of the French Commercial Code and up to a maximum of 10% of the capital existing to date, we would ask you to authorize the Board of Directors to set the issue price in the following manner: the sum paid or due to the Company for each issued share, including the issue price of any issued share purchase warrant, must be at least equal to 90% of the weighted average of share prices in the last three trading sessions preceding the issue.

Please note that where applicable the aforesaid delegation of authority by rights implies that shareholders waive their preferential subscription right to the shares in favour of holders of securities carrying rights to any Company shares.

Such capital increases would be capped, in accordance with point 26 of this report hereafter.

We would ask you to grant your Board of Directors all powers, including the authority to subdelegate, as provided for by law, to carry this out and to amend the articles of association accordingly.

We would ask you to acknowledge that this delegation of powers may be used during a period of public purchase or exchange offer pertaining to the Company's shares.

This delegation of authority will void any prior delegation granted for the same purpose.

23. AUTHORITY TO INCREASE THE AMOUNT OF SHARES ISSUED IN THE EVENT OF SURPLUS APPLICATIONS

We propose that for all the above proposed delegations of authority you allow the Board of Directors to increase the number of shares to issue when it notes that there is surplus demand for them, under the conditions laid down by article L.225-135-1 of the French Commercial Code.

24. AUTHORITY VESTED IN THE BOARD OF DIRECTORS TO PROCEED WITH A CAPITAL INCREASE, UP TO A MAXIMUM OF 10% OF CAPITAL, WITH A VIEW TO REMUNERATING IN-KIND CONTRIBUTIONS, EQUITY SECURITIES OR SECURITIES GIVING ACCESS TO EQUITY;

We would ask you to allow the Board of Directors to proceed with a capital increase, up to a maximum of 10% of capital, with a view to remunerating any in-kind contributions, equity securities or securities giving access to equity granted to the Company.

This authority would be granted for twenty-six months. It would cancel and replace the authority granted by the annual general and combined shareholders' meeting of 26 June 2013 in its sixteenth resolution.

The total nominal value of ordinary shares issued under this delegation of authority cannot exceed 10% of the share capital. This ceiling will be deducted from the overall ceiling proposed hereafter in point 26.

25. DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO PROCEED WITH A CAPITAL INCREASE BY ISSUING SHARES RESERVED FOR SUBSCRIBERS TO A COMPANY SAVINGS PLAN SET UP PURSUANT TO ARTICLES L.225-129-6 OF THE FRENCH COMMERCIAL CODE AND L.3332-1 ET SEQ OF THE LABOUR CODE

We would also ask you to allow your Board of Directors to proceed with a capital increase reserved for subscribers to a company savings plan, under the conditions of articles L.3332-18 to L.3332-24 of the Labour Code, y issuing ordinary cash shares and if need by allocating bonus shares or other dilutive securities.

Please note that, as provided for by articles L.3332-19 and L.3332-21 of the Labour Code, the price of such shares cannot be lower or higher than 20% (or 30% if the share lock-up period stipulated by the plan pursuant to articles L.3332-25 and L.3332-26 of the Labour Code is more than ten years) of the average of the share's first quoted prices in the 20 trading sessions preceding the Board of Directors' decision setting the opening date for subscriptions.

The maximum nominal value of the increase(s) allowable under this delegation of authority is 3% of the share capital at the time of the Board of Directors' decision. This ceiling will be deducted from the overall ceiling proposed hereafter in point 26.

We ask you to grant this proposed delegation of authority to the Board of Directors for twenty-six months.

Within the aforesaid limits, the Board of Directors will have the necessary powers inter alia to set conditions for the issues, duly recognize the capital increases resulting therefrom, duly amend the articles of association accordingly, on its own initiative deduct the costs of capital increases from the related premiums and deduct from this amount the sums needed to bring the legal reserve to one tenth of the new share capital after each increase, and more generally do whatever is necessary in such cases.

26. OVERALL CEILING

In accordance with article L.225-129-2 of the French Commercial Code, the overall ceiling of increases in share capital resulting immediately or in the future from issues of shares, securities and/or securities giving access to equity under the delegations of authority and powers referred to in points 19, 21, 22, 23, 24 and 25 of this report, would be set at a total maximum of 100,000,000 (one hundred million) euros, this amount not including the nominal value of equity securities issued, where applicable, in respect of adjustments made as required by law and applicable contractual stipulations to protect the rights of holders of Company securities giving access to equity.

27. MODIFICATION OF ARTICLE 15 OF THE ARTICLES OF ASSOCIATION SO AS NOT TO GRANT A DOUBLE VOTING RIGHT PURSUANT TO THE LAST SUBSECTION OF ARTICLE L.225-123 OF THE FRENCH COMMERCIAL CODE

We would remind you law no. 2014-384 of 29 March 2014 amending articles L.225-123 and L.225-124 of the French Commercial Code instituted a statutory double voting right in companies listed on a regulated market, barring a provision to the contrary in articles of association adopted after the said law was passed. So in such companies, fully paid-up shares registered for at least two years to a given shareholder automatically have a double voting right, barring a provision to the contrary in their articles of association. Similarly, for a capital increase through incorporation of reserves, profits or share premiums, a double voting right is attached to all registered shares issued free of charge to a shareholder by reason of former shares for which he has this right, as soon as they are issued.

We therefore ask you to allow us to amend article 15 of the articles of association by inserting the following paragraph:

«Fully paid-up shares that have been registered to the same shareholder for two years do not come with a double voting right.» «

The rest of the article would remain unchanged.

28. AMENDMENT OF ARTICLE 34 OF THE ARTICLES OF ASSOCIATION ON THE CONDITIONS OF ADMISSION TO GENERAL SHAREHOLDERS' MEETINGS

Decree 2014-1466 of 8 December 2014 sets the date for drawing up the list of persons entitled to attend general shareholders' meeting («record date») on the second business day preceding the meeting, instead of the third business day.

Accordingly, and with a view to bringing the Company's articles of association into compliance this new regulatory provision, we ask you to allow us to amend article 34 thereof as follows:

« All shareholders have the right to attend or be represented at general shareholders' meetings, irrespective of their number of shares, if they have paid all amounts due in that respect and if they have held them for at least two days before the meeting.

Ownership of shares is evidenced by their registration in the company's share register, or by a share certificate filed at the registered office by a bank, financial institution or brokerage firm holding the securities. The shares must be registered or a certificate produced no later than the second business day before the meeting, at midnight Paris time. The board of directors may reduce this time limit for all shareholders. »

(…)

The rest of the article would remain unchanged.

29. REGULATED AGREEMENTS AND COMMITMENTS

The agreements referred to in Article L.225-38 of the French Commercial Code are the subject of a special auditors' report. We would ask that you approve the agreements referred to in Article L.225-38 of the French Commercial Code, which have been duly authorized by the Board of Directors.

Pursuant to article L.225-102-1 of the French Commercial Code, please be advised that during the period no agreements were entered into, directly or through an intermediary, between the CEO, the Deputy CEO, any directors or shareholders having more than 10% of voting rights in the Company on the one hand and another company in which the Company directly or indirectly holds more than half the share capital.

Your auditors will present them to you and provide all the relevant information in their special report, which will be read out to you shortly.

30. CHAIRMAN'S REPORT IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE L.225-37 OF THE FRENCH COMMERCIAL CODE

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

31. SUPPLEMENTARY REPORT OF THE BOARD OF DIRECTORS ON THE USE OF POWERS VESTED FOR CAPITAL INCREASES (ARTICLES L.225-129-1 AND L.225-129-2 OF THE FRENCH COMMERCIAL CODE);

In pursuance of the provisions of Article L.225-129-5 of the French Commercial Code, the Board's supplementary report on the use of powers vested for capital increases is appended hereto.

32. SHARE REDEMPTION PLANS

As required by law, we hereby report on the share redemption transactions carried out by the Company between 1st January 2014 and 31 December 2014, pursuant to the authority vested by the General Shareholders' Meeting in accordance with Article L.225-209 of the French Commercial Code.

The General Shareholders' Meeting of ACANTHE DEVELOPPEMENT on 25 June 2014 authorized a share redemption plan in accordance with Article L.225-209 of the French Commercial Code.

Purpose of the share purchase plan	Number of shares purchased for this purpose	Share purchase price	Volume of shares sold for this purpose	Re-allocation for other purposes
Supporting the aftermarket or the liquidity of the Company's shares under a liquidity contract compliant with an ethics charter recognized by the AMF	0	0	0	0
implementation of any share purchase options	None			
Bonus share allocation to employees and/or corporate officers	None			
Shares awarded to employees and possibly to corporate officers to share the fruits of company expansion and implementation of any company savings plan	None			
Purchasing shares for retention or for subsequent exchange or in payment as part of possible external growth operations	None			
Issuance of shares for exercising rights attached to securities giving access to equity	None			
Cancellation of redeemed shares	None			

33. TABLE SUMMARIZING POWERS VESTED IN THE BOARD OF DIRECTORS WITH REGARD CURRENT CAPITAL INCREASES

Appendix 4 contains a table summarizing the powers vested in the Board of Directors by the General Shareholders' Meeting with regard to current capital increases (Article L.225-100 of the French Commercial Code).

The Board of Directors was vested with the said powers by the Annual Ordinary and Extraordinary General Meeting du 26 June 2013 and the said powers will expire on 25 August 2015.

34. SUMMARY OF TRANSACTIONS COVERED BY ARTICLE L.621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE (ARTICLE 223-26 OF THE GENERAL RULES OF THE AMF)

As no transactions have been made and/or brought to our attention during the past financial period, the summary table referred to in Article L.621-18-2 of the French Monetary and Financial Code is accordingly not required for financial year 2014.

35. SHARE ALLOCATIONS CARRIED OUT PURSUANT TO ARTICLES L.225-197-1 TO L.225-197-3 OF THE FRENCH COMMERCIAL CODE AND TRANSACTIONS PURSUANT TO THE PROVISIONS OF ARTICLES L.225-177 TO L.225-186 OF THE FRENCH COMMERCIAL CODE

No share subscription and/or purchase options were exercised or bonus shares allocated during the past financial year.

36. ELEMENTS LIABLE TO HAVE AN IMPACT IN THE EVENT OF A TAKEOVER BID (ARTICLE L.225-100-3 OF THE FRENCH COMMERCIAL CODE)

1. Structure of the Company's capital

The share capital is set at 19,991,141 euros.
It is divided into 147,125,260 fully paid-up ordinary shares.

2. Statutory restrictions on exercising voting rights and transferring sharers, or clauses in agreements made known to the Company pursuant to Article L.233-11 of the French Commercial Code

None.

3. Direct or indirect holdings in the Company's capital, of which is has been apprised pursuant to Articles L.233-7 and L.233-12 of the French Commercial Code see point 5 of this report.

see point 5 of this report.

4. List of holders of any securities conferring special control rights and a description of such rights

None.

5. Control mechanisms provided for in a potential employee shareholding scheme when the control rights are not exercised by the employees

None.

6. Agreements between shareholders of which the Company has been apprised and which may create restrictions on share transfers and the exercising of voting rights

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

7. Rules governing the appointment and replacement of members of the Board of Directors and amendments to the Company's Articles of Association

Board members are appointed by the ordinary general meeting, which can revoke them at any time. In the event 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 of one or more board members, the Board of Directors 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. Any Board member appointed to replace another remains in office for the remaining term of office of his predecessor.

The extraordinary general meeting alone is authorized to amend any provisions of the articles of association. Notwithstanding the exclusive powers of the extraordinary meeting to amend the articles of association, amendments to clauses relating to the share capital and the number of shares it represents may be made by the Board of Directors, provided such amendments correspond materially to the result of a capital increase, reduction or impairment.

Subject to such dispensations for certain capital increases and transformations, the extraordinary general meeting can only deliberate properly if the shareholders in attendance, voting by correspondence or duly represented own at least a quarter of the shares with voting rights and, if convened a second time, one fifth of the shares with voting rights. Without this quorum, the second meeting may be postponed to a later date two months after the original one and the one-fifth quorum will be required once again. Subject to these same reservations, it will rule by a two-thirds majority of the votes possessed by the shareholders in attendance, voting by correspondence or duly represented.

8. Powers vested in the Board of Directors, particularly with regard to share issues or redemption

see points 14, 18 and 32 of this report.

9. Agreements concluded by the Company that are amended or end in the event of a change in control of the Company, unless such disclosure would seriously harm its interests (barring any statutory disclosure obligation)

None.

10. Agreements granting severance payments to Management or Supervisory Board members or employees, if they resign or are dismissed without due reason or cause or if their employment ends due to a takeover bid

None.

37. TABLE SUMMARIZING THE RESULTS OF THE LAST 5 ACCOUNTING PERIODS

A table presenting the company's results over the past 5 accounting periods is attached to this report as Appendix 8 according to the provisions of Article R.225-102 of the French Commercial Code.

38. POWERS VESTED 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 filing and reporting formalities required by law.

CONCLUSION

We would ask you to grant your Board of Directors full discharge of its management for financial year ending on 31 December 2014 in addition to discharge to the auditors for the fulfilment of their duties as attested to by their reports.

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

The Board of Directors

APPENDIX 1- ASSETS

ACANTHE DEVELOPPEMENT- Assets at 31/12/2014

Address		Type	Floor area
PARIS			
184, rue de Rivoli	PARIS 1st	Mixed-use building	2 652 m²
15, rue de la Banque	PARIS 2nd	Office building	2 019 m²
47, rue Vieille du Temple	PARIS 4th	Mixed-occupancy town house	1 718 m²
6-8 Rue des Guillemites	PARIS 4th	Parking spaces	0 m²
3-5, quai Malaquais	PARIS 6th	Residential	549 m²
2-4, rue de Lisbonne	PARIS 8th	Office building	2 458 m²
55, rue Pierre Charron	PARIS 8th	Office building	2 890 m²
17, rue François 1er	PARIS 8th	Commercial premises	2 095 m²
7, rue de Surène	PARIS 8th	Mixed-use building	1 378 m²
18-20, rue de Berri	PARIS 8th	Parking spaces	0 m²
26, rue d'Athènes	PARIS 9th	Mixed-use building	963 m²
24, rue Georges Bizet	PARIS 16th	Office building	930 m²
2, rue de Bassano (Buildings A & B)	PARIS 16th	Office building	2 535 m²
2, rue de Bassano (Building C)	PARIS 16th	Office building	865 m²
PARIS TOTAL			**21 053 m²**

THE PROVINCES, FOREIGN COUNTRIES			
2 Avenue de la Grande Armée	AJACCIO	Residential	173 m²
Villeneuve d'Ascq	VILLENEUVE D'ASCQ	Land	ns
9 Avenue de l'Astronomie	BRUSSELS	Town house with offices	3 043 m²
TOTAL PROVINCES AND FOREIGN COUNTRIES			**3 216 m²**

ACANTHE TOTAL	**24 269 m²**

APPENDIX 2 - SOCIAL AND ENVIRONMENTAL REPORT ON THE WAY IN WHICH THE COMPANY MANAGES THE SOCIAL AND ENVIRONMENTAL CONSEQUENCES OF ITS ACTIVITIES

1- SOCIAL AND ENVIRONMENTAL REPORT

Scope

The reporting scope for the ACANTHE DEVELOPPEMENT group's business, environmental and social data covers all assets held by the company and its subsidiaries, as well as all its salaried staff. The figures are provided for 2014 and by way of comparison for 2013.

This report is guided by the notion of materiality and the relevance of the data to the group's real estate business.

Pursuant to law no. 2010-788 of 12 July 2012, the social, environmental and societal data has been verified by an independent third-party body. The certificate attesting to the inclusion in the operating and financial review issued by ACANTHE DEVELOPPEMENT's Board of Directors of all the disclosures required under 225-105-1 of the French Commercial Code, as well as the reasoned opinion relating to the accuracy of the disclosures in the said report and relevant explanations on any information lacking therein, are appended to this report.

Group activity

The group's assets essentially include buildings mostly located in the central business district of Paris.

At 31 December 2014, the group held 12 real estate assets, including a building in Brussels. The reporting scope has not changed since 2013.

The management thereof is carried out directly or delegated to a property manager. Final decisions regarding the management of managed buildings remain a matter for group Management. 7 buildings are managed by a property manager, the 5 others internally.

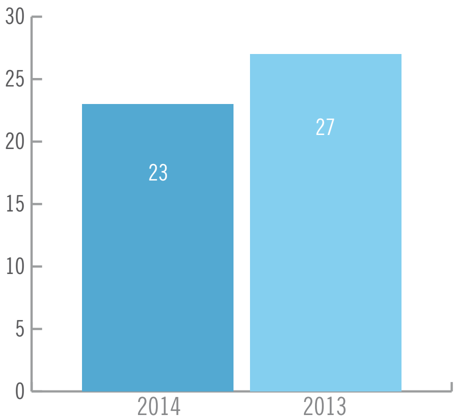
2- DISCLOSURES REQUIRED UNDER L.225-105-1 OF THE FRENCH COMMERCIAL CODE

2.1- SOCIAL INFORMATION

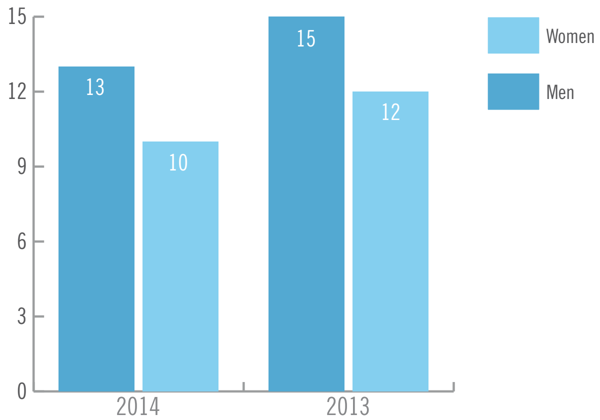
JOBS

A. TOTAL HEADCOUNT AT 31 DECEMBER AND BREAKDOWN BY GENDER, AGE AND GEOGRAPHICAL SEGMENT

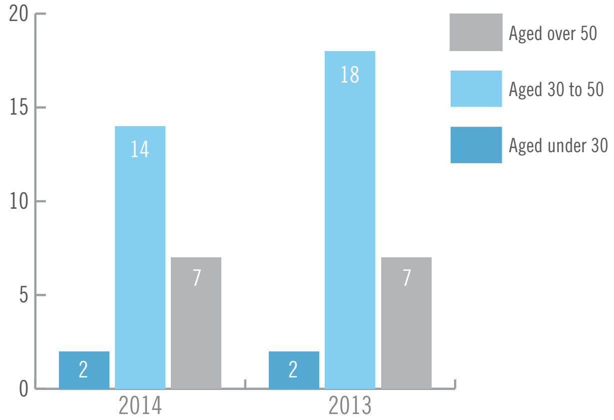
Total headcount



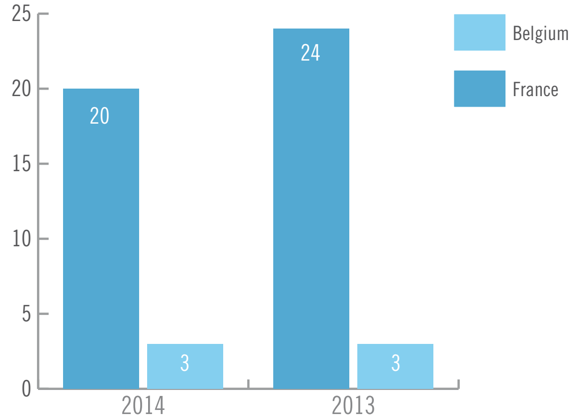
Breakdown by sex



Breakdown by age

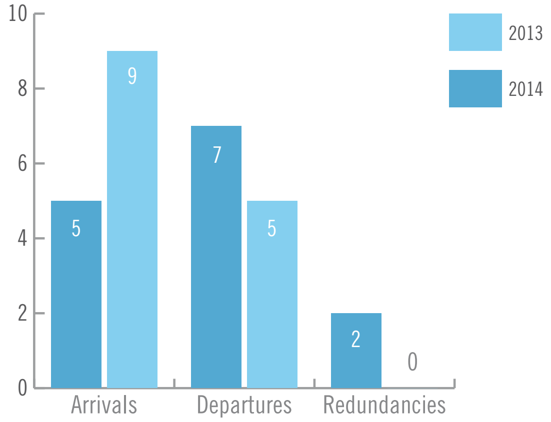


Geographical breakdown



B. HIRINGS AND LAY-OFFS

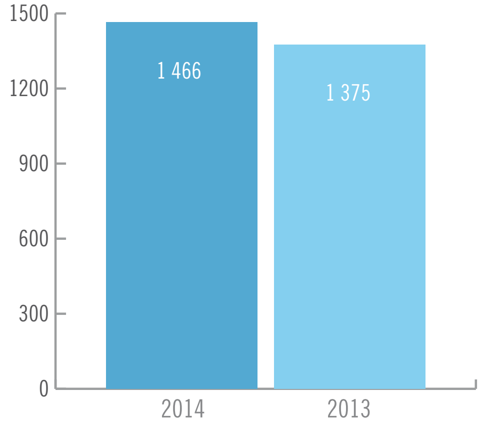
Arrivals / Departures



The net balance of staff arrivals and departures in 2014 is -4. This is primarily accounted for by the termination of fixed-term contracts.

C. PAY PLANS AND CHANGES

Gross salary (in 1,000 of euros)



Increases in remuneration are based on a policy of individual revaluation of salaries as decided by Management.

WORK ORGANIZATION

A. WORKING HOURS

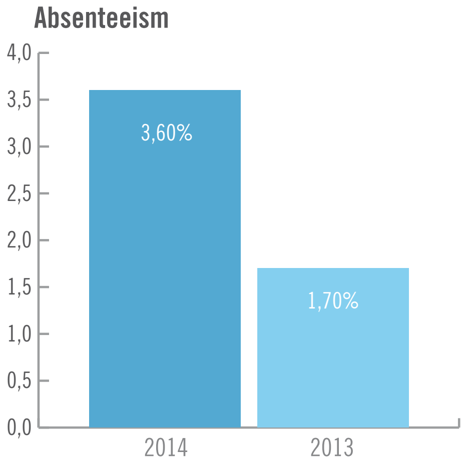
FRANCE

In France, working hours are organized by law under then national real estate collective agreement. Employees working in France have an employment contract specifying 35 working hours a week.

BELGIUM

In Belgium, working hours are laid down by law. Employees working in Belgium have an employment contract specifying 38 working hours a week.

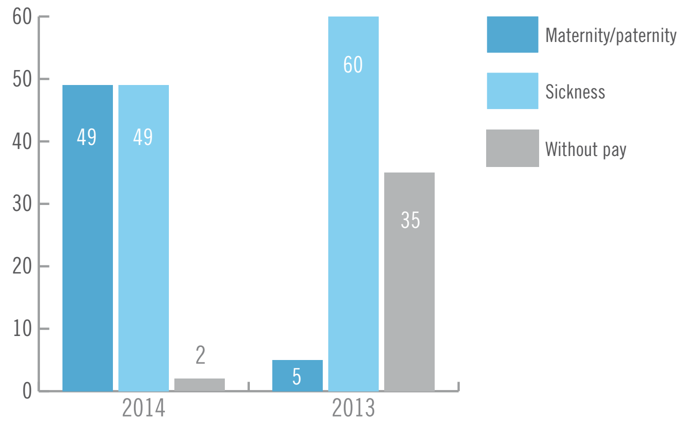
B. ABSENTEEISM



The percentage of absenteeism is the number of hours of absence out of the total number of paid hours, including hours of absence. This only concerns French employees, namely 87% of group employees.

The apparent rise in the absenteeism rate is predominantly due to a maternity leave in 2014, which alone represents more than all the hours of absence recoded in 2013. If this maternity leave is discounted, the absenteeism rate in 2014 would be 1.8%, virtually unchanged compared with 2013.

Reasons for absenteeism break down as follows:



LABOUR RELATIONS

A. ORGANIZATION OF DIALOGUE BETWEEN MANAGEMENT AND STAFF, IN PARTICULAR STAFF INFORMATION AND CONSULTATION PROCEDURES

In view of its low staffing level, group companies do not have staff representative bodies.

In view of its status as a European company, a representative body of 3 members, elected for a term of 4 years, was formed on 5 July 2012 to be the contact for the Management of the company and its subsidiaries with regard to employee information and consultation.

B. ASSESSMENT OF COLLECTIVE AGREEMENT

As no collective agreements are currently operative, there is no assessment thereof.

HEALTH & SAFETY

A. OCCUPATIONAL HEALTH AND SAFETY CONDITIONS

The group runs real estate assets that include office, residential and commercial buildings. Group revenue is generated by the rental and sale of these assets. As a result, all employees are sedentary. Asset management service staff who visit building renovation sites comply with applicable safety rules.

Therefore no elements of group activities can directly cause serious occupational health and safety problems for the staff.

B. REPORT ON OCCUPATIONAL HEALTH AND SAFETY AGREEMENTS SIGNED WITH TRADE UNIONS OR STAFF REPRESENTATIVES

The group's companies have neither trade union representatives nor staff representatives. Therefore there are no such agreements currently in force in group companies.

C. WORKPLACE ACCIDENTS, IN PARTICULAR THEIR FREQUENCY AND SEVERITY, AS WELL AS OCCUPATIONAL DISEASES

The group's companies have not lamented any workplace accidents or occupational diseases, either in 2014 or in 2013.

TRAINING

A. TRAINING POLICIES PURSUED

Given the low staffing levels of group companies, requests for training are examined individually. Training is provided by accredited outside firms specialized in their field.

B. TOTAL NUMBER OF TRAINING HOURS

34 hours of training were followed in 2014.

EQUAL TREATMENT

A. MEASURES TAKEN TO PROMOTE EQUAL TREATMENT OF MEN AND WOMEN

No specific measures are taken in this respect given the lack of evidence of any unequal treatment of men and women in the group. Were any such evidence to appear, the group would take appropriate measures accordingly.

B. MEASURES TAKEN IN FAVOUR OF JOBS AND THE INTEGRATION OF PERSONS WITH DISABILITIES

None of the group companies are under any statutory obligation with regard to jobs and the integration of persons with disabilities. To date, no specific measures have been taken in this respect.

C. NON-DISCRIMINATION POLICY

No specific measures are taken in this respect given the lack of evidence of any discriminatory practices in the group. Were any such evidence to appear, the group would take appropriate measures accordingly.

PROMOTION AND OBSERVANCE OF THE STIPULATIONS OF THE FUNDAMENTAL CONVENTIONS OF THE OTI (INDEPENDENT THIRD-PARTY ORGANIZATION) RELATING TO

A. DUE OBSERVANCE OF FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING

There are no impediments to freedom of association and the right to collective bargaining in group companies. The group's low staffing level is conducive to respectful dialogue with Management.

B. THE ELIMINATION OF DISCRIMINATION IN MATTERS OF EMPLOYMENT AND OCCUPATION

There is no discrimination in matters of employment and occupation in Group companies. The employment contracts drawn up by the Human Resources department comply with current regulations. Lastly, the group complies with statutory provisions governing notices posted in the company, which promote equality of employment and occupation.

C. ELIMINATING FORCED OR COMPULSORY LABOUR

Group companies are not confronted with forced or compulsory labour issues, given the location of their activities (France and Belgium).

D. EFFECTIVE ABOLITION OF CHILD LABOUR

Group companies are not confronted with child labour issues, given the location of their activities (France and Belgium).

2.2- ENVIRONMENTAL DATA

GENERAL POLICY IN ENVIRONMENTAL MATTERS

A. COMPANY ORGANIZATION IN PLACE TO HANDLE ENVIRONMENTAL ISSUES AND, WHERE RELEVANT, ASSESSMENT AND CERTIFICATION PROCESSES

The group considers its general environmental policy with regard to its real estate activities and accordingly takes an active interest in environmental standards. This policy is characterised by the particular attention paid during the acquisition of new buildings and decisions made in renovation programmes. Through its various departments (asset management department, legal affairs and financial department) and with the assistance of outside experts, the group ensures due observance of all current legislation. In particular, compulsory survey reports (lead, asbestos, etc.) issued when buildings are sold or purchased are a key factor enabling the group to best avert the major environmental risks its activities entail.

No assessment or certification process was undertaken in 2014.

B. STAFF TRAINING AND INFORMATION IN MATTERS OF ENVIRONMENTAL PROTECTION

No relevant training was given in 2014.

C. ENVIRONMENTAL AND POLLUTION RISK PREVENTION MEASURES

The group duly conducts compulsory property surveys (lead, asbestos, etc.).

D. AMOUNT OF PROVISIONS AND GUARANTEES FOR ENVIRONMENTAL RISKS

No provisions have been recognized or guarantees given with regard to environmental risks.

Given its property-related activities and the assets it holds, to date the group has not been exposed to any risks liable to require such provisions or guarantees.

POLLUTION AND WASTE MANAGEMENT

A. MEASURES FOR THE PREVENTION, REDUCTION OR REPAIR OF DISCHARGES INTO THE AIR, WATER AND GROUND THAT SERIOUSLY AFFECT THE ENVIRONMENT

No such measures are taken by group companies due to their real estate activities. These activities do not generate discharges into the air, water and ground that seriously affect the environment.

B. MEASURES FOR THE PREVENTION, RECYCLING AND DISPOSAL OF WASTE

The group's activities do not directly generate waste. During renovation work on buildings, it is up to the contractors to take all appropriate regulatory measures to manage the waste generated by their work. If contractors are confronted with hazardous substances like asbestos, the group requires them to produce a certificate proving they have removed such waste material.

C. NOISE POLLUTION AND ANY OTHER FORM OF POLLUTION SPECIFIC TO AN ACTIVITY

The group's activities do not directly generate noise pollution. However, the group takes special care with regard to potential noise pollution during renovation work on buildings. Contractors must comply with current regulations governing the hours during which building works are permitted. If any complaints were to be lodged during such works or on any other grounds, the group would take the appropriate measures.

SUSTAINABLE USE OF RESOURCES

A. WATER CONSUMPTION AND SUPPLIES ACCORDING TO LOCAL CONSTRAINTS

No water consumption reports are drawn up, as individual water meters are not systematically installed. Albeit not subject to local water supply constraints, the group is nonetheless mindful of excessive use of water, for instance during renovations. In such cases it will investigate the cause of such excessive use of water.

B. USE OF RAW MATERIALS AND MEASURES TAKEN TO USE THEM MORE EFFICIENTLY

The group's activities do not directly involve the use of raw materials.

C. ENERGY CONSUMPTION, MEASURES TAKEN TO IMPROVE ENERGY EFFICIENCY AND THE USE OF RENEWABLE ENERGIES

At the request of its lessees, the group would hold consultations on the subject.

D. LAND USE

The group does not exploit any of the land on which its buildings stand. Accordingly there is no soil deterioration or pollution in this respect.

CLIMATE CHANGE

A. GREENHOUSE GAS EMISSIONS

The group does not have any data on potential greenhouse gas emissions attributable to its buildings.

B. ADAPTING TO THE CONSEQUENCES OF CLIMATE CHANGE

The group will take the necessary measures as and when regulations change in respect of the consequences of climate change.

PROTECTING BIODIVERSITY

A. MEASURES TAKEN TO PRESERVE OR DEVELOP BIODIVERSITY

By virtue of its property-related activities, the group is not directly or indirectly confronted with threats to biodiversity.

2.3- SOCIAL DATA

TERRITORIAL, ECONOMIC AND SOCIAL IMPACT OF THE COMPANY'S ACTIVITIES

A. WITH REGARD TO EMPLOYMENT AND REGIONAL DEVELOPMENT

The group cannot have any real impact on employment and regional development due to its small workforce, the nature and predominant geographical location of its core business.

B. ON LOCAL OR NEIGHBOURING RESIDENTS

Given their nature and volume, the group's property rental, purchasing and selling activities cannot have any significant territorial, economic and social impact on local or neighbouring residents.

RELATIONS WITH PEOPLE OR ORGANIZATIONS INTERESTED IN THE COMPANY'S ACTIVITIES, IN PARTICULAR PROFESSIONAL INSERTION ASSOCIATIONS, EDUCATIONAL INSTITUTIONS, ENVIRONMENTAL ASSOCIATIONS, CONSUMER ASSOCIATIONS AND NEIGHBOURING POPULATIONS

A. DIALOGUE WITH THESE PERSONS OR ORGANIZATIONS

The group is kept informed of any grievances or even complaints its lessees may lodge through its asset management service and building managers. This ensures we remain attentive to everybody and take the appropriate measures wherever possible and according to our liability.

B. PARTNERSHIP OR SPONSORSHIP INITIATIVES

The Group has not taken any such initiatives.

SUBCONTRACTING AND SUPPLIERS

A. SOCIAL AND ENVIRONMENTAL ISSUES FACTORED INTO IN PURCHASING POLICY

The main measures in this respect are those taken as part of the fight against corruption.

B. IMPORTANCE OF SUBCONTRACTING AND OF THE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF SUPPLIERS AND SUBCONTRACTORS IN RELATIONS WITH THEM

The highest costs committed by the group with regard to subcontracting are those relating to works carried out on the buildings. Major works are overseen by an architect appointed by the group. In agreement with group Management and after issuing calls for bids, the group selects and supervises suppliers in technical terms and checks that they comply with laws and regulations, more particularly those governing their corporate social responsibility.

FAIR PRACTICES

A. ACTION TAKE TO PREVENT CORRUPTION

The Group has taken a series of measures to prevent corruption. These cover acquisitions and disposals of buildings, but also decisions relating to building renovations and the choice of lessees.

Acquisitions and disposals of buildings

Purchase and/or sale proposals forwarded by estate and acquisition agents are studied by the Executive Committee. Asking prices are set on the basis of expert valuations of buildings carried out every six months and General Management's knowledge of the market. Expert valuations generally serve as benchmark prices. Likewise, for acquisitions, independent experts carry out market-based valuations. The final decision to acquire or dispose of a building is made by General Management.

Building works

Major works are overseen by an architect. Calls for tenders are issued to suppliers. After negotiations on quotes (at least two quotes are sought), Management selects the contractor according to the proposed deadline, price, services, materials, etc.).

Estimates for minor maintenance work are accepted subject to at least two estimates being provided by the building manager.

Selecting lessees

The longest leases are negotiated directly by lessees with General Management.

B. MEASURES IN FAVOUR OF CONSUMER HEALTH AND SAFETY

The Group has no consumers in the literal sense of the term. It complies with all statutory and regulatory provisions governing its activities in its dealings with lessees.

OTHER MEASURES IN FAVOUR OF HUMAN RIGHTS

A. OTHER MEASURES IN FAVOUR OF HUMAN RIGHTS

The group has not taken any particular measures in favour of human rights.

SARL Cabinet DE SAINT FRONT
CSR audits
Chartered Accountants
Auditors

ACANTHE DEVELOPPEMENT
2, Rue de Bassano 75116 Paris

The report of the independent third-party body on consolidated corporate, environmental and social data included in the operating and financial review for period ended 31/12/2014.

To the shareholders,

In our capacity as chartered accounts designated as an independent third-party body (Cabinet de Saint Front; Cofrac Accreditation, Inspection, no. 3-1055, list of offices available at www.cofrac.fr), we are pleased to present you our report on ACANTHE DEVELOPPEMENT's consolidated corporate, environmental and social data presented in the operating and financial review for period ending 31 December 2014, pursuant to the provisions of Article L.225-102-1 of the French Commercial Code.

The company's responsibility

It is up to ACANTHE's Board of Directors to draw up an operating and financial review that includes the CSR disclosures required under Article R.225-105-1 of the French Commercial Code.

Independence and quality control

Our independence is defined by statutory instruments, the profession's code of professional conduct as quoted in the decree of 30 March 2012 on the exercising of public accounting. Furthermore, we have put in place a quality control system that includes documented policies and procedures aimed at ensuring our independence and the compliance of our work with applicable statutory and regulatory provisions.

The independent third-party body's responsibility

On the basis of our work, it is our duty to

- certify that the requisite CSR data is included in the operating and financial review, or if omitted an explanation of such omission is provided in pursuance of the third paragraph of Article R.225-105 of the French Commercial Code (CSR Information Reporting Certificate);
- provide reasonable assurance that the CSR data taken as a whole is presented with its most significant aspects and in a fair manner (reasoned opinion on the true and fair view of CSR data).

Our audit was carried out by a team of 3 over 7 days between 27 January and 24 April 2015, including an audit at the registered office on 28 January 2015.

We carried out the tasks described below in accordance with the ministerial order of 13 May 2013, which specifies the arrangements whereby an independent third-party body should conduct its audit, and in accordance with the chartered accountants professional standard applicable to special certificates.

1. CSR data reporting certificate

We carried out the following tasks:

- in interviews with the relevant managers, we heard an account of orientations in matters of sustainable development, in relation to the social and environmental consequences of the company's activities and its societal commitments and, where applicable, the attendant actions or programmes;
- we compared the CSR data presented in the operating and financial review with the list in Article R.225-105-1 of the French Commercial Code;
- we ascertained that the CSR data covers all consolidated reporting entities, namely the company and its subsidiaries in the sense of Article L.233-1 and the companies it controls, in the sense of Article L.233-3 of the French Commercial Code
- in the absence of certain consolidated data, we checked that explanations had been provided in accordance with the provisions of Article R.225-105 paragraph 3 of the French Commercial Code.

On the basis of our work, we hereby certify that the requisite data is present in the operating and financial review.

2. Reasoned opinion on the true and fair view provided by the CSR data

Nature and scope of the audit

We identified those in charge of the process of collecting, compiling, processing and checking the exhaustiveness and consistency of the data.

We took cognizance of the internal control and risk management procedures involved in preparing the CSR data.

We conducted interviews to check proper application of this process and these procedures with the Chief Financial Officer, the Chief Accountant, the Consolidator and an Asset Manager.

We determined the nature and extent of our tests and audits according to the nature and importance of the CSR data with regard to the company's characteristics, the social and environmental issues its activities raise, its orientations in matters of sustainable development and good sectoral practices.

We more particularly studied:

- social information: workforce, absenteeism, the total number of hours of training;
- Environmental information: energy consumption and measures taken to improve energy efficiency and the use of renewable energies;
- corporate information: the importance of subcontracting and measures taken in favour of consumer health and safety.

The CSR data we considered the most important includes:

- at the level of the Paris head office, we consulted documentary sources and held interviews to corroborate qualitative information (organization, policies, actions), we carried out analytical procedures on the quantitative data and on the basis of samples we checked data calculations and consolidation and its coherence and concordance with other information provided in the operating and financial review;
- with regard to the buildings in Rue de Rivoli, Rue François 1er and Rue de Lisbonne, selected on the basis of their location, characteristics and a risk assessment, we conducted interviews and consulted documents to verify the qualitative information. The sample we selected represents 30% of completed floor area.

For other consolidated CSR information, we assessed its consistency with respect to our knowledge of the company.

Finally, we assessed the appropriateness of any explanations for the total or partial lack of certain pieces of information.

We believe that the sampling methods and sample sizes we used to form our professional judgement enable us to provide a reasonable assurance; a higher degree of assurance would have required more extensive auditing. Owing to the use of sampling techniques and other limitations inherent in any information and internal control system, the risk of a significant irregularity in the CSR data cannot be totally ruled out.

Conclusion

On the basis of our work, we have not noted any significant irregularity liable to cast doubt on the fact that the CSR data, taken as a whole, is presented in a true and fair manner.

Toulouse, 24 April 2015

The independent third-party body,

Cabinet de Saint Front

Jacques de Saint Front

APPENDIX 3 - LIST OF OFFICES HELD BY CORPORATE OFFICERS

Mr Alain Duménil, Chairman of the Board of Directors of your Company, held the following positions during all or part of the period ending 31 December 2014:

Chairman of the Board of Directors of: Acanthe Développement, Alliance Développement Capital SIIC – ADC SIIC, Gepar Holding, Smalto until 7 February 2014;

Director of: Ardor Capital SA, Ardor Investment SA, Cadanor, Foncière 7 Investissement, Foncière Paris Nord, Smalto;

Director and Chairman of: Agefi, CC Management, CiCom, Dual Holding, Dual Real Estate Investment;

CEO of: Alliance Développement Capital SIIC – ADC SIIC, Design & Création, Ingéfin, Védran;

Executive committee member of: Ad Industrie;

Manager of: Editions de l'Herne, GFA du Haut Béchignol, Padir, Suisse Design et Création, Société Civile Mobilière et Immobilière JEF, Suchet, Valor;

Joint manager of Smalto Suisse.

Mr Philippe Mamez, Director and Deputy CEO of your Company, held the following positions during all or part of the period ending 31 December 2014:

Deputy CEO and board member of: Acanthe Développement, Compagnie MI 29, Eurobail;

Chairman of the Board of Directors of: Navigestion;

Director of: Compagnie Fermière de Gestion et de Participation – Cofegep;

CEO of: MEP Consultants.

Mr Patrick Engler, Director and CEO of your Company since 15 January 2013, held the following positions during all or part of the period ending 31 December 2014:

Chairman, CEO and Board Member of: Alliance Finance;

CEO and Board Member of: Acanthe Développement;

Director of: Alliance Développement Capital S.I.I.C - ADC SIIC, Ardor Capital SA, Ardor Investment SA, Cadanor, CiCom, Dual Holding, FIPP, Foncière 7 Investissement, Foncière Paris Nord since 21 November 2014, Smalto;

Representative of a corporate body board member of: Alliance Finance;

Managing director of: CC Management, Dual Real Estate Investment, Gepar Holding;

Directeur de la société: Adimm Concept et Gestion;

CEO of: Agence Haussmann Transactions Immobilier de Prestige, Ingénierie, Ingénierie and Gestion, Sep 1.

Mr Pierre Berneau, director of your Company until the Board of Directors meeting of 3 April 2015 that decided to replace him after his death, held the following positions during all or part of the period ending 31 December 2014:

Director of: Acanthe Développement, Alliance Développement Capital S.I.I.C. – ADC SIIC;

CEO of: Sinef.

Miss Valérie Duménil, director of your Company since 30 May 2014, held the following positions during all or part of the period ending 31 December 2014:

Director of: Acanthe Développemen, Alliance Développement Capital S.I.I.C. – ADC SIIC, Ardor Capital SA, Ardor Investment SA, Cadanor, FIPP.

Mr Bernard Tixier, director of your Company until the Board of Directors meeting on 30 May 2014 duly noting his resignation, held the following positions during all or part of the period ending 31 December 2014:

Director of: Acanthe Développement until 30 May 2014;

CEO of: Financière Nortier, Nortier Transactions.

APPENDIX 4 - TABLE SUMMARIZING POWERS VESTED IN THE BOARD OF DIRECTORS WITH REGARD TO CURRENT CAPITAL INCREASES

In euros	Date of AGM	Powers vested until	Authorized amount	Increase(s) in previous years	Increase(s) during the current period	Residual amount on the date this table was produced
Financial year 2014						
Power vested to increase the capital through incorporation of reserves, profits or premiums	26 June 2013	25 August 2015	€100,000,000	€0.49	€0,16	€99,999,999.35
Power vested to increase the capital whilst maintaining the DPS	26 June 2013	25 August 2015	€100,000,000	NA	NA	€99,999,999.35
Power vested to increase the capital and cancel the preferential subscription right	26 June 2013	25 August 2015	€100,000,000	NA	NA	€99,999,999.35
Power to increase the capital as payment for a share contribution	26 June 2013	25 August 2015	10% of the share capital	NA	NA	€99,999,999.35

APPENDIX 5 - SUPPLEMENTARY REPORT OF THE BOARD OF DIRECTORS ON THE USE OF POWERS GRANTED IN CONNECTION WITH CAPITAL INCREASES (ARTICLES L.225-129-1 AND L.225-129-2 OF THE FRENCH COMMERCIAL CODE

The Board of Directors has finalized the terms of this supplementary report in accordance with the provisions of Articles L.225-129-5 and R.225-116 of the French Commercial Code, in order to apprise the General Shareholders' Meeting of the final terms of operations carried out further to the decision of the Board of Directors in the period ending 31 December 2014 acting on the authority of the Meeting pursuant to the provisions of Articles L.225-129-1 and L.225-129-2 of the French Commercial Code.

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

In the period ending 31 December 2014, the Board of Directors used the authority vested in it by the Annual Ordinary and Extraordinary General Meeting of 26 June 2013 to increase the share capital by incorporating a sum debited from «share premium» to round off the said capital.

The following increase was made by raising the par value of the shares:

- Board of Directors meeting of 25 September 2014: Capital increase of 0.16 euros.

The Board of Directors

APPENDIX 6 - THE BOARD CHAIRMAN'S REPORT ON INTERNAL CONTROL PROCEDURES

Dear Shareholders,

The Chairman has prepared this report in accordance with the provisions of Article L.225-37 of the French Commercial Code.

This report outlines the composition of the Board and application of the principle of balanced representation of women and men on the board, the conditions under which the Board's work is prepared and organized, and the internal control and risk management procedures currently in place or being implemented in the Company.

This report also indicates any restrictions on the Managing Director's powers imposed by the Board.

As the Board of Directors has decided not to refer to a corporate governance code drawn up by business representative organizations, this report outlines the reasons behind this choice and the internal auditing rules adopted.

This report also refers to the particular arrangements for shareholder participation in the General Meeting and the principles and rules laid down by the Board of Directors to determine remuneration and benefits of all kinds awarded to the corporate officers.

This report furthermore specifies that the transformation into a European Company (societas europaea – SE) decided by the Extraordinary General Meeting of shareholders on 29 June 2012 did not result in the creation of a new legal entity and that the Company has remained in its form as a société anonyme (public limited company), in such a way that the composition, the conditions for preparing and organizing the work of the Board or the particular methods concerning shareholders participation in the General Meeting as well as the principles and rules set down by the Board of Directors in order to determine compensation packages and benefits in kind awarded to corporate officers have remained unchanged.

This report was approved by the Board of Directors at its meeting on 24 April 2015.

It is under these circumstances and in order to comply with corporate governance provisions (Article L.225-37 of the French Commercial Code) that I hereby submit the following information:

I- CORPORATE GOVERNANCE CODE DRAWN UP BY BUSINESS REPRESENTATIVE ORGANIZATIONS

The law no. 2008-649 of 3 July 2008 institutes a distinction depending on whether or not the Company voluntarily adheres to a corporate governance code drawn up by business representative organizations.

As our Company does not fully meet the recommendations of the AFEP MEDEF Code for the legitimate reasons outlined above, it has opted, as allowed by law, to declare that it does not refer to such a code (AFEP-MEDEF or Middlenext code).

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.

Our Company's listing on Euronext Paris has enabled it to opt for the dispensatory SIIC (real estate investment companies) legal and tax regime. However, our Group with staff numbering only 23 has neither the ramifications nor the organization of most market-listed companies. The small structure of the teams fosters effective communication, group work and as a result efficient internal control measures.

As the management bodies are small, this facilitates implementation of the Company's orientations.

For example, this flexible structure allows board members to easily obtain the information they need to carry out their duties (particularly in terms of auditing) and to discuss such matters with other board members and/or senior Company executives.

II - PREPARATION AND ORGANIZATION OF THE BOARD'S WORK

1. BOARD OF DIRECTORS

Duties

Your Board of Directors sets company strategy, appoints executive corporate officers in charge of running the company within the framework of this strategy and chooses an organizational model (separating or merging the functions of chairman and managing director), supervises management and ensures the quality of the information provided to shareholders and markets in the financial statements or with regard to important transactions.

Composition

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

- Mr Alain Duménil, Chairman of the Board,
- Mr Philippe Mamez, director and Deputy CEO,
- Mr Patrick Engler, director and CEO,
- Mr Jean Fournier, non-executive director since 3 April 2015,
- Miss Valérie Duménil, director.

The offices held by your directors are listed in appendix 3 of the Board of Directors' report.

Please be advised that a member of your Board of Directors, Mr Jean Fournier, meets the commonly accepted criteria of independence:

- Not being an employee or corporate officer of the company, employee or director of its parent company or any consolidated company of the latter and not having been in such a position over the past five years.
- Not being a corporate officer 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 corporate officer of the company (currently or within the past five years) holds a directorship.
- Not being a 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 having a close family connection with a corporate officer.
- Not having acted as auditor of the company during the past five years.
- Not having been a director of the company for more than twelve years.

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

You are reminded that law 2011-103 of 27 January 2011 imposes a balanced representation of men and women on Boards of Directors. From the 1st Annual General Meeting since 1st January 2014, there must be at least 20% of directors of each sex on the board. This proportion cannot be less than 40% after the first Annual General Meeting that follows 1st January 2017. Miss Valérie Duménil has been co-opted as Director at a Board meeting on 30 May 2014 and the Annual and Extraordinary Shareholders' Meeting of 25 June 2014 ratified her co-option. To date, the Company has not met the 20% threshold for representation of directors of each sex.

Organization

The Auditors are invited to attend the Board meeting that rules and balances the annual and interim accounts, and where appropriate any Board meeting where their presence may be deemed useful.

The invitations are issued in wiring within a reasonable deadline. By way of example, your directors and Auditors were duly invited by e-mail and letter dated 18 April 2014 to attend the board meeting of 29 April 2014 approving the annual financial statements and by e-mail and letter dated 12 August 2014 for the board meeting of 27 August 2014 approving the interim financial statements.

Board meetings are planned early enough to ensure that directors receive all the information they need, on the understanding that they have the right to obtain any information or documents they require to carry out their duties.

In this respect, the Chairman endeavours to provide them with all the requisite information or documents required beforehand to enable the Board members to prepare the meetings properly. In like manner, whenever a Board member so requests, the Chairman will provide him or her with the requested elements whenever possible.

Meetings are held at the head office. In 2014, the Board of Directors met ten times.

Members were required to attend in person, subject to availability and the nature of the meetings.

In addition to the points and decisions legally within the remit of this body, the Board of Directors along with the Executive Committee discussed the main campaigns conducted in 2014 both externally (acquisitions, transfers, sales, contracts) and in terms of Group strategy and financial policy (Group restructuring, 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.
It is on no account a body that substitutes for the Board in its remit.

Composition

The Executive Committee comprises at least three of the five members of the Board of Directors.

Duties

Its main duties are to examine:

- investments (study and analysis of investments), work undertaken, demolition and building permits,
- financing (amounts, rates and terms of loans),
- arbitration and all asset disposals,
- the administrative management of the Group and asset monitoring (disposals, building work and rental management),
- financial reporting,
- financial and cash management,
- HR policy (recruitment),
- monitoring of legal procedures (litigation).

Organization

During normal business periods, the Executive Committee meets at least once every two weeks fifteen days on dates set by the Chairman, subject to availability, with an agenda prepared by the Managing Director and/or the Deputy Managing Director.

The following people attend Executive Committee meetings:
- The Chairman of the Board of Directors, Mr Alain Duménil,
- The CEO, Patrick Engler
- The Deputy CEO, Mr Philippe Mamez,
- The Chief Financial and Administrative Officer, Mrs Florence Soucémarianadin,
- The Chief Legal Officer, Mr Nicolas Boucheron.

If necessary, certain employees, executives or external consultants may be invited to attend meetings or express their opinions.

During these Committee meetings, the different Company departments prepare summary documents and may request any points deemed relevant to be put on the agenda.

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

3. ACCOUNTS COMMITTEE

Formed by the Board of Directors on 4 August 2009, the Accounts Committee's duties, within the remit of the Board of Directors, include:

- overseeing the process of preparing quarterly financial reporting, the half-yearly and annual financial statements, before they are passed on to the Board of Directors for examination and closing where applicable,
- and more generally,
  - ensuring the relevance, permanence and reliability of the accounting methods in use in the Company and its main subsidiaries, among other things by analysing periodic financial documents, examining the relevance of choices and the correct application of accounting methods, and examining the accounting treatment of all significant transactions,
  - listening to and questioning the Auditors,
  - examining the Auditors' fees each year and assessing the conditions of their independence,
  - examining the applications of Auditors of Group companies whose terms of office are about to end,
  - guaranteeing the efficiency of internal control and risk management procedures.

To that end, the Committee has access to all the documents it needs to carry out its duties.

By the same token, without prejudice to the prerogatives of the Board of Directors, it may call upon experts from outside the Company and garner the opinions of any individual who may offer relevant information to better understand a specific point.

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

Until 30 May 2014, the Accounts Committee's members were Messrs Patrick Engler (Chairman), Pierre Berneau and Bernard Tixier.

Since 3 April 2015, the Accounts Committee's members are:
- Mr Patrick Engler, Committee Chairman,
- Mr Jean Fournier,
- Mrs Florence Soucemarianadin.

Accounts Committee members have special financial and accounting skills. One of its members, Mr Jean Fournier, is a non-executive director.

Their terms of office are the same as those of their directorships. They may be dismissed from their duties as members of the Accounts Committee by the Board of Directors at any time.

At its meeting of 22 April 2015, the Committee examined the annual and consolidated accounts for financial period 2014. It examined the property valuations of the Company's assets.

The Accounts Committee's work was in line with the objectives set for it.

4. OTHER COMMITTEES

In view of the size of the ACANTHE DEVELOPPEMENT Group, no other specific committees have been set up to date with regard to the life and business of the Company (remuneration committee, selection or appointment committee).

The ACANTHE DEVELOPPEMENT Group is pursuing its efforts with regard to corporate governance.

III - INTERNAL CONTROL PROCEDURES

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

Transactions relating to the Group's business activities are verified, as is the accounting treatment thereof, the general aim being to ensure they comply with applicable laws, regulations and standards and that all the necessary measures are taken to avoid any losses likely to jeopardize the Group's long-term future.

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

1. INTERNAL CONTROL PROCEDURES RELATING TO ASSET PROTECTION

The following insurance contracts in particular have been taken out:

The Group takes out an absentee owner insurance policy as a matter of routine for all the buildings it owns. For its properties in jointly-owned buildings, the Group subsidiary owner of the flats ensures that the building is adequately insured under an absentee owner policy taken out by the managing agent. In the event of a claim, all the policies provide rebuilding cost cover with limits set according to the value of the bricks and mortar, as well as cover for loss of rent for up to two years' rent.

As far as property development activities are concerned, when major or refurbishment work is carried out on buildings covered by ten-year liability insurance, the companies concerned take out construction damage insurance.

Besides the aforementioned policies, no tenant's risk insurance is taken out, as this risk is mitigated by the great diversity of tenants, thereby enabling the Group to avoid any significant economic dependency.

In addition to its insurance coverage, the Company has regular inspections carried out on the technical installations that could have an impact on the environment or life safety (fire-fighting equipment, ventilation, air-conditioning, electrical installations, lifts, etc.).

2. INTERNAL CONTROL PROCEDURES RELATING TO THE RENTAL AND COMMERCIAL MANAGEMENT OF PROPERTIES

The everyday management of property is entrusted to property managers. Depending on their importance, decisions are made either at the weekly meetings of asset managers and the Deputy Managing Director or by the Executive Committee for more important matters.

Dedicated teams are in charge of marketing properties, and they are assisted by acknowledged outside service providers. Prices, deadlines and targets are set in conjunction with General Management and the Executive Committee, and where necessary are authorized by the Board of Directors.

Rental offers are studied by the Asset Managers. The special terms and conditions applying to high-value rental properties (office space) first need to be approved by the Managing Director and/or the Executive Committee.

Finally, a quarterly audit of the income statement is conducted to detect any operating irregularities.

3. INTERNAL CONTROL PROCEDURES RELATING TO FINANCIAL RISKS

Interest-rate risk is partially offset through the use of swap or cap hedging instruments. Any questions in this respect are routinely examined by the Executive Committee, which conducts a weekly review of cash flow and financing requirements.

4. INTERNAL CONTROL PROCEDURES RELATING TO LEGAL RISKS AND LITIGATION

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 and most of the leases are duly drawn up by a notary, thereby rendering them secure and limiting any liability incurred by ACANTHE DEVELOPPEMENT.

Notaries also verify that each transaction (purchase, sale, lease and mortgage financing) meets environmental standards (asbestos, lead and pests), and the Company commissions accredited specialists to carry out these controls and surveys.

Legal risks are monitored by the Legal Department, which ensures that the operations of the Company, its subsidiaries and interests comply with applicable regulations and the Group's interests.

IV - INTERNAL CONTROL PROCEDURES RELATING TO THE PREPARATION AND TREATMENT OF FINANCIAL AND ACCOUNTING INFORMATION

Accounting data on the Group's real estate business is provided by specialized asset and wealth management firms. The same is true for information payroll data and the related social security and tax returns, which are then recorded in the accounts.

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

Each off-balance sheet commitment is checked by the Legal Department and updated in real time.

Financial and accounting data is then verified by the Auditors then presented and explained at meetings of the Accounts Committee, whose remit is described above, and the Executive Committee, prior to being signed off by the Board of Directors. Financial and accounting data thus provides a true and fair view of the position and performance of ACANTHE DEVELOPPEMENT.

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

V - SPECIAL CONDITIONS APPLYING TO SHAREHOLDERS' PARTICIPATING IN THE ANNUAL GENERAL MEETING

In accordance with the provisions of Article L225-37 paragraph 8 of the French Commercial Code as amended by Article 26 of law no. 2008-649 of 3 July 2008, this report stipulates that the conditions under which shareholders participate in the Annual General Meeting of Shareholders are set forth in Articles 30 to 44 of the Company's Articles of Association.

VI - ELEMENTS LIABLE TO HAVE AN IMPACT IN THE EVENT OF A TAKEOVER BID (ARTICLE L.225-100-3 L225-37 9 OF THE FRENCH COMMERCIAL CODE)

These elements are listed in point 36 du annual management report prepared by the Company's Board of Directors.

VII - SEPARATING/COMBINING THE POSITIONS OF CHAIRMAN OF THE BOARD AND CEO

At the Board meeting of 15 January 2013, the directors decided to dissociate the duties of Chairman of the Board and Managing Director. Mr Alain Duménil thus continues as Chairman and Mr Patrick Engler has been appointed Managing Director for the duration of his directorship.

All shareholders and third parties have been duly informed of this decision, which was the subject of a legal notice published in La Loi on 4 February 2013, and an extract of the minutes of the Board of Directors' meeting of 15 January 2013 was filed on 8 February 2013 with the Clerk of the Commercial Court of Paris, in accordance with the provisions of Articles R.225-27 and R.123-105 and Article R.123-9 of the French Commercial Code.

VIII - LIMITATIONS OF THE POWERS OF THE MANAGING DIRECTOR

Full authority is vested in the General Manager to act on behalf of the Company in all circumstances within the bounds of the Company's corporate purpose, except when such authority is expressly vested in the shareholders or the Board of Directors by law.

The Board did not place any limitations on the Managing Director's powers in financial year 2014.

IX - PRINCIPLES AND RULES FOR DETERMINING COMPENSATION PACKAGES AND BENEFITS IN KIND AWARDED TO CORPORATE OFFICERS.

Director's fees as set by the by the Company's Annual General Shareholders' Meeting are awarded to directors according to different criteria.

First of all, board members' attendance at Board meetings is naturally taken in to account.

Any specific property-related studies (acquisitions/disposals) or financial studies (seeking funding) carried out by individual directors are also taken into consideration.

The compensation packages and perquisites paid to corporate officers are itemized in point 11 of the annual management report.

The Chairman of the Board of Directors

APPENDIX 7 - AUDITORS 'S REPORT ON THE CHAIRMAN'S REPORT IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE

PERIOD ENDING 31 DECEMBER 2014

ACANTHE DEVELOPPEMENT
European company
2, rue de Bassano
75116 Paris

To the shareholders,

In our capacity as Statutory Auditors of company ACANTHE DEVELOPPEMENT and in pursuance of article L. 225-235 of the French Commercial Code, we are pleased to present you our report on the report drawn up by the Chairman of your company in accordance with the provisions of article L. 225-37 of the French Commercial Code for period ending 31 December 2014.

It is the Chairman's duty to draw up and secure the Board of Directors' approval of a report on the internal control and risk management procedures in place in the company, including other disclosures required by article L. 225-37 of the French Commercial Code, pertaining inter alia to corporate governance arrangements.

It is our duty:

- to apprise you of our observations on the information provided in the Chairman's report concerning the company's internal control and risk management procedures relating to the preparation and treatment of accounting and financial reporting, and

- to certify that the report contains the other information required by article L. 225-37 of the French Commercial Code, it being understood that it is not our responsibility to check the accuracy of such information.

We have conducted our work in accordance with professional standards generally accepted in France.

Information on the internal control and risk management procedures relating to the preparation and treatment of financial and accounting information

These standards require us to exercise reasonable care in assessing the accuracy of disclosures concerning internal control and risk management procedures relating to the preparation and treatment of the accounting and financial information in the Chairman's report. This consists inter alia in:

- familiarizing oneself with the internal control and risk management procedures relating to the preparation and treatment of the accounting and financial information underlying the disclosures in the Chairman's report and in existing documentation;
- understanding the work involved in preparing the said disclosures and existing documentation;

- determining whether any major deficiencies in internal control relating to the preparation and treatment of the accounting and financial information that we noted during our audit are duly disclosed in the Chairman's report.

On the basis of our work in this respect, we have no comment to make on the company's internal control and risk management procedures relating to the preparation and treatment of the accounting and financial information in the Board Chairman's report, prepared in accordance with the provisions of article L. 225-37 of the French Code of Commerce.

Other disclosures

We hereby certify that the Chairman's report includes the other disclosures required under article L. 225-37 of the French Commercial Code.

Paris and Neuilly-sur-Seine, 28 April 2015
The Auditors

Auditors and Business Consultants	Deloitte & Associés
Arnaud DIEUMEGARD	Benoît PIMONT

APPENDIX 8 - 5-YEAR SUMMARY

SE ACANTHE DEVELOPPEMENT 31/12/2014

RESULTS (AND OTHER SALIENT FEATURES) OF THE COMPANY OVER THE PAST FIVE FINANCIAL YEARS
(DECREE 67-236 OF 23-03-1967)

	31/12/2010	31/12/2011	31/12/2012	31/12/2013	31/12/2014	
Capital at the end of the period						
Share capital	41 721 357	16 416 399	17 206 397	19 312 608	19 991 141	
Number of ordinary shares	110 392 205	120 816 870	126 630 877	142 131 582	147 125 260	
Number of senior shares						
Maximum number of shared to be issued: - by bond conversion - by subscription right						
Activities and profit						
Revenue (excl. tax)	2 218 971	2 191 588	2 191 440	4 288 127	2 575 933	
Earnings before tax, profit-sharing, depreciation and amortization	226 433 943	-8 166 584	-983 326	-825 643	-1 766 469	
Corporate income tax	126 676	0	0	0	0	
Worker profit-sharing	0	0	0	0	0	
Earnings after tax, profit-sharing, depreciation and amortization	226 190 289	-9 583 932	-1 856 574	-6 478 143	-5 313 316	
Distributed earnings	118 119 659.35	10 873 518.30	7 597 852.62	4 263 947.46		(1)
Earnings per share						
Earnings after tax, profit-sharing, before amortization expense and provisions	2.05	-0.07	-0.01	-0.01	-0.01	
Earnings after tax, profit-sharing, amortization expense and provisions	2.05	-0.08	-0.01	-0.05	-0.04	
Dividend due	1.07	0.09	0.06	0.03		(1)
Personnel						
Average employee headcount	3	3	3	4	4	
Payroll	321 942	295 196	276 436	464 061	508 377	
Employee benefits paid out (Social Security, community services)	133 228	127 067	119 780	190 003	239 374	

(1) This is the amount proposed for distribution by ACANTHE DEVELOPPEMENT's Board of Directors, pending approval by the Annual General Meeting convening to approve the accounts.

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SE ACANTHE DEVELOPPEMENT
75116 PARIS

BALANCE SHEET - ASSETS

	Period N 31/12/2014 (12 months)			Period N-1 31/12/2013 (12 months)	Difference N / N-1	
	Gross	Amort. deprec. (to be deducted)	Net	Net	Euros	%
Subscribed uncalled capital (I)						
CAPITAL ASSETS						
INTANGIBLE ASSETS						
Preliminary expenses						
Development expenditure						
Concessions, patents, licences, and similar rights	11 500	10 911	589	1 092	503-	46.08-
Goodwill (1)	5 319 567	3 358 021	1 961 546	2 126 643	165 097-	7.76-
Other intangible assets						
Advances and down payments	1 825		1 825	1 095	730	66.67
PROPERTY, PLANT AND EQUIPMENT (PP&E)						
Land	1 590 778		1 590 778	1 590 778		
Buildings	4 440 453	1 428 116	3 012 337	3 194 169	181 832-	5.69-
Industrial plant, machinery and equipment						
Other PP&E	50 354	43 217	7 137	8 384	1 247-	14.87-
Construction work in progress						
Advances and down payments						
LONG-TERM INVESTMENTS (2)						
Equity-method interests						
Other controlling interests	228 140 810	682 880	227 457 930	227 490 748	32 817-	0.01-
Advances to subsidiaries	42 429 964	1 001 426	41 428 538	38 594 280	2 834 258	7.34
Other capitalized securities						
Loans						
Other long-term investments	191 562		191 562	191 345	217	0.11
TOTAL II	**282 176 813**	**6 524 570**	**275 652 243**	**273 198 534**	**2 453 709**	**0.90**
CURRENT ASSETS						
STOCK AND WORK-IN-PROGRESS INVENTORY						
Raw materials and supplies						
Goods in progress - Services in progress						
Semi-finished and finished products						
Goods						
Advances and down payments made on orders	25 913		25 913	16 898	9 015	53.35
ACCOUNTS RECEIVABLE (3)						
Trade notes and accounts receivable	1 787 983		1 787 983	1 739 962	48 022	2.76
Other receivables	2 521 798		2 521 798	2 814 034	292 236-	10.38-
Subscribed capital called and unpaid						
Marketable securities	3 871 171		3 871 171	6 996 881	3 125 710-	44.67-
ADJUSTMENT ACCOUNTS						
Cash assets	73 912		73 912	9 010	64 903	720.38
Prepaid expenses (3)	47 101		47 101	89 129	42 027-	47.15-
TOTAL III	**8 327 878**		**8 327 878**	**11 665 912**	**3 338 034-**	**28.61-**
Expenses capitalized, to be amortized (IV)						
Loan redemption premiums (V)						
Unrealized exchange losses (VI)						
GRAND TOTAL (I+II+III+IV+V+VI)	**290 504 691**	**6 524 570**	**283 980 121**	**284 864 446**	**884 325-**	**0.31-**

(1) including lease renewal *1 599 850*
(2) Including maturities under one year (gross)
(3) Including maturities over one year (gross)

SE ACANTHE DEVELOPPEMENT
75116 PARIS

BALANCE SHEET - LIABILITIES

	Period N	Period N-1	Difference N / N-1	
	31/12/2014 (12 months)	31/12/2013 (12 months)	Euros	%
EQUITY				
Capital (including paid-up: 19 991 141)	19 991 141	19 312 608	678 533	3.51
Share and merger premium	55 849 120	54 580 118	1 269 001	2.33
Revaluation adjustments				
RESERVES				
- Legal reserve	1 500 000	1 500 000		
- Statutory or contractual reserves				
- Regulated reserves				
- Other reserves	45 137 751	45 137 751		
Retained earnings	20 903 523	31 645 568	10 742 045-	33.94-
NET PROFIT OR LOSS FOR THE PERIOD	-5 313 316	-6 478 143	1 164 827	17.98
Capital grants				
Regulated provisions				
TOTAL I	**138 068 218**	**145 697 901**	**7 629 683-**	**5.24-**
OTHER EQUITY CAPITAL				
Income from issued equity securities				
Conditional advances				
TOTAL II				
PROVISIONS				
Provisions for risks	94 850	59 118	35 733	60.44
Provisions for charges	8 847 844	5 776 397	3 071 448	53.17
TOTAL III	**8 942 695**	**5 835 514**	3 107 180	**53.25**
LIABILITIES (1)				
FINANCIAL DEBTS				
Convertible bond issues				
Other bond issues				
Loans with lending institutions	1 081 359	1 219 278	137 919-	11.31-
Bank overdrafts				
Loans and miscellaneous financial debts	134 521 188	130 349 322	4 171 865	3.20
Advances and down payments received on orders	119 286	15 108	104 178	689.56
OPERATING DEBTS				
Trade notes payable and accounts payable	820 199	900 858	80 659-	8.95-
Tax and social security liabilities	415 792	840 957	425 165-	50.56-
Liabilities on fixed assets and related accounts				
Other liabilities	11 385	5 507	5 878	106.74
ADJUSTMENT ACCOUNTS				
Prepaid income (1)				
TOTAL IV	**136 969 208**	**133 331 030**	**3 638 178**	**2.73**
Unrealized exchange gains (V)				
GRAND TOTAL (I+II+III+IV+V)	**283 980 121**	**284 864 446**	**884 325-**	**0.31-**

(1) Accrued income and liabilities *1 391 173* *1 891 834*

SE ACANTHE DEVELOPPEMENT
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INCOME STATEMENT

	Period N 31/12/2014 (12 months)			Period N-1 31/12/2013 (12 months)	Difference N / N-1	
	France	Export	TOTAL		Euros	%
OPERATING REVENUE (1)						
Sales of goods						
Output sold goods						
Output sold services	2 575 933		2 575 933	4 288 127	1 712 194-	39.93-
NET SALES	**2 575 933**		**2 575 933**	**4 288 127**	**1 712 194-**	**39.93-**
Production held as inventory						
Self-constructed assets						
Operating grants						
Reversed impairment, provisions (and amortization) and expense transfers			7 661	6 078	1 582	26.03
Other income			4 650	2	4 648	NS
TOTAL OPERATING REVENUE (I)			**2 588 244**	**4 294 208**	**1 705 964-**	**39.73-**
OPERATING EXPENSES (2)						
Purchases of goods						
Changes in inventory (goods)						
Purchases of raw materials and other supplies						
Changes in inventory (raw materials and other supplies)						
Other purchases and external expenses *			2 901 183	4 797 471	1 896 288-	39.53-
Taxes and comparable payments			155 759	156 618	859-	0.55-
Wages and salaries			508 377	464 061	44 316	9.55
Social security contributions			239 374	190 003	49 370	25.98
Amortization and depreciation expenses						
On fixed assets: amortization expenses			353 192	351 347	1 844	0.52
On fixed assets: depreciation expenses						
On current assets: depreciation provisions						
Depreciation provisions				1 582	1 582-	100.00-
Other expenses			141 501	140 595	905	0.64
TOTAL OPERATING EXPENSES (II)			**4 299 385**	**6 101 679**	**1 802 294-**	**29.54-**
1 - OPERATING INCOME (I-II)			**1 711 142-**	**1 807 471-**	**96 330**	**5.33**
SHARE OF NET INCOME FROM JOINT VENTURES						
Profit allocated ou loss transferred (III)			171 320		171 320	
Loss allocated or profit transferred (IV)						
INVESTMENT INCOME						
Income from shareholdings (3)			362 811	2 206 505	1 843 695-	83.56-
Income from other investments and receivables on non-current assets (3)						
Other interest and comparable income (3)			406 154	360 389	45 765	12.70
Reversed impairment, provisions and expense transfers				684 787	684 787-	100.00-
Foreign exchange gains						
Net income from sales of marketable securities			6 481	2 317	4 164	179.70
TOTAL V			**775 446**	**3 253 999**	**2 478 553-**	**76.17-**
FINANCIAL EXPENSES						
Amortization, depreciation and provisions			123 789	214 039	90 250-	42.17-
Interest and comparable expenses (4)			1 353 319	1 296 081	57 238	4.42
Foreign exchange losses						
Net expenses on sales of marketable securities				618 333	618 333-	100.00-
TOTAL IV			**1 477 109**	**2 128 454**	**651 345-**	**30.60-**
2 - FINANCIAL INCOME (V-VI)			**701 662-**	**1 125 545**	**1 827 207-**	**162.34-**
3 - PRE-TAX INCOME (LOSS) (I-II+III-IV+V-VI)			**2 241 484-**	**681 927 -**	**1 559 558-**	**228.70-**

SE ACANTHE DEVELOPPEMENT
75116 PARIS

INCOME STATEMENT

	Period N 31/12/2014 (12 months)	Period N-1 31/12/2013 (12 months)	Difference N / N-1 Euros	Difference N / N-1 %
NON-RECURRING INCOME				
Non-recurring income on operating activities				
Non-recurring income on investing activities				
Reversed impairment, provisions and expense transfers				
TOTAL VII				
NON-RECURRING EXPENSES				
Non-recurring expenses on operating activities	384	19 820	19 436-	98.06-
Non-recurring expenses on investing activities				
Amortization, depreciation and provisions	3 071 448	5 776 397	2 704 949-	46.83-
TOTAL VIII	3 071 832	5 796 217	2 724 385-	47.00-
4 - TOTAL NON-RECURRING ITEMS (VII-VIII)	**3 071 832-**	**5 796 217-**	**2 724 385**	**47.00**
Employee profit-sharing (IX)				
Corporate income tax (X)				
TOTAL INCOME (I+III+V+VII)	3 535 010	7 548 207	4 013 197-	53.17-
TOTAL EXPENSES (II+IV+VI+VIII+IX+X)	8 848 326	14 026 350	5 178 024-	36.92-
5 - PROFIT OR LOSS (TOTAL INCOME - TOTAL EXPENSES)	**5 313 316-**	**6 478 143-**	**1 164 827**	**17.98**
Including:				
Equipment lease payments		*14 079*		
Property lease payments				
(1) Including income from prior periods.				
(2) Including expenses from prior periods				
(3) Including income from affiliates	*768 964*	*2 559 859*		
(4) Including interest paid to affiliates	*1 311 831*	*1 230 840*		

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GENERAL INFORMATION

ACANTHE DEVELOPPEMENT is a European company with a capital of 19,991,141 euros, having its head office at 2 Rue de Bassano, Paris 16th, and listed in the Trade & Companies Register of Paris under number 735 620 205. ACANTHE DEVELOPPEMENT shares are listed on Euronext Paris of NYSE Euronext (compartment C, ISIN FR 0000064602).

NOTE 1. MAIN EVENTS OF THE FINANCIAL PERIOD

DISTRIBUTION OF DIVIDENDS

On 25 June 2014, the Annual Ordinary and Extraordinary General Meeting decided to allocate the loss of (€6,478,143.37) to unappropriated retained earnings, which amounted to €31,645,567.72 on 31 December 2013, resulting in distributable income of €25,197,424.35, allocated as follows:

- Dividend..€4,263,947.46,

- the balance to unappropriated retained earnings €20,903,476,89

The General Meeting decided that each of the 142,131,582 shares comprising the share capital on 31 December 2013 would receive a dividend of €0.03 per share. The company is not required to distribute a dividend under the SIIC tax system for this year.

The General Meeting allowed each shareholder to opt either for a payment of the dividend in cash or in new shares to be created by the Company.

As required by law, the Board meeting of 15 July 2014 set the issue price for the new shares at €0.39.

The Board meeting of 25 September 2014 noted that 67.050.018 of the 142.131.582 coupons sent to bearers of capital shares on 31 December 2013 opted to reinvest the capital. This reinvestment generated an increase in the share capital of €678.532,84 through the creation of 4,993,678 new shares, after a rounding of €0.16, deducted from «share premium», share capital totals €19,991,141, divided into 147,125,260 shares.

Dividend payments in cash totalled €2,316,000.

TAX AUDIT

On 28 July 2014, an audit of ACANTHE DEVELOPPEMENT's accounts was conduced for periods from 1st January 2011 to 31 December 2013.

The audit was completed in December 2014 without any adjustments.

NOTE 2. ACCOUNTING POLICIES, STANDARDS AND METHODS

2.1 GENERAL POINTS

The annual financial statements for period ending 31 December 2014 are prepared in accordance with the provisions of the French Commercial Code, the uniform code of accounts as described in ANC regulation 2014-03 and generally accepted French accounting practice.

2.2 BASES OF VALUATION, JUDGEMENT AND USE OF ESTIMATES

The main estimates concern valuations of the recoverable value of investment properties.

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

The present market value is the price one can expect to get if the building is sold to a buyer having no particular connection with the vendor within roughly 6 months of it being advertised in the market.

The tenancy status of premises is taken into consideration, the general rules being to:

- capitalize the rental value of vacant premises at a higher rate than that used for rented premises to factor in the risk of vacancy,
- adjust the rate of return on rented premises according to the location, type and use of buildings, and the level of rents in relation to the rental value and lease renewal dates.

The terms and conditions of leases were taken into account in the estimate, in particular the cost to lessees of possibly exorbitant common law clauses (land tax, building insurance, major repairs under Article 606 of the French Civil Code and management fees).

Finally, the buildings were deemed to be in a good state of repair, the budgets for work to be carried out having been deducted.

Any valuation may include a degree of uncertainty that could have an impact on the future result of operations.

In accordance with CRC regulation 02-10, an impairment test was carried out at the end of the period. The purpose of the test is to ascertain that the values estimated by the expert valuations described above are much higher than the net carrying amount posted in the balance sheet for the assets concerned. Otherwise, a valuation allowance for the difference is recognized.

These property valuations contribute to the valuation of equity interests.

2.3 REPORTING DATE

The annual financial statements cover the period from 1st January 2014 to 31 December 2014.

2.4 SIIC (REAL ESTATE INVESTMENT COMPANY) REGIME.

You are reminded that on 28 April 2005 ACANTHE DEVELOPPEMENT SA opted for the Sociétés d'Investissement Immobilières Cotées (Real Estate Investment Company) tax regime, with effect from 1st May 2005 .

This regime exempts companies from corporation income tax on earnings from building rentals (or from the subletting of premises under leasing contracts signed on or acquired since 1st May 2005), on capital gains earned on certain disposals of buildings or holdings in property companies and the distribution of dividends by certain subsidiaries; this exemption is conditional on:

• 95% of the profits from the rental of properties being distributed before the end of the financial year following the one in which they were made;

• 60% of the capital gains from disposals of properties and certain ownership interests in property companies being distributed before the end of the second financial year following the one in which they were made;

• 100% of the dividends received from subsidiaries having opted to the SIIC tax regime being distributed before the end of the financial year following the one in which they were received.

NOTE 3. MEASUREMENT BASIS

3.1 INTANGIBLE ASSETS

The lease renewal concerns the long-term lease on an office building in Brussels contributed by FINANCE CONSULTING in 2012 as part of a merger. A valuation allowance would be recognized if the market value of the property complex contributed by the company were to fall below its net carrying amount as posted under balance sheet assets, including the technical losses on merger described below.

As the merger with FINANCE CONSULTING was recognized on the basis of carrying amounts, the technical losses on merger reflects the difference between the fair value of the contributed assets and their net carrying amount in the contributing company's books of account. The valuation of the technical losses on merger reflects the value of its underlying asset.

A valuation allowance is recognized when the cumulative value of the underlying asset and the portion of the losses arising from the underlying asset is higher that the value of the said underlying asset.

3.2 TANGIBLE CAPITAL ASSETS

Tangible capital assets are measured at their acquisition cost or their transfer value.

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Structural work	100 years
Buildings	30 years
Façades & Weather-proofing	15 years
General technical installations	20 years
Interior fixtures and decoration	10 years
Software	3 years
Office furniture	3 years
Office equipment and computer hardware	3 years

3.3 LONG-TERM INVESTMENTS

Equity interests are posted in the balance sheet at acquisition cost; where applicable, they are impaired when their current value (based on net book assets, unrealized gains or losses, profit prospects or market price) proves to be lower than their acquisition cost. When the current value is negative, a provision for impairment of current accounts is recognised and, should this be insufficient, a provision for contingencies is recognized. The related receivables comprise current accounts with the subsidiaries.

3.4 RECEIVABLES

Receivables are recognized at face value. A provision for impairment is recognized when collection thereof is compromised.

3.5 MARKETABLE SECURITIES

The current value of marketable securities is their average market price during the last month of the period. An impairment writedown is recognized when the current value is less than their acquisition cost except for ACANTHE DEVELOPPEMENT treasury shares, due to the adjusted net asset value (ANAV), which is greater than the net carrying amount.

3.6 REVENUE

Revenue from «Services» comes from rents collected from tenants of properties leased by the company, as well as services billed to subsidiaries (head office costs and salaries, sundry tasks and duties).

3.7 PROVISIONS FOR CONTINGENCIES AND LOSSES

Contingency and loss provisions are recognized when, at year-end closing, the company has a present obligation towards a third party and it is probable that an outflow of resources will be required to settle the obligation without at least an equivalent consideration being expected from the said third party.

ACANTHE DEVELOPPEMENT SA does not recognize its pension and retirement benefit commitments, as they are insignificant.

3.8 EARNINGS PER SHARE

In accordance with decision no. 27 of the OEC (French association of chartered accountants), basic earnings per share are 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 is 143.458.669. Earnings per share are thus -€0.03704.

Diluted earnings per share are the same as earnings per share (-€0.03704). The remaining stock options are disregarded because their exercise price is higher than the quoted market price.

NOTE 4. EXPLANATION OF BALANCE SHEET AND INCOME STATEMENT ITEMS AND CHANGES THEREIN (IN THOUSANDS OF EUROS)

4.1 CAPITAL ASSETS

(in 1,000s of euros)

	Capital assets				Amortization and depreciation				Net
	Gross value	Increase	Decrease	Gross value	Amort. at	Increase	Decrease	Amort. at	31/12/2014
Intangible assets									
Software	13	1		13	10	1		11	2
Lease renewal (1)	4 958			4 958	3 193	165		3 358	1 600
Merger loss (1)	362			362					362
Property, Plant and Equipment									
Land	1 591			1 591					1 591
Buildings	2 798			2 798	474	35		509	2 289
Fixtures, fittings and equipment	1 642			1 642	772	147		919	723
Office & IT equpmt	52	5	6	50	44	6	6	43	7
Constr. work in progress									
Long-term investments									
Equity interests	228 140			228 140	650	33		683	227 457
Loans to subsidiaries	39 542	2 888		42 430	948	54		1 002	41 428
Other LT invvest., Loans	191			191					191
TOTAL	**279 289**	**2 893**	**6**	**282 176**	**6 091**	**440**	**6**	**6 524**	**275 652**

(1) relating to the lease renewal and the long-term lease on an office building in Brussels contributed by FINANCE CONSULTING in 2012 as part of a merger.

• Tangible capital assets

These items include:

- a mixed occupancy building (offices and shops) in the 9th district of Paris with a floor area of 963 m².
- a plot of land and long-term lease on an office block in Brussels contributed by FINANCE CONSULTING in 2012 as part of a merger.

• Long-term investments

As of 31 December 2014, and where applicable, provisions for long-term investments take into account the net revalued position of unrealized gains on the buildings.

Subsidiaries and equity interests (in thousands of euros)

Company	Capital	Equity other than capital	Proportionate interest (%)	Gross carrying amount	Net carrying amount	Loans and advances granted by the company	Sureties and guarantees given by the company	Turnover excluding tax in the last financial year	Profit or loss of prior period	Dividends paid to the company during the period
To: subsidiaries at least 50%										
SA VELO	1	-1 007	100,00%	624	-	1 001	-	-	-94	-
SA BALDAVINE	131	13	100,00%	4 625	4 625	23 787	13 450	1 207	289	363
SNC VENUS	224 811	16 582	97,34%	217 719	217 719	-	6 305	2 545	-190	-
FINPLAT	31	-1 424	100,00%	-	-	529	-	-	-15	-
SAS BASSANO DVT	33 301	-930	15,01%	5 172	5 113	-	-	1 102	1 681	-
TRENUBEL	31	-1 401	100,00%	-	-	2 397	-	-	-36	-
ECHELLE RIVOLI	1	-	99,90%	1	1	11 623	-	980	38	-
B: subsidiaries, less than 10%										
SA FONCIERE ROMAINE	38	-752	0,04%	-	-	-	-	2	-134	-
TOTAL				**228 141**	**227 458**	**39 336**	**19 755**	**5 837**	**1 540**	**363**

Subsidiary Bassano Développement, 15.01% owned, is the freeholder of the Royal Garden Hotel at 218/220 Rue du Fbg St Honoré (Paris 8th).

ACANTHE DEVELOPPEMENT also has a current account totalling €3,093,000 with an indirect subsidiary, company SCI HOTEL AMELOT, which has undertaken extensive restructuring work on its building at 47 Rue Vieille du Temple (Paris 4th).

4.2 STATEMENT OF RECEIVABLES (GROSS BEFORE IMPAIRMENT)

Change in receivables

(In thousands of euros)

Gross receivables	At 31/12/14	At 31/12/13	Change
Capitalized receivables			
Loans to subsidiaries and affiliates	42 430	39 542	2 888
Other long-term investments	192	191	0
Current assets			
Trade receivables	1 788	1 740	48
State and local authorities	654	1 054	400
Group & Associates	-	-	-
Sundry debtors	1 867	1 760	107
Prepaid expenses	47	89	42
TOTALS	**46 978**	**44 377**	**2 602**

The change in «Loans to subsidiaries and affiliates» is explained by the increase in advances made to subsidiaries. This items, with a gross value of €42,430,000, is impaired in the amount of €1,001,000. The impairment concerns the advance made to subsidiary VELO.

«State and local authorities» includes VAT receivables (€608,000), a carry-back request (€44,000) and accrued income of €2,000 from the Treasury.

«Sundry debtors» includes escrow funds (€1,700,000 further to the dispute between the Company and former shareholders of a subsidiary), the quarterly management balance for the building collected in January 2015 (€139,000) and sundry receivables (€28,000).

Schedule of receivables

(In thousands of euros)

Receivables	Gross amount	Net amount	Due in one year at the most	Due in over one year
Capitalized receivables				
Loans to subsidiaries and affiliates	42 430	41 429	-	41 429
Loans	-	-	-	-
Other	192	192	-	192
Circulating assets				
Customers	1 788	1 788	1 788	-
State and local authorities	654	654	654	-
Group & Associates	-	-	-	-
Sundry debtors	1 867	1 867	1 867	-
Prepaid expenses	47	47	47	-
TOTALS	**46 978**	**45 977**	**4 357**	**41 620**

4.3 MARKETABLE SECURITIES

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

(In thousands of €)

Securities	Number	Gross carrying amount	Net carrying amount
Own shares	71 532	23	23
Open-end investment funds CAAM	923	3 848	3 848
	72 455	3 871	3 871

4.4 EQUITY

(In thousands of euros)

	Capital	Share premiums	Legal	Other reserves	Carried forward	Net income	Total
At 31/12/13	19 313	54 580	1 500	45 138	31 645	-6 478	145 698
Appropriation of income (loss)					-6 478	6 478	0
Dividends					-4 264		-4 264
Increase in capital through reinvestment of dividends	679	1 269					1 948
2014 net income						-5 313	-5 313
	19 991	55 849	1 500	45 138	20 903	-5 313	138 068

During the period, as mentioned under «Highlights of the period», the main changes in equity were:

- distributions of €4,264,000 deducted from the balance carried forward,
- and reinvested dividends increasing equity by €1,948,000.

The period showed a loss of €5,313,000.

Share capital components

As of 31 December 2014, the share capital comprises 147,125,260 fully paid-up ordinary single-voting shares.

During the period, 4,993,678 new shares were created further to the reinvested dividend.

	Equity warrants	Coupons reinvested	Number of shares
Start of period			142 131 582
Conversion of 67,050,018 coupons		67 050 018	4 993 678
TOTALS	**-**	**67 050 018**	**147 125 260**

4.5 LIABILITIES

Changes in debt

(In thousands of euros)

Liabilities	At 31/12/14	At 31/12/13	change
Bank loans and financial liabilities	1 081	1 219	-138
Sundry borrowings and debts	156	156	0
Advances and down payments received	119	15	104
Trade accounts payable	820	901	-81
Tax and social security liabilities	416	841	-425
Current accounts (incl. SNC Venus €130 million)	134 365	130 193	4 172
Other liabilities	11	6	6
TOTALS	**136 969**	**133 331**	**3 638**

The change in «Bank borrowings and liabilities» is explained by the partial repayment of the €137,000 loan.

«Sundry financial loans and debts» includes returnable deposits received from lessees.

«Advances and down payments received» includes the balance of customers in credit after charges repaid to lessees (€7,000) or advance rent payments (€112,000 for the 1st quarter of 2015).

The change in «Trade payables» relates to the fall in «Other purchases and external charges».

«Tax and social security liabilities» primarily includes €276,000 of payable VAT, the balance being social security debts.

The change in «current accounts» is accounted for by additional cash advances from subsidiaries having cash surpluses.

«Other liabilities» include a credit note to be issued to lessees for the service charges of a building (€11,000).

Schedule of debts

(In thousands of euros)

Liabilities	Amount	Due in one year at the most	due in 1 to 5 years	due in over 5 years
Bank loans and financial liabilities	1 081	144	606	332
Sundry borrowings and debts	156	-	156	-
Trade accounts payable	820	820	-	-
Tax and social security liabilities	416	416	-	-
Current accounts	134 365	-	134 365	-
Other liabilities	11	11	-	-
TOTALS	**136 850**	**1 391**	**135 127**	**332**

«Bank loans and financial liabilities» essentially include the following loan taken out with HVB (now DEUTSCHE PFANDBRIEFBANK) for a term of 20 years (principal of €1,075,000 and €6,000 of accrued interest) at a fixed rate until 31 July 2016 then at a variable rate until full repayment of the loan on 31 July 2021.

4.6 ACCRUED PAYABLES AND ACCRUED INCOME

(In thousands of euros)

Realizable receivables	31/12/14	31/12/13	Chg.	Liabilities	31/12/14	31/12/13	Chg.
Financial				**Financial**			
Accrued interest on cur.act. receivables	406	353	53	Accrued interest on cur.act. liabilities	1 312	1 231	81
Accrued interest on term deposits	-	-	-	Accrued interest on loans	6	7	-1
				Accrued interest on other	-	-	-
Operating Loans				**Operating Loans**			
Trade receivables	1 787	1 710	77	Trade payables	644	544	100
Sundry int.	-	-	-	Tax and social security liabilities	50	61	-11
Other receivables	2	2	0	Unbilled discounts granted	11	6	6
Unbilled discounts received	-	-	-	Sundry accrued expenses	-	-	-
Sundry accrued income	-	-	-				
TOTAL	**2 195**	**2 066**	**130**	**TOTAL**	**2 024**	**1 849**	**175**

4.7 PROVISIONS

(In thousands of euros)

	Amount at 31/12/13	Accretion	Writedown		Amount at 31/12/14
			used	not used	
For disputes	2	-	2	-	-
For tax adjustment	5 776	3 071	-	-	8 847
For risks and contingencies	58	37	-	-	95
For current accounts	948	54	-	-	1 001
For equity interests	650	33	-	-	683
For shares	-	-	-	-	-
TOTAL	**7 433**	**3 195**	**2**	**-**	**10 627**

- A provision for risks (€2,000) was recognized following a dispute with a supplier.
- Following an Administrative Court ruling on 10 December 2014, a provision for tax adjustment risks (€3,071,000) was recognized, including €2,133,000 of surcharges of 80% and interest on arrears in these surcharges. The provision covering the 80% surcharges has been recognized, despite the fact that the company's advisers (CMS Bureau Francis Lefebvre) believe, as for the first procedure, that our appeal has a real chance of success, at least before the European Court of Human Rights (see note 6.1).
- A reversal of a provision for risks (€37,000) was recognized for subsidiary VELO during the period.
- A provision for current accounts (€54,000) was recognized on subsidiary SA VELO.
- A provision for impairment of equity interests (€33,000) was recognized on subsidiary SAS BASSANO DEVELOPPEMENT.

4.8 PREPAID EXPENSES

These primarily consist of subscription and insurance costs (€47,000 compared with €89,000 in 2013).

4.9 AFFILIATED COMPANIES

(In thousands of euros)

BALANCE SHEET	31/12/14	31/12/13	Chg.	INCOME STATEMENT	31/12/14	31/12/13	Chg.
Equity interests	228 141	228 141	0	Fees	-320	-358	38
Prov. for equity interests	-683	-650	-33	Interest on other loans	0	-19	19
Merger loss	362	362	0	Interest expenses on cur.act	-1 312	-1 231	-81
Loans to subsidiaries and affiliates	42 024	39 189	2 835	Reinvoicing of staff	-115	0	-115
int. on loans to subs. and aff.	406	353	53	property rentals	-716	-710	-6
Prov. for current accounts	-1 001	-948	-54	Rebillable expenses	-280	-291	11
Provisions for contingencies	-95	-58	-37	Share of book loss - Subsidiaries	0	0	0
Current account in credit	-133 053	-128 963	-4 090	Share of book profit - Subsidiaries	171	0	171
Interest on current account	-1 312	-1 231	-81	Prov. for contingencies	-37	0	-37
				Works rebilled	315	2 123	-1 808
Unbilled receivables	1 787	1 710	77	Income from current accounts	406	353	53
Customers	1	0	1	income from participating interests	363	2 207	-1 844
Deposits received	-44	-44	0	Reinvoicing of sundry expenses	-33	0	-33
Deposits paid	180	179	1	Head office costs rebilled	1 506	1 429	77
				Taxable rents	174	174	0
Invoices not yet received	-179	-82	-96	Rebillable expenses	69	73	-4
				Provision for current accounts	-54	-188	134
Unbillled credit note	0	0	0	Provision for equity interests	-33	-26	-7
Shares	23	0	23	Provision for shares	0	0	0
Provision for shares	0	0	0	Reversed provision for shares	0	604	-604
				Net costs on sales of shares	0	-618	618
				Reversed prov. R&C	0	81	-81
TOTAL	136 556	137 959	-1 403	TOTAL	104	3 602	-3 498

Transactions between the company's subsidiaries were made under normal market conditions; as such, they do not require additional disclosures under Article R.123-198 11° of the French Commercial Code.

4.10 NOTES TO THE INCOME STATEMENT

- **Changes in revenue**

(In thousands of euros)

Income	At 31/12/14	At 31/12/13	Change
Rental income	622	595	27
Income from rebillable expenses	131	137	-6
Income from other activities	1 823	3 556	-1 733
Revenue	2 576	4 288	-1 712

ACANTHE DEVELOPPEMENT is both a holding company and a property investment company. Its revenue comprises rents from leased properties as well as income from rebillable expenses and head office expenses invoiced to subsidiaries.

The change in rental income is accounted for by the end of the franchise granted to lessees in Rue d'Athènes (€27,000).

The change in income from related activities is explained among other things by their reduction from €2,123,000 to €315,000 of works rebilled to a subsidiary, head office costs for their part showing a decrease of €77,000.

• Operating expenses

Operating expenses totalled €4,299,000 for the period compared with €6,102,000 last year.

This fall of €1,802,000 is essentially accounted for by:

- a €1,808,000 reduction in committed expenses on account, which were systematically fully rebilled; this amount is added to total expenses and income (see the note of Revenue),
- the reduction in certain items under «Other purchases and external charges» (-€88,000),
- the increase in «Wages and salaries and social security contributions» (€94,000).

• Share of net income from joint ventures

Profits transferred from conduit entities total €171,000.

• Net financial income

This year, net financial income shows a profit of €702,000 and breaks down as follows:

- €363,000 of dividends received from company BALDAVINE,
- €406,000 of interest received on current accounts,
- €1,312,000 of interest paid on current accounts,
- A provision of -€54,000 for impairment of the VELO current account,
- A provision of -€33,000 on BASSANO DEVELOPPEMENT securities,
- A provision for risks and contingencies of -€37,000 on VELO securities,
- And other financial income and expenses totalling -€35,000 net.

As of 31 December 2013, net financial income stood at €1,126,000. It broke down as follows:

- €2,207,000 of dividends received from BALDAVINE (€1,894,000) and BASSANO DEVELOPPEMENT (€313,000),
- €353,000 of interest received on current accounts,
- -€1,231,000 of interest paid on current accounts,
- A provision of -€188,000 for impairment of the VELO current account,
- A provision of -€26,000 for BASSANO DEVELOPPEMENT securities,
- And other financial income and expenses totalling +€11,000 net.

• Non-recurring items

This year non-recurring items showed a loss of €3,072,000 compared with a loss of €5,796,000 in 2013. This loss is essentially due to provisions totalling €3,071,000 for the risk of tax adjustment.

The period showed a loss of €5,313,000.

NOTE 5. OFF-BALANCE SHEET COMMITMENTS

5.1 COMMITMENTS GIVEN

a) ACANTHE DEVELOPPEMENT has granted collateral totalling €62,295,000 to the banks that financed buildings owned by its subsidiaries.

b) A first mortgage was granted to BAYERISCHE HANDELSBANK AG (now DEUTSCHE PFANDBRIEFBANK) on the building in Rue d'Athènes. The capital balance on the loan is €1,075,000 as of 31 December 2014.

c) A pledge on the commercial rents from the building in Rue d'Athènes was granted to BAYERISCHE HANDELSBANK (now DEUTSCHE PFANDBRIEFBANK) for the same loan.

d) A Treasury preferential claim (€8,255,000) and a Treasury legal mortgage on the building in Rue d'Athènes (€9,080,000) were registered as a guarantee for disputed taxes totalling €9,080,000 (see note 6).

Collateral, Guarantees and Sureties:

Company whose securities are pledged	Owner of the securities	Beneficiary	Effective date	Date of maturity	Number of securities pledged	% of pledged capital
BALDAVINE	ACANTHE DEVELOPPEMENT	MUNCHENER HYPOTHEKEN BANK	20/05/2011	19/05/2021	4 675	99.98%
SCI ECHELLE RIVOLI	ACANTHE DEVELOPPEMENT	MUNCHENER HYPOTHEKEN BANK	18/11/2013	17/11/2020	999	99.9%

5.2 COMMITMENTS RECEIVED

None

NOTE 6. DISPUTES

6.1 TAX DISPUTES

Disputes for which provisions have been recognized

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

It is for a fraction of the taxes mentioned in the previous paragraph that, in a ruling of 5 July 2011, the Administrative Court of Paris – meeting in full session and delivering four clearly substantiated identical decisions on the same day – upheld ACANTHE DEVELOPPEMENT's claim and exempted it from the additional contentious taxes and the related penalties charged by the tax authorities for tax years 2002 and 2003, and from a fraction of the taxes and related penalties for tax year 2005, confirming that the dividends paid were eligible for tax exemption under the parent-daughter company regime.

The tax authorities lodged an appeal against the aforesaid ruling (favourable to ACANTHE DEVELOPPEMENT) with the Administrative Court of Appeal of Paris. In a decision dated 14 November 2013, the latter set aside the decision delivered by the Administrative Court of Paris, chiefly on the grounds of the decisions delivered by the Council of State in a case involving GARNIER CHOISEUL of 17 July 2013, where the defendant was not represented.

The Company lodged an appeal against this ruling on points of law with the Council of State, stressing in particular the specific nature of its position, which according to the arguments put forward should invalidate the principles set out in the aforementioned GARNIER CHOISEUL decisions. It takes the view that its position is different from that of the companies to which the aforesaid decisions apply.

However, in a decision dated 10 October 2014 the Council of State dismissed the appeal on points of law lodged on behalf of the company.

Nonetheless, and quite particularly, one should bear in mind that for the disputed periods, article L 64 of the book of tax procedures (referred to by the 80% surcharge stipulated in article 1729 of the general tax code) did not sanction acts having an exclusively fiscal purpose that go against the lawmaker's objectives. The penalty for such acts was only permitted on the grounds of fraudulent evasion of statutory provisions by the aforementioned JANFIN decision – which postdated the initiating cause of the disputed taxes – then by the PERSICOT decision (Council of State, 2 February 2007) – also postdating the disputed periods – whereby the Council of State imperiously decided that fraudulent evasion of statutory provisions fell within the scope of aforesaid article L 64 in contradiction with provisions relating to the effective date of applicability (1st January 2008) of the extended legal definition of abuse of process given in this article L 64.

The 80% surcharge could only have been applied on the grounds of embezzlement, but such a surcharge was neither applied nor, with all the more reason, substantiated against the Company.

For all these reasons, the company continues to contest the taxes imposed on it, with the assistance of CMS Bureau Francis Lefebvre, and on 6 January 2015 filed an application with the ECHR aimed at having the position of the French courts recognized as being contrary to the European Convention on Human Rights and Fundamental Freedoms.

The extension of the control on the application of the parent/daughter company regime to 2004 led to a rise, notified in the same notification that the rise in the valuation of AD CAPITAL shares mentioned below in §2. The theoretical amount of additional tax under the parent/child company regime totals €0.8m in principal and €0.3m in interest and penalties.

In a ruling on 10 December 2014, the Administrative Court dismissed the Company's appeal on this point.

An application to institute proceedings was filed on 4 March 2015 before the Administrative Court of Appeal of Paris to challenge the ruling on this point.

As of 31 December 2013, the company recognized a €4.5 million provision for tax risks (principal + interest on arrears), further to the findings of the Paris Court of Appeal ruling on additional taxation for tax years 2002 and 2003 (for which an appeal was lodged with the Council of State), as well as its impact with regard to Exit Tax. Moreover, at the request of the statutory auditors, it had also recognized a €1.3 million provision for the 80% surcharges, despite the aforementioned advice of tax advisors CMS Bureau Francis Lefebvre.

On 31 December 2014, further to the ruling of 10 December 2014 the aforementioned provisions were increased, as a precautionary measure, with an adjustment of the Exit tax (€0.3m), the 80% surcharges on the Exit tax (€1.3m) and the interest on arrears on additional Exit tax and surcharges of 80% (€1.4m).

The recognized provisions therefore amount to €8.8 million in total.

Disputes for which provisions have not been recognized

Moreover, the proposals for correction sent to ACANTHE DEVELOPPEMENT questioned the valuation of the AD CAPITAL shares distributed as dividends in kind for a basic amount of €15.6 million, a portion of which is taxed as long-term capital gains, which results in back taxes in principal for an amount of €3.4 million. ACANTHE DEVELOPPEMENT had valued these securities on the basis of Adjusted Net Asset Value (ANAV) and the tax authorities has proposed other methods, which have been contested by the Company and its advisors (CMS Bureau Francis Lefebvre) in their response to the proposed adjustment.

On 7 July 2008, the departmental representative of the tax authorities met the company's counsel, CMS Bureau Francis Lefebvre, and after the meeting, the authorities, albeit confirming the principle of the challenge to the initial valuation method, accepted some of the submitted valuation elements and correlatively reduced the amount of the tax adjustment to €11.8 million, making a tax adjustment in the principal amount of €2.5 million.

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

There again, on receiving collection notice for the corresponding tax, the company filed a claim and, following the rejection of the latter, on 7 September 2011 it referred the matter to the Administrative Court of Paris in order to have all the arguments presented taken into consideration.

In a ruling of 10 December 2014, the Administrative Court of Paris fully upheld the Company's appeal on this point.

The tax authority, without prejudice to an appeal against this decision, pronounced a tax exemption of all sums initially levied further to this raising.

No provision has been recognized in this respect.

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It should be noted that a preferential Treasury claim for €8,255,000 has been made against the Company and that a statutory mortgage of €9,080,000 was taken on the building in Rue d'Athènes as a guarantee for these tax adjustments.

6.2 TAX AUDIT

On 28 July 2014, an audit of ACANTHE DEVELOPPEMENT's accounts was conduced for periods from 1st January 2011 to 31 December 2013.

The audit was completed in December 2014 without any adjustments.

6.3 OTHER DISPUTES: FRANCE IMMOBILIER GROUP (FIG)

a/ Decision of the Paris Court of Appeal of 27 February 2014

In a decision dated 27 February 2014, the Paris Court of Appeal decided:

- to cancel a contribution deed dated 24 November 2009 whereby FIG (formerly a lower-tier subsidiary of ACANTHE DEVELOPPEMENT sold on 19 March 2010) contributed all its property assets (buildings and shares in property investment partnerships) to SNC VENUS, valued by a valuer of contributions in kind at €138,755,688, in exchange for 95,496 SNC VENUS partnership shares,
- to cancel a decision dated 9 December 2009 to distribute all FIG's assets (more particularly including VENUS shares) to TAMPICO,
- to cancel a decision dated 11 June 2010 to increase FIG's capital from €1,439.50 to €10,221,035.83 and modify the company's share capital allocation.

The Paris Court of Appeal also ordered ACANTHE DEVELOPPEMENT to pay, jointly and severally with companies FIG and VENUS, Mr Barthes €129,552 and Mr Noyer €89,597 as compensation for their loss of shareholders' rights.

The Court of Appeal thus reviewed the conclusions of Mr Kling, the expert appointed under the decisions of 14 January 2011 of the Paris Commercial Court to value the rights that FIG's minority groups held in FIG's shareholders' equity and dividends and reserves, after allowing for changes in their ownership interest further to the various transactions affecting FIG's net assets since the ordinary and extraordinary general meeting of 24 February 2004.

The Court of Appeal also ordered ACANTHE DEVELOPPEMENT and VENUS each to pay €100,000 to Mr Barthes and €100,000 to Mr Noyer in respect of Article 700 of the Code of Civil Procedure, as well as all costs.

ACANTHE DEVELOPPEMENT paid the entire debt of Mr Barthes further to this decision. A provision for charges of €316,000 was set aside in the accounts of the ACANTHE DEVELOPPEMENT group for Mr Noyer's debt (see note §4.5 to the consolidated financial statements at 31 December 2014). a cheque made out to his counsel's CARPA account was issued on 13 April 2015 to settle this debt.

The Court of Appeal did not set aside the decision dated 23 February 2010 whereby company TAMPICO distributed dividends totalling €235,064,565.09 (mainly by distributing VENUS shares) to ACANTHE DEVELOPPEMENT.

Given the complexity of the decision of 27 February 2014 and the impossibility of restoring the «status quo ante» in view of transactions made since 24 February 2004, ACANTHE DEVELOPPEMENT takes the view that this decision is inapplicable. This situation creates a legal uncertainty regarding how this dispute will unravel and its possible consequences.

Further to the decision of 27 February 2014, a communiqué was sent to all shareholders and published on the Company's web site on 6 March 2014. The decision has been published in its entirety on the Company's web site since that date.

b/ Sums to be held in escrow

In an ex parte order dated 15 June 2010 delivered at the request of Messrs Barthes and Ceuzin, the President of the Commercial Court of Paris ordered 95,496 SNC VENUS partnership shares, worth over 138 million euros, belonging to ACANTHE DEVELOPPEMENT, to be placed in compulsory administration by a court bailiff.

In an ex parte order dated 16 September 2010 delivered at the request of Messrs Barthes and Ceuzin, the President of the Commercial Court of Paris ordered €15,179,894.85 (the full amount of the dividend voted by the General Meeting of the Shareholders ACANTHE DEVELOPPEMENT on 18 June 2010) to be held in escrow by a court bailiff.

A decision of the Paris Court of Appeal on 8 December 2010 confirmed the ex parte order of 8 October 2010, which had limited the amount held in escrow to €1,700,000.

An ex parte order dated 29 March 2011 dismissed ACANTHE DEVELOPPEMENT's application in respect of the court order of 15 June 2010 and rejected its application in respect of the court orders of 16 September and 8 October 2010.

In a ruling on 30 March 2012, the Paris Court of Appeal confirmed the part of the 29 March 2011 court order in connection with the court order of 15 June 2010. The Court of Appeal in particular held that since the judgements of 14 January 2011 were under appeal, they were not definitive and accordingly did not end the dispute between the parties.

With regard to the appeal against the court order of 29 March 2011 for the part relating to the court orders of 16 September and 8 October 2010, a judgement of the Paris Court of Appeal on 25 October 2012 dismissed ACANTHE DEVELOPPEMENT's appeal. An appeal on points of law has been lodged against this judgement.

Further to the aforementioned 27 February 2014 ruling on the appeals against the rulings of 14 January 2011, ACANTHE DEVELOPPEMENT filed an application with the competent courts with a view to securing the release of the funds held in escrow.

This case will in all likelihood be heard at the end of the first half of 2015.

The sum of €138 million (value of the VENUS shares) and the sum of €1.7 million held in escrow on the initiative of Messrs Barthes and Ceuzin should be reconciled with the sum of €129,552 awarded to Mr Barthes by the Paris Court of Appeal.

c/ Application to extend the FRANCE IMMOBILIER GROUP (FIG) liquidation proceedings to ACANTHE DEVELOPPEMENT

On 23 December 2011 Mrs Monique Richez, in her capacity as controller of the FIG liquidation, summoned ACANTHE DEVELOPPEMENT before the Commercial Court of Paris to have the FIG liquidation proceedings extended for payment of the latter's liabilities.

Further to a ruling of the Commercial Court of Paris of 12 May 2014 subject to interim enforcement, Monique Richez was dismissed as FIG's liquidator on the grounds that she could not be appointed liquidator as she held one FIG company share. This decision is final.

Consequently, Mrs Richez cannot act with regard to the extension of the liquidation to ACANTHE DEVELOPPEMENT.

A stay of proceedings was pronounced in this respect, pending the court of appeal's decision on the formal tender of payment made by the former FIG shareholder, company TAMPICO, to Monique Richez of its €50,800 debt to FIG.

As the Court of Appeal dismissed TAMPICO's claim on 8 January 2015, the latter recovered the €50,800 deposited with the Caisse des Dépôts et Consignations (French sovereign wealth fund). The affair will be resumed and ACANTHE DEVELOPPEMENT will be able to tender its submissions of inadmissibility and ask the Commercial Court of Paris to draw conclusions from its own ruling of 12 May 2014.

d/ Proceedings brought to cancel transactions made during the doubtful period of FRANCE IMMOBILIER GROUP (FIG):

On 2 May 2012, companies ACANTHE DEVELOPPEMENT, VENUS and TAMPICO were summoned by SCP BECHERET SENECHAL GORRIAS, the liquidators of FRANCE IMMOBILIER GROUP (FIG), with a view to securing the cancellation of FIG's contribution of the building at 15 Rue de la Banque – 75002 Paris and equity interests realized on 24 November 2009 in favour of VENUS, as well as the cancellation of the distributions of the advance on dividends and of the distributions of the issue premium in December 2009.

The liquidator of FIG consequently asked VENUS to restore ownership of the building at 15 Rue de la Banque – 75002 Paris and the equity securities, on pain of a penalty payment of 10,000 euros a day for each day of delay.

It also demands that VENUS be ordered to reimburse company FIG for rents collected, dividends and any other proceeds, incidentals to the lease contracts on the property at 15 Rue de la Banque in Paris 2nd and the aforesaid equity interests accrued since 24 November 2009; that ACANTHE DEVELOPPEMENT return the 95,496 VENUS partnership shares of company to FIG for the purpose of cancelling them, subject to €10,000 per day overdue from notification of the forthcoming ruling; cancellation of the 95,496 VENUS partnership shares when they and the property complex at 15 Rue de la Banque in Paris 2nd, the related lease contracts and the equity interests have been returned to company FIG, and that companies ACANTHE DEVELOPPEMENT and TAMPICO be ordered jointly and severally to repay FIG the sum of €4,047,975.50 originating from the cash distributions, plus interest at the official rate from 31 December 2009.

These court applications have been challenged.

Further to a ruling of the Commercial Court of Paris on 6 February 2015, a stay of proceedings pending the decision of the Final Court of Appeal following the appeal on points of law against the aforesaid order of 27 February 2014 was pronounced.

NOTE 7. OTHER DISCLOSURES

The company employed one manager and three staff as of 31 December 2014.

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

The Annual General Meeting of Shareholders set directors fees at €140,000 (gross) to be shared out among the directors.

Pension obligations are insignificant and no provision is recognized in the parent company's financial statements.

Fiscal deficits and changes therein break down as follows:

(In thousands of euros)

Items	at 31/12/13	year's deficits	Charged in the year - Carry-back-	at 31/12/14
Ordinary deficits	16 454	1 254	-	17 708
Long-term loss in value	-	-	-	-
TOTALS	**16 454**	**1 254**	**-**	**17 708**

The period's revenue broken down into operating income and non-recurring items

(In thousands of euros)

Income	2014	Alternative minimum tax	Corporation tax at 33.33%	Corporation tax at 16.50%	**Total**
Operating income	-1 711				-1 711
Intercompany transactions	171				171
Financial income (loss)	-702				-702
Non-recurring items	-3 072				-3 072
Corporation tax	-				0
TOTALS	**-5 313**	**-**	**-**	**-**	**-5 313**

NOTE 8. POST-BALANCE SHEET EVENTS

None.

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ACANTHE DEVELOPPEMENT

CONSOLIDATED BALANCE SHEET

Consolidated financial statements at 31 December 2014

(thousands of euros)	31/12/14	31/12/13
ASSETS		
Investment properties	288 293	279 460
Construction work in progress		
Tangible capital assets	6 040	6 098
Consolidated goodwill		
Intangible assets	9	4
Financial assets	5 464	5 769
Total non-current assets	**299 806**	**291 331**
Property inventory	470	475
Trade notes and accounts receivable	2 985	1 667
Other receivables	6 751	8 873
Other current assets	135	193
Current financial assets	685	
Cash and cash equivalents	5 133	8 037
Buildings held for sale		
Total current assets	**16 160**	**19 245**
TOTAL ASSETS	**315 966**	**310 576**

(thousands of euros)	31/12/14	31/12/13
LIABILITIES		
Capital	19 991	19 313
Reserves	167 980	175 780
Net consolidated income	1 533	(4 813)
Equity attributed to the owners	**189 504**	**190 279**
Reserves attributable to non-controlling interests	12 820	12 740
Income attributable to non-controlling interests	168	80
Total Equity	**202 492**	**203 098**
Non-current financial liabilities	90 898	89 450
Contingency and loss provisions	11 294	7 995
Deferred tax liabilities	-	-
Total non-current liabilities	**102 192**	**97 446**
Current financial liabilities	3 887	3 511
Deposits and guarantees	1 857	1 933
Suppliers	1 846	2 886
Tax and social security liabilities	1 212	1 215
Other liabilities	2 404	487
Other current liabilities	75	
Total current liabilities	**11 281**	**10 032**
Total debt	**113 474**	**107 478**
TOTAL LIABILITIES	**315 966**	**310 576**

ACANTHE DEVELOPPEMENT

STATEMENT OF NET INCOME AND OTHER COMPREHENSIVE INCOME

Consolidated financial statements at 31 December 2014

(thousands of euros)	31/12/14	31/12/13
Rents	9 249	8 693
Rebilled occupancy expenses	1 699	1 740
Total occupancy expenses	(2 785)	(3 570)
Net income from property	**8 163**	**6 863**
Income from property development		
Expenses on property development		
Changes in property inventory		
Net income from property development		
Income from other activities		
Payroll expenses	(1 461)	(1 266)
Other overhead costs	(2 188)	(2 176)
Other income and expenses	(2 576)	(409)
Change in value of investment property	7 443	2 625
Depreciation and amortization	(5 092)	(8 001)
Reversals of other amortization expenses and provisions	1 655	695
Operating income before disposals	**5 944**	**(1 669)**
Income (loss) from disposals of investment properties		124
Operating profit	**5 944**	**(1 545)**
- Cash and cash equivalents	8	3
- Cost of gross financial debt	(3 162)	(3 480)
Cost of net financial debt	**(3 155)**	**(3 478)**
Other financial income and charges	(27)	310
Income or loss before tax	**2 762**	**(4 713)**
Tax on profits	(1 061)	(21)
Income net of tax on divested operations		
Net income or loss for the period	**1 701**	**(4 734)**
attributable to:		
Non-controlling interests	168	80
Group owners	1 533	(4 813)
Earnings per share		
Basic earnings per share (in €)	0,0107	-0,0369
Diluted earnings per share (€)	0,0107	-0,0369
Earnings per share on continuing operations		
Basic earnings per share (in €)	0,0107	-0,0369
Diluted earnings per share (€)	0,0107	-0,0369
Net income or loss for the period	**1 701**	**(4 736)**
Other items of comprehensive income		
Items subsequently reclassified as net profit or loss		
Revalued financial assets available for sale	(35)	(193)
Tax relating to reclassified items		
Items not subsequently reclassified as net profit or loss		
Revaluation of capital assets	43	103
Actuarial gains and losses on severance benefits	24	(53)
Tax relating to non-reclassified items		
Total gains and losses recognized as equity	**32**	**(143)**
Total Comprehensive income Total of the period	**1 733**	**(4 879)**
attributable to:		
Group owners	1 564	(4 961)
Non-controlling interests	169	82

STATEMENT OF CHANGES IN EQUITY

	Group share						
	Capital	Equity-related reserves	Treasury shares	Consolidated reserves and results	Group share of equity	Minority interests' share of equity	Total shareholders' equity
Shareholders' equity at 01/01/2013	**17 206**	**78 373**	**-9 091**	**110 358**	**196 849**	**12 837**	**209 684**
Capital transactions							
Capital reduction							
Share-based transactions							
Treasury share transactions			9 091	-9 091	0		0
Dividends reinvested in shares	2 106	3 784			5 890		5 890
Dividends				-7 598	-7 598		-7 598
Foreign exchange adjustments							
Net income or loss for the period				-4 815	-4 815	80	-4 735
Gains and losses recognized directly in equity				-145	-145	2	-143
Net income and gains and losses recognized directly as equity				**-4 960**	**-4 960**	**82**	**-4 878**
Change in reporting scope (2)				98	98	-98	0
Shareholders' equity at 01/01/2014	**19 313**	**82 157**	**0**	**88 807**	**190 277**	**12 821**	**203 096**
Capital transactions							
Capital reduction							
Share-based transactions							
Treasury share transactions			-23		-23		-23
Dividends reinvested in shares	679	1 269			1 948		1 948
Dividends				-4 264	-4 264		-4 264
Foreign exchange adjustments							
Net income or loss for the period				1 533	1 533	168	1 701
Gains and losses recognized directly in equity (1)				31	31	1	32
Net income and gains and losses recognized directly as equity				**1 564**	**1 564**	**169**	**1 733**
Change in reporting scope							
Shareholders' equity at 31/12/2014	**19 991**	**83 426**	**-23**	**90 371**	**189 504**	**12 988**	**202 492**

(1) Gains and losses recognized directly in equity

Actuarial gains/losses on the pension provision	24
Adjustment on Bassano Développement JV securities	-35
Index-linking of 3rd floor Bassano	43
	32

(2) Change in reporting scope
Deconsolidation of Pont Boissière and Halpylles

STATEMENT OF CHANGES IN CASH FLOW (1,000S OF EUROS)

		31/12/14	31/12/13
Cash flows from continuing operations			
Net consolidated income		1 701	(4 735)
Derecognition of expenses and income with no impact on cash flow			
Depreciation and provisions		3 438	7 304
Change in the fair value of properties		(7 443)	(2 625)
Bonus shares and share options			
Other IFRS restatements		121	261
Other unpaid income and expenses			
Capital gains/losses		1	(415)
Impact of changes in reporting scope			(28)
Badwill			
Equity method companies' share of income (loss)			
Cash flows from operations after cost of net financial debt and tax		**(2 182)**	**(238)**
Cost of net debt			(3 426)
Taxes (including deferred tax)			
Cash flows from operations before cost of net financial debt and tax	A	(2 182)	3 188
Taxes paid	B		
Change in non-cash working capital relating to the activity	C	1 292	1 474
Changes in working capital requirements relating to divested operations	D		
Net cash flow generated by operations	E=A+B+C+D	**(890)**	**4 662**
Cash flow relating to investing activities			
Acquisitions of property, plant and equipment (PP&E)		(1 428)	(27 945)
Disposals of PP&E		1	10 020
Acquisitions of long-term investments			(360)
Repayments of long-term investments		3	
Impact of changes in reporting scope (other than discontinued activities)			34
Changes in loans and advance payments granted			
Other flows relating to investing activities		(76)	75
Changes in investment cash flows from divested operations			
Net cash flow from investing activities	F	**(1 500)**	**(18 176)**
Net cash flow relating to financing activities			
Capital increase			
Paid by parent company shareholders			
Paid by minority shareholders in consolidated companies			
Dividends paid out		(2 316)	(1 707)
Acquisition or disposal of treasury shares		(23)	
Receipts relating to new loans		6 500	40 796
Loans reimbursed		(4 677)	(18 682)
Net interest paid			(3 426)
Impact of changes in reporting scope			
Other flows relating to financing activities			18
Change in financing cash flow from divested operations			
Net cash flow relating to financing activities	G	**(516)**	**16 999**
Changes in cash flow	E+F+G	**(2 903)**	**3 484**
Changes in cash flow		**(2 903)**	**3 484**
Opening cash balance			
Cash assets		1 039	4 553
Bank overdrafts (1)			
Short-term investments		6 998	
		8 037	**4 553**
Closing cash balance			
Cash assets		1 284	1 039
Bank overdrafts (1)		(0)	
Short-term investments		3 849	6 998
		5 133	**8 037**

(1) Overdrafts are included in «Current financial liabilities»

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NOTE 1. HIGHLIGHTS OF THE PERIOD

GENERAL INFORMATION

ACANTHE DEVELOPPEMENT is a European company with a capital of 19,991,141 euros, having its head office at 2 Rue de Bassano, Paris 16th, and listed in the Trade & Companies Register of Paris under number 735 620 205. ACANTHE DEVELOPPEMENT shares are listed on Euronext Paris of NYSE Euronext (compartment C, ISIN FR 0000064602).

1.1. DISTRIBUTION OF DIVIDENDS

On 25 June 2014, the Annual Ordinary and Extraordinary General Meeting decided to allocate the loss of (€6,478,143.37) to unappropriated retained earnings, which amounted to €31,645,567.72 on 31 December 2013, resulting in distributable income of €25,197,424.35, allocated as follows:

- Dividend..€4,263,947.46
- and the balance to unappropriated retained earnings . . €20,903,476.89

The General Meeting decided that each of the 142,131,582 shares comprising the share capital on 31 December 2013 would receive a dividend of €0.03 per share. The company was not bound to distribute under the tax SIIC system for this period: the said distribution is thus entirely a dividend under common law.

The General Meeting allowed each shareholder to opt either for a payment of the dividend in cash or in new shares to be created by the Company.

As required by law, the Board meeting of 15 July 2014 set the issue price for the new shares at €0.39.

The Board meeting of 25 September 2014 noted that 67,050,018 of the 142,131,582 coupons sent to bearers of capital shares on 31 December 2013 opted to reinvest the capital. This reinvestment generated an increase in the share capital of €678,532.84 through the creation of 4,993,678 new shares, after a rounding of €0.16, deducted from «share premium». The share capital thus totals €19,991,141, divided into 147,125,260 shares.

Dividend payments in cash totalled €2,316,000.

1.2. FORMATION OF COMPANY SCO BIZET 24

Company SCI BIZET 24 was formed during the period; 99.9% of its initial share capital of €1,000 was held by company VENUS and 0.1% by company SC CHARRON.

On 28 July 2014, the extraordinary shareholders' meeting of SCI BIZET 24 decided to:

- Agreed to be the beneficiary of the contribution pure and simple by company BASNO of the building at 24 Rue Georges Bizet in Paris 16th, at fair value to company SCI BIZET 24. This contribution was paid for by the issue of 10,850,000 new shares, leading to a capital increase of €10,850,000.
- Accordingly, approve company BASNO as a new partner
- Authorize the Manager to take out a loan of €6.5 million with MUNCHENER HYPOTHEKENBANK.

Following this capital increase of €10,850,000, 99.99% of SCI BIZET 24 is controlled by BASNO and 0.01% by VENUS (SC CHARRON's shareholding being infinitesimal).

After the contribution of the building, SCI BIZET 24 took out a loan of €6.5 million with MUNCHENER HYPOTHEKENBANK for refinancing purposes on 1st August 2014.

1.3. TAX AUDIT OF COMPANY ACANTHE DEVELOPPEMENT

On 28 July 2014, an audit of ACANTHE DEVELOPPEMENT's accounts was initiated, for periods from 1st January 2011 to 31 December 2013.

The audit was completed in December 2014 without any adjustments.

NOTE 2. ACCOUNTING POLICIES AND METHODS

ACANTHE DEVELOPPEMENT, a Société anonyme (public limited company) having its head office at 2, Rue Bassano is the controlling entity of the ACANTHE DEVELOPPEMENT group. It is listed in Paris (EURONEXT) and its functional currency is the euro.

The Group's consolidated financial statements are expressed in thousands of euros, unless otherwise specified.

The balance sheet date for the consolidated financial statements is 31 December of each year. The individual financial statements incorporated into the consolidated financial statements are drawn up at the accounting date of the consolidated financial statements, namely 31 December, and concern the same 12-month financial year, except for company SCI BIZET 24, which was formed during 2014 (see note 1.2), whose accounting period is 8 months.

The consolidated financial statements were approved by the Board of Directors on 24 April 2015.

The Group marginally organizes real estate development programmes, therefore the income statement includes a subtotal for net income from real estate development to indicate the revenue generated by this activity.

2.1. PREPARATION POLICIES FOR FINANCIAL STATEMENTS

Pursuant to Regulation (EC) no. 1606 / 2002 of 19 July 2002, the consolidated financial statements of the ACANTHE DEVELOPPEMENT Group as of 31 December 2014 (available for consultation on the Group's web site at www.acanthedeveloppement.com) were drawn up in accordance with international accounting standards as approved by the European Union on the balance sheet date of the said financial statements, which are of a mandatory nature on that date (standard available at http://ec.europa.eu/internal_market/accounting/ias_fr.htm).

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

The consolidated financial statements were drawn up in accordance with the accounting policies and methods applied by the Group to financial statements for period 2013, with the exception of the following standards and amendments thereto, applying compulsorily or in advance from 1st January 2014:

- IAS 32 amended «Presentation; Offsetting Financial Assets and Financial Liabilities»;
- IAS 36 amended «Disclosure: Recoverable Amount for Non-financial Assets»;
- IAS 39 and IFRS 9 amended «Novation of Derivatives and Continuation of Hedge Accounting»;
- IAS 27 amended «Separate Financial Statements»;
- IAS 28 amended «Investments in Associates and Joint Ventures»;
- IFRS 10 «Consolidated Financial Statements»;
- IFRS 11 «Joint Arrangements»;
- IFRS 12 «Disclosure of Interests in Other Entities»
- IFRS 10, 11, 12 amended «Transition Guidance»;
- IFRS 10, 11, 12 and IAS 27 amended «Investment Entities»;

These amendments to standards have not led to any modification of the consolidated financial statements.

The Group has not opted for early adoption of the standards and interpretations that were not yet mandatory on 1st January 2014.

Moreover, the process whereby the Group determines the potential impacts of the standards or interpretations that will subsequently apply to the consolidated financial statements is currently being evaluated.

2.2. USE OF ESTIMATES

The Group makes estimates and assumptions regarding the carrying amount of assets and liabilities, income and expenses, and disclosures to include in the notes when drawing up its accounts.

The main significant estimates made by the Group more particularly concern:

- the fair value measurement of investment properties, for which valuations are made or updated by independent experts based on a multicriteria approach, then checked by the Group's management; in general, such valuations reflect changes in the various valuation parameters: actual or potential rents, the rate of return, the vacancy rate, the comparative value if it is available, works to be carried out, etc.

Special assessments are made to factor in the specific features of some exceptional items.

- derivatives, which are valued by an independent expert;
- employee pension obligations, measured in accordance with the projected unit credit method, as required by revised IAS 19 according to a model developed by the Group;
- provisions estimated on the basis of the type of litigation and Group experience. These provisions reflect the best estimate of the risks incurred by the Group in these disputes.

The Group makes continuous assessments based on past experience and various other factors considered reasonable, which form the basis for the said assessments. The amounts stated in future financial statements may vary from these estimates according to changes in these assumptions or changing economic conditions.

2.3. CONSOLIDATION POLICIES

Subsidiaries that are exclusively controlled by the Group in the sense of IFRS 10 are fully consolidated.

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

As of 31 December 2014, all entities included in the Group's consolidation scope were exclusively controlled by the Group.

All Group companies operate in the euro zone, therefore no translation adjustments arise in consolidation.

Consolidated statements cover the financial period from 1st January to 31 December 2014. All consolidated companies close their accounts on 31 December.

2.4. NON-CURRENT ASSETS HELD FOR SALE AND DIVESTED OPERATIONS

In accordance with IFRS 5, assets or groups of assets held for sale and divested operations are thus classified if their carrying amount is primarily recovered by a sale rather than by their continued use.

This conditions is deemed to be met when the sale is highly probable and the asset is available for sale in its present condition; moreover, Management must be committed to a sales plan that has progressed sufficiently, and the sale itself is expected to be made within 12 months of the asset being classified as an asset held for sale.

An entity must measure a non-current asset classified as held for sale at its carrying amount or its fair value less costs to sell, whichever is the lower. From the date on which it is thus classified, the asset is no longer impaired.

In order to comply with this definition, Management reclassifies a building held for sale when at year-end closing the building is the subject of a preliminary contract of sale and it is effectively sold by the reporting date of this same period.

The fair value of buildings held for sale is the value stated in the sales agreement less costs to sell.

A discontinued operation is one that the entity has hived off or has classified as held for sale, and:

- represents a primary and distinct business or geographical segment,
- is part of a single and coordinated plan to hive off a primary and distinct business or geographical segment, or
- is a subsidiary acquired exclusively for the purposes of resale.

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

- of the profit or loss after tax of discontinued (or divested) operations;
- of the recognized profit or loss after tax resulting from fair value measurement less costs to sell, or the sale of assets held for sale comprising the divested operation.

This amount must be analysed in detail, itemizing the income, expenses and earnings before tax of divested operations; the specific income tax expense; the revenue from the sale of the divested operation. Divested operations are reclassified retrospectively for all financial periods presented.

The net cash flows from these divested operations is also presented in specific sections in the cash flow statement, comprising the flows generated by these operations until the date they were sold as well as the ex-tax cash flow generated by their sale, for the current period and the period presented for comparison purposes.

2.5. INVESTMENT PROPERTIES

Under IAS 40 and its amendments, and investment property is defined as real estate held by the owner or the lessee (under a finance lease) to earn rent or appreciate capital or both, as opposed to:

- using the property to produce or supply goods or services or for administrative purposes,

- selling as part of an ordinary trading business (selling goods).

The Group's total assets as of 31 December 2014 come under the «investment property» category, apart from a floor in a building at 2 Rue Bassano in Paris 16th district, occupied by the Group (389 m², 15.35% of the building), which is classified under «Tangible assets» and a flat in Ajaccio, recognized in inventory.

After initial recognition and under IAS 40, investment properties are measured:

- either at fair value

- or at cost, as required under IAS 16.

The Group pursues a demanding selection policy for its investments, whereby it only acquires or retains properties with guaranteed levels of profitability, and with potential for revaluation. On that basis, and in accordance with IAS 40, the Group decided to measure its investment properties at fair value from 1st January 2006. This option is intended to reflect changes in «investment property» in the consolidated financial statements and measure the market value of its assets. This option entails recognition of changes in fair value in profit or loss.

Fair value is defined as «the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date» (IFRS 13§15). In practice, for investment property, fair value is similar to commercial value.

To determine fair value as of 31 December 2014, le ACANTHE DEVELOPPEMENT Group entrusted the task of updating expert appraisals of its property assets to acknowledged external experts (CREDIT FONCIER EXPERTISE, 4 quai de Bercy in CHARENTON 94220).

These valuations were carried out on 31 December 2014, and factor in outstanding renovation work, the merchantability transferred and the tenancy status of the buildings.

The property valuations were based on the following standards:

- Charte de l'Expertise en Evaluation Immobilière (French charter on expert property valuations)

- The valuation standards of the Royal Institution of Chartered Surveyors (Red book)

- The COB (former French Stock Exchange watchdog) report of February 2000 (the Barthes de Ruyther report).

The valuation criteria set out in the Charte de l'Expertise en Evaluation immobilière determine commercial value excluding transfer and preliminary expenses. As commercial value is defined as stated above, it is measured under the following conditions:

- the free will of the seller and buyer,

- a reasonable period for negotiation given the nature of the property and the state of the market,

- selling conditions deemed normal, without reservations and with adequate means,

- the parties involved are not influenced by exceptional personal reasons.

Commercial value takes into account renovation work still to be carried out, the merchantability transferred, the tenancy status of the premises and reasonable rent assumptions based on current market condition. It also takes into account the geographic location, the nature and standing of the buildings, their tenancy status, in particular the occupancy rate, lease renewal dates, and the level of charges relating to any clauses possibly waiving common law:

- land tax,

- building insurance,

- major repairs under Article 606 of the French Civil Code and management fees.

To determine the commercial value of buildings using assumptions made for the task, the expert surveyors adopted different approaches depending on the nature or usage of the premises.

These approaches involved two main methods (revenue-based or direct comparison), which were adapted or modified to enable valuation of most of the buildings.

Two of these adapted or modified methods were more particularly used to value the buildings: a method based on capitalized revenue, and a direct comparison method.

Revenue-based methods:

These methods consist in applying a rate of return to revenue (therefore capitalizing it), whether the revenue is recognized or existing revenue, or theoretical or potential revenue (market rent or market rental value). The methods can be adapted in various ways depending on the type of revenue considered (actual rent, market rental value, net revenue), corresponding to different rates of return. The adopted rates of return depend on several parameters:

- the long-term cost of resources (investors generally adopt the French OAT TEC 10 index),
- the geographical location of the property,
- the nature and condition of the property,
- its market liquidity, which depends on how well it meets local needs and its modularity
- the lessee's legal capacity,
- the clauses and conditions of leases, rent levels compared with rental value and foreseeable changes in them,
- the risk of premises remaining vacant.

Revenue-based methods can be applied in many ways. Certain methods are based on discounted future net or projected earnings.

- direct comparison methods: an analysis of transactions in properties as similar as possible (type, location, etc.) and completed at a date as close as possible to the date of the appraisal.

In accordance with the recommendations of the COB (now the AMF) working group, chaired by Georges Barthes de Ruyther, the expert valuations were based on a multicriteria approach. However, revenue-based methods are generally deemed by experts as the most pertinent for the investment properties making up the bulk of the group's assets, as direct comparison methods are generally used to value residential premises.

Establishing the fair value of investment properties is the main area of estimates needed to close the consolidated financial statements (see §2.2).

Considering the typology of levels of fair value specified by IFRS 13, the group considers that the fair value of residential premises, predominantly measured by comparison, comes under level 2, whereas the fair value of other properties (offices, commercial premises, miscellaneous premises) comes under level 3.

						sensitivity test	
Type of property	Level of fair value	Fair value in 1,000s of €	Priority valuation method	Capitalization rate	Net rate of return	a -0.25 change in the capitalization rate	a -10% change in market input
Land/Residential/ Outbuildings	2	32 364	Comparison method				3 076
Offices/Commercial premises	3	261 969	Comparison method	Offices : 4.25 à 6.20% Commercial : 3.75 à 5%	3.54 to 5.39 %	16 260	

No properties changed in their level of fair value during the period.

The Group makes continuous assessments based on past experience and various other factors considered reasonable, which form the basis for the said assessments. The amounts stated in future financial statements may vary from these estimates according to changes in these assumptions or changing economic conditions.

The rate and value per m² figures by asset class are provided in note 9.1.

2.6. TANGIBLE AND INTANGIBLE ASSETS

2.6.1. PROPERTY NOT CLASSIFIED AS «INVESTMENT PROPERTY»

In accordance with IAS 40§57a, which requires that administrative premises used by the company be recognized under IAS 16, the 3rd floor at 2 Rue de Bassano Paris 16th is presented under Property, Plant and Equipment. However, as allowed by IAS 16§, 36-37, «Land» and «Buildings» are measured by the revaluation method, and an exert valuation is made for that purpose at each closing.

A positive change in fair value is recognized in equity as consolidated reserves; a loss in value is recognized in equity as consolidated reserves within the limit of prior revaluations and in profit and loss over that limit.

2.6.2. INTANGIBLE ASSETS, AND OTHER TANGIBLE ASSETS

Tangible and intangible assets with a defined life cycle are recognized at acquisition cost less accumulated amortization/depreciation and any loss in value..

Accumulated amortization and depreciation of the following assets is calculated on a straight-line basis over their estimated useful life:
- office and IT equipment: . . . . 3 years
- vehicles: . . . . 5 years
- software: . . . . 3 years

2.7. LEASING CONTRACTS

2.7.1. FINANCE LEASES

Properties acquired under finance leases are capitalized when the leasing contracts transfer virtually all the risks and advantages of ownership thereof to the Group. The criteria for assessing such contracts based in particular on:
- the ratio of the lease period of assets to their useful life,
- the ratio of total future payments to the fair value of the financed asset,
- transfer of ownership at the end of the leasing contract,
- a favourable purchase option,
- the specific nature of the rented asset.

Assets held under finance leases are amortized over their useful life or over the lease period if the latter is shorter and there is no reasonable certainty that the lessee will become the owner.

Such contracts do not exist in the Group.

2.7.2. OPERATING LEASES

Leases not having the characteristics of a finance lease are recognized as operating leases, and the rents are recognized in profit or loss (see note 2.17).

2.8. PROPERTY INVENTORY

Property inventory is valued at the lower of its cost or its realizable value. The cost of inventory comprises all costs of purchase, conversion and other costs incurred (including the borrowing costs as described in note 2.9) in bringing it to its present condition.

On each closing, an impairment test is carried out to ascertain whether ensure its net realisable value is higher than its inventory value. The net realisable value is the estimated selling price less marketing costs and the cost of any works still to be undertaken.

The «Property inventory» item includes properties that have undergone extensive refurbishment before being placed on the market, or buildings constructed with a view to being sold for future completion.

2.9. BORROWING COSTS

The cost of loans directly relating to the acquisition, construction or production of a qualifying asset is recognized in the cost of the said asset

2.10. ASSET IMPAIRMENT

Other capitalized assets undergo an impairment test whenever there is an indication of internal or external loss in value.

This test consists on comparing the asset’s net carrying amount with its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

Value in use is the present value of expected cash flows generated by use of the asset (of group of assets) and by its possible sale.

Fair value less costs to sell equals the amount that could be obtained from the sale of the asset (or group of assets) in an arm’s length transaction, less direct selling costs.

When tests indicate an impairment in value, this is recognized so that the net carrying amount of the assets does not exceed their recoverable amount.

2.11. FINANCIAL ASSETS

Financial assets are classified into one of the seven following categories:

- assets held for trading purposes;
- investments held to maturity;
- loans and receivables,
- assets available for sale;
- treasury shares
- cash and cash equivalents;
- financial derivatives.

The Group classifies financial assets at the time of initial recognition, depending on the reasons for which they were acquired..

2.11.1. FINANCIAL ASSETS HELD FOR TRADING PURPOSES

A financial asset is classified as held for trading purposes if it is:

- acquired primarily to he sold or repurchased in the short term (UCITS, open-end investment funds);

- part of a portfolio of identified financial instruments managed together and indicates a recent profit in the short term;

- a derivative (apart from one that is a designated and effective hedging instrument).

Derivatives negotiated by the Group are not documented within the framework of hegding and thus fall into this category.

These financial assets are measured at fair value and changes in fair value are recognized in profit or loss. Assets in this category are classified as current assets.

2.11.2. INVESTMENTS HELD TO MATURITY

These are non-derivative financial assets having fixed or determinable payments and a fixed date of maturity, which the company fully intends to and can hold to maturity, except for:

- those that the entity designated as being at fair value through profit or loss at the time of initial recognition,
- those that the entity designates as available for sale,
- those that match the definition of loans and receivables.

After their initial recognition, investments held to maturity are measured at amortized cost by the compound interest method.

Amortized cost takes into account any provision for impairment loss or premium on acquisition, in the period from acquisition to repayment. For investments recognized at amortized cost, profits or losses are recognized in profit or loss when the investments are divested, when they lose value, and through the process of amortization.

They undergo impairment tests if there is an indication of impairment in value. An impairment in value is recognized if the carrying amount is higher than the estimated recoverable amount.

These assets are included in current assets except for those maturing more than 12 months after the reporting date.

2.11.3. LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments and are not quoted on an organized market, except for:

- those that the entity designated as being at fair value through profit or loss at the time of initial recognition,
- those that the entity designates as available for sale on initial recognition;
- those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

Loans and receivables granted are measured by the historical cost method (amortized cost) or by the effective rate of interest method. Their balance sheet value is the remaining capital due plus accrued interest. They undergo recoverability value tests, carried out whenever there are signs that this is lower than the balance sheet value for these assets, and at least on each year-end closing. When the recoverable amount is lower than the carrying amount, an impairment loss is recognized.

These assets are included in current assets except for those maturing more than 12 months after the reporting date.

2.11.4. FINANCIAL ASSETS AVAILABLE FOR SALE

These are non-derivative financial assets that are not included in any of the aforesaid categories. They are included in non-current assets unless the Group intends to sell them within 12 months of the reporting date.

They are measured at liquidation value or quotation value, depending on their type.

Changes in recorded fair value are recognized in equity until they are sold, with the exception of losses in value, which are recognized in profit or loss when they are determined.

Exchange losses and gains for assets in foreign currencies are recognized in profit or loss for monetary assets and in equity for non-monetary assets.

This category primarily includes non-consolidated equity interests and securities that do not meet other definitions of financial assets. They are posted under Other assets, current and non-current and liquid assets.

2.11.5. OWN SHARES

According to IAS 32, the acquisition cost of all treasury shares held by a Group is deducted from equity. Subsequent sales are recognized directly in equity, not in profit or loss.

ACANTHE DEVELOPPEMENT's own equity interests (treasury shares) are accordingly offset against equity.

2.11.6. CASH AND CASH EQUIVALENTS

Cash includes liquid assets in bank accounts and cash kept by the entity.

Cash equivalents are held to meet short-term cash outflow commitments rather than for investment or other purposes. They must therefore be easily convertible into a known amount of cash, not be exposed to any significant risk of change in value and have a maturity in excess of 3 months at the time of acquisition.

2.11.7. DERIVATIVE FINANCIAL INSTRUMENTS

The Group trades financial derivatives with first-rate institutions to reduce its exposure to the risk of changes in interest rates. For implementation of hedge accounting, IAS 39 requires the entity to demonstrate and document the effectiveness of the hedging relationship at its inception and throughout its lifetime.

As the Group has neither documented nor demonstrated the effectiveness of hedging for «living» instruments on 31 December 2013 and 2014, the changes in fair value of the said instruments are recognized as financial income or expenses.

Fair value is determined by the financial institution with which the instrument has been subscribed.

2.12. FINANCIAL LIABILITIES

Non-derivative financial liabilities or those not recognized at fair value in profit or loss or not held for trading purposes are measured at amortized cost using the effective interest method. Loan-related fees are deducted from amounts borrowed when the financial liability is recognized; they subsequently constitute an interest expense as and when repayments are made.

2.13. PROVISIONS

IAS 37 states that a provision is recognized when the Group has a present obligation (legal or implicit) arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits and the amount of the obligation can be reliably estimated. The estimate takes into consideration the most probable assumptions at the reporting date.

If the effect of time value is significant, the provision is discounted. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks inherent in the obligation. An increase in the amount of a discounted provision is recognized under financial expenses.

2.14. TAX ON PROFITS

ACANTHE DEVELOPPEMENT and some of its subsidiaries opted for the SIIC (real estate investment company) tax system in 2005. For this reason, profits in the property sector are exempt from corporation tax, while other items of income are liable for it.

The tax expense is the amount of current tax plus deferred tax. Current tax is the tax due for the current tax year.

Deferred tax includes all temporary differences arising when the book value of an asset or liability differs from its fiscal value. Such differences generate tax assets and liabilities described as deferred, and are calculated using the liability method.

2.15. EMPLOYEE BENEFITS

Revised IAS 19 specifies the methods for recognizing benefits granted to employees. It applies to all remuneration paid in return for services rendered, with the exception of share options, which are the subject of IFRS 2.

Under IAS 19, all employee benefits, monetary or in kind, short or long-term, fall into the two following categories:

- short-term benefits, such as salaries and paid annual leave, which are expensed by the company when it has used the services rendered by employees in return for the benefits granted to them,
- long-term benefits, such as post-employment benefits not fully due in the twelve months following the financial period in which the employees rendered the corresponding services.

These benefits must be the subject of provisions.

For basic plans and other defined contribution plans, the Group expenses contributions when they are payable, as it is not committed beyond any paid-up contributions.

For defined benefit plans, pension expenses are measured using the actuarial projected unit credit method. Under this method, each period of service results in an additional unit-based right to benefits, and each of these units is measured separately to determine the final obligation.

This final obligation is then discounted. These calculation primarily factor in the following assumptions:

- a discount rate,
- a rate of inflation,
- a mortality table,
- a pay increase rate, and
- a staff turnover rate.

Actuarial gains and losses are recognized as other components of comprehensive income without subsequently being reclassified to profit or loss, whereas the cost of services rendered is recognized in profit or loss.

2.16. EARNINGS PER SHARE

In accordance with IAS 33, basic earnings per share are 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 outstanding is calculated on the basis of different changes in share capital, adjusted where applicable by the number of treasury shares held by the Group.

Diluted earnings per share are calculated by dividing «Net income - Group share» by the weighted-average number of ordinary shares outstanding plus any potentially dilutive ordinary shares.

2.17. PROPERTY REVENUE

Rents are recognized on a straight-line basis over the entire duration of the lease; as such, the impact of rent exemptions is distributed over the duration of the lease when they meet the standard's requirements.

Rebilled occupancy expenses and overall occupancy expenses are recognized as and when they are committed.

Lease contracts the group signs with its lessees are operating leases in the sense of

IAS 17. Generally speaking, leases include clauses on lease period renewal and index-linked rent, as well as the other clauses generally included in this type of contract.

Additional disclosures pursuant to IFRS 7 are presented in note 9.10.

Net income from properties includes all revenue and costs directly related to operating the buildings.

Net revenue from property development is the difference between the selling price and the output cost (cost of property development and change in inventories) of the buildings this activity concerns.

2.18. REVENUE FROM DISPOSALS OF INVESTMENT PROPERTIES

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

2.19. OPERATING SEGMENTS

IFRS 8 « Operating segments» states that segment disclosures as presented are based on internal management data used to analyse the performance of activities and resource allocations by the «chief operating decision-maker», which in this instance is the Company's Executive Committee.

An operating segment is a distinct component of the Group engaged in supplying distinct products or services and that is exposed to different risks and earning power from those of other operating segments.

The operating segments were as follows (no change compared with the prior period):

- Office space,
- Commercial premises,
- Hotels,
- Residential.

Moreover, as the market fluctuates according to geographical location, a separate presentation is also provided for each of the four following regions:

- Paris,
- The Paris region (outside Paris),
- Provinces,
- Abroad.

Segment operating profit or loss is presented for each segment. Investment properties, property inventories and current and non-current financial liabilities are also presented for each segment.

NOTE 3. SCOPE OF CONSOLIDATION

3.1. LIST OF CONSOLIDATED COMPANIES

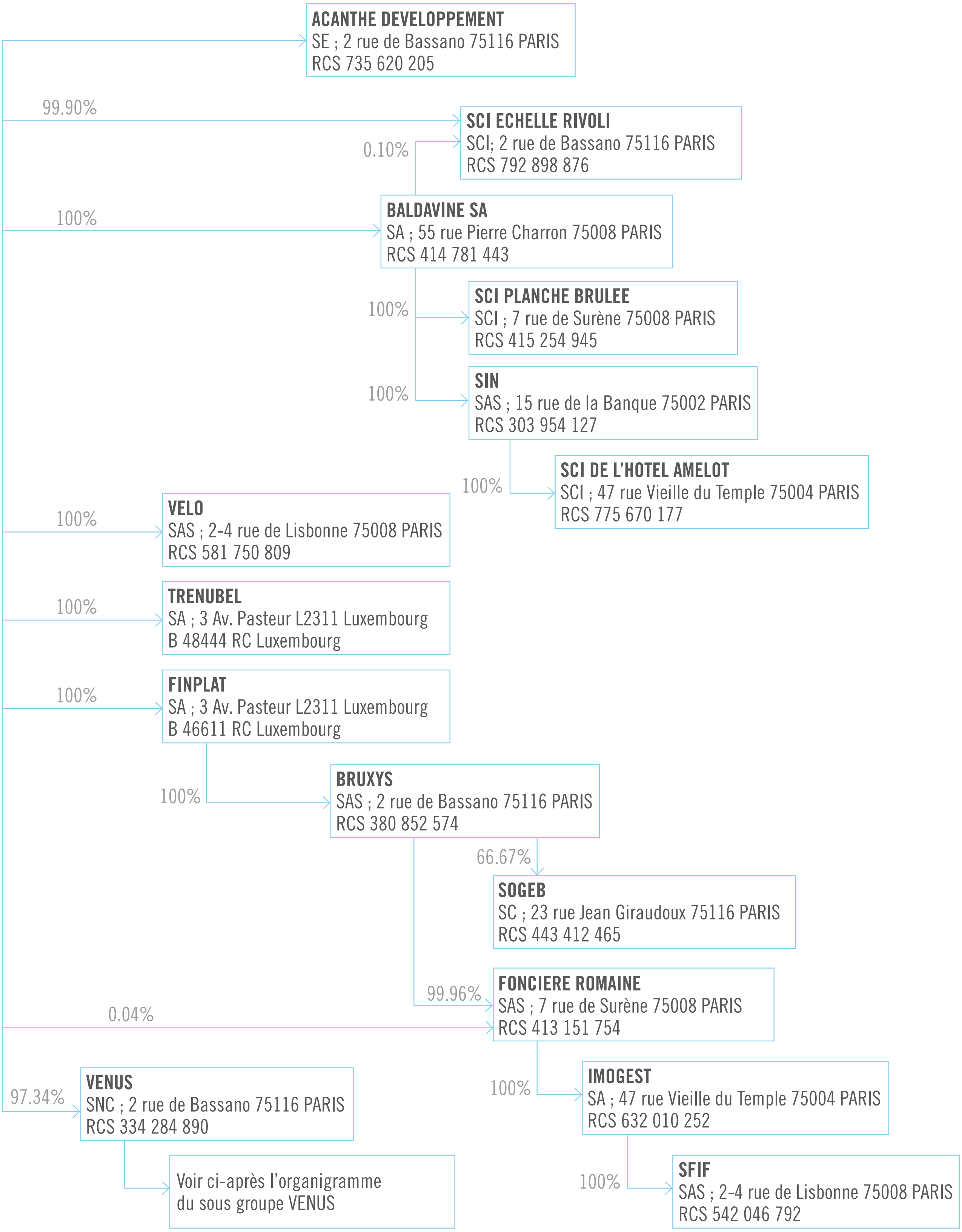
		31 December 2014			31 December 2013		
Form	Company	% holding	% control	Consolidation method	% holding	% control	Consolidation method
Parent company							
SA	ACANTHE DEVELOPPEMENT						
Fully consolidated companies							
SARL	ATREE (1)	97,34%	100%	FC	97,34%	100%	FC
SA	BALDAVINE SA	100%	100%	FC	100%	100%	FC
SC	BASNO (1)	97,34%	100%	FC	97,34%	100%	FC
SAS	BRUXYS	100%	100%	FC	100%	100%	FC
SAS	CEDRIANE (1)	97,34%	100%	FC	97,34%	100%	FC
SC	SOCIÉTÉ CIVILE CHARRON (1)	97,34%	100%	FC	97,34%	100%	FC
SC	SCI CORDYLIERE (1)	97,34%	100%	FC	97,34%	100%	FC
SCI	ECHELLE RIVOLI	100%	100%	FC	100%	100%	FC
SA	FINPLAT	100%	100%	FC	100%	100%	FC
SCI	FONCIERE DU 17 RUE FRANCOIS 1er (1)	97,34%	100%	FC	97,34%	100%	FC
SCI	FONCIERE DU ROCHER (1)	97,34%	100%	FC	97,34%	100%	FC
SAS	FONCIERE ROMAINE	100%	100%	FC	100%	100%	FC
SCI	SCI FRANCOIS VII (1)	97,34%	100%	FC	97,34%	100%	FC
SCI	SOCIÉTÉ CIVILE IMMOBILIÈRE DE L'HOTEL AMELOT	100%	100%	FC	100%	100%	FC
SA	IMOGEST	100%	100%	FC	100%	100%	FC
SCI	SCI LA PLANCHE BRULEE	100%	100%	FC	100%	100%	FC
EURL	LORGA (1)	97,34%	100%	FC	97,34%	100%	FC
SA	SAUMAN FINANCE (1)	97,34%	100%	FC	97,34%	100%	FC
SAS	SFIF	100%	100%	FC	100%	100%	FC
SAS	SIF DEVELOPPEMENT (1)	97,34%	100%	FC	97,34%	100%	FC
SAS	SIN	100%	100%	FC	100%	100%	FC
SC	SOGEB	66,67%	66,67%	FC	66,67%	66,67%	FC
SARL	SURBAK (1)	97,34%	100%	FC	97,34%	100%	FC
SA	TRENUBEL	100%	100%	FC	100%	100%	FC
SAS	VELO	100%	100%	FC	100%	100%	FC
SNC	VENUS (1)	97,34%	97,34%	FC	97,34%	97,34%	FC
EURL	VOLPAR (1)	97,34%	100%	FC	97,34%	100%	FC
Entered the scope of consolidation during the period:							
SCI	SCI BIZET 24 (1)	97,34%	100%	FG			
Left the scope of consolidation during the period:							

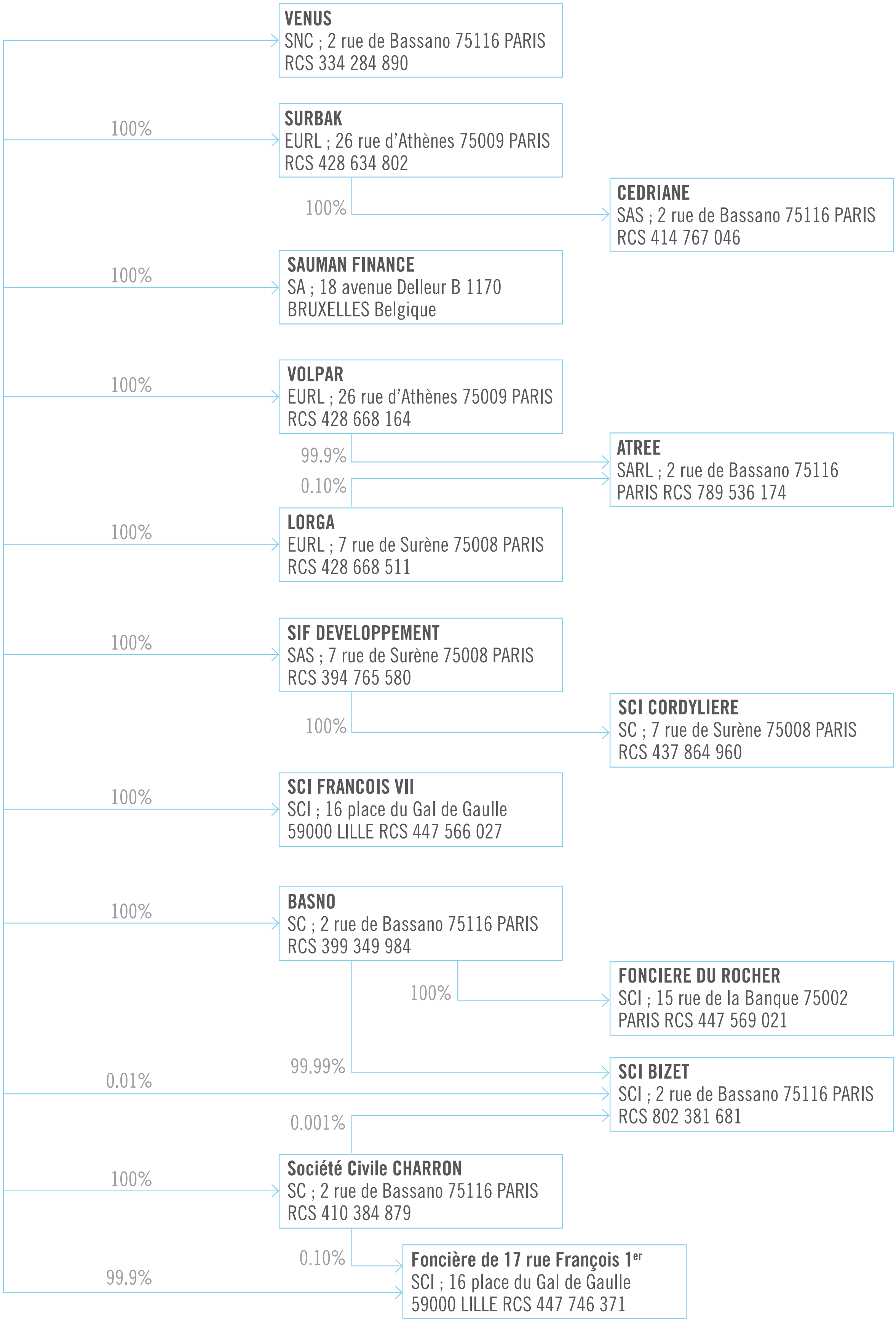
FC = Fully consolidated
(1) The ownership interests totalling 97.34% are all subsidiaries of company VENUS, which includes minority interests.
The scope of consolidation at the current year-end closing includes 28 fully consolidated companies, 11 of which are non-trading companies.

3.2. . CHANGES IN SCOPE

Changes in scope are described in §1.2.

3.3. ORGANIZATION CHART




VENUS
SNC ; 2 rue de Bassano 75116 PARIS
RCS 334 284 890
100%
SURBAK
EURL ; 26 rue d'Athènes 75009 PARIS
RCS 428 634 802
100%
CEDRIANE
SAS ; 2 rue de Bassano 75116 PARIS
RCS 414 767 046
100%
SAUMAN FINANCE
SA ; 18 avenue Delleur B 1170
BRUXELLES Belgique
100%
VOLPAR
EURL ; 26 rue d'Athènes 75009 PARIS
RCS 428 668 164
99.9%
0.10%
ATREE
SARL ; 2 rue de Bassano 75116
PARIS RCS 789 536 174
100%
LORGA
EURL ; 7 rue de Surène 75008 PARIS
RCS 428 668 511
100%
SIF DEVELOPPEMENT
SAS ; 7 rue de Surène 75008 PARIS
RCS 394 765 580
100%
SCI CORDYLIERE
SC ; 7 rue de Surène 75008 PARIS
RCS 437 864 960
100%
SCI FRANCOIS VII
SCI ; 16 place du Gal de Gaulle
59000 LILLE RCS 447 566 027
100%
BASNO
SC ; 2 rue de Bassano 75116 PARIS
RCS 399 349 984
100%
FONCIERE DU ROCHER
SCI ; 15 rue de la Banque 75002
PARIS RCS 447 569 021
99.99%
0.01%
SCI BIZET
SCI ; 2 rue de Bassano 75116 PARIS
RCS 802 381 681
0.001%
100%
Société Civile CHARRON
SC ; 2 rue de Bassano 75116 PARIS
RCS 410 384 879
0.10%
99.9%
Foncière de 17 rue François 1er
SCI ; 16 place du Gal de Gaulle
59000 LILLE RCS 447 746 371

NOTE 4. TO THE BALANCE SHEET

4.1. NON-CURRENT NON-FINANCIAL ASSETS

4.1.1. CHANGE IN VALUE OF INVESTMENT PROPERTY

As of 31 December 2014:

The appraised value of investment property excluding fees as of 31 December 2014 totals €288,293,000.

In 1,000s of euros	Net carrying amount 31/12/2013	Capitalizations (New acquisitions)	Capitalizations (expenses capitalized) (1)	Disposals	Change in fair value (2)	Reclassifications	Value at 31/12/2014
Investment properties (IAS 40)	279 460		1 390		7 443		288 293

(1) Capitalized expenses primarily include the regularized acquisition of the merchantability of the building in Rue de Surène in Paris (€869,000), works on buildings in Paris in Rue Vieille du Temple (€339,000) and Rue de la Banque (€91,000).

(2) There were increases in fair value primarily of the building in Rue François 1er (€3.9 million), the building in Rue Vieille du Temple (€2.8 million), the building in Rue de la Banque (€0.8 million) and the building in Rue Charron (€0.8 million). On the other hand, the building in Rue de Surène showed a 0.9 million fall in fair value, because its fair value on 31 December 2013 factored in the merchantability of the 2nd floor, which had not yet been acquired. The acquisition of its merchantability in 2014 increased the cost of the building, whereas its fair value as determined by an expert valuation did not change in the period: therefore a negative fair value was recognized for an amount equal to the acquired merchantability in order to match the building's appraised value.

As of 31 December 2013:

The appraised value (excluding taxes) of investment property excluding fees on 31 December 2013 totals €279,460,000.

In 1,000s of euros	Net carrying amount 31/12/2012	Capitalizations (New acquisitions) (1)	Capitalizations (expenses capitalized) (2)	Disposals (3)	Change in fair value (4)	Reclassifications	Value at 31/12/2013
Investment properties (IAS 40)	250 027	23 153	4 756	-1 100	2 625		279 460

(1) The building at 184 Rue de Rivoli, Paris was acquired in June 2013 by SCI ECHELLE RIVOLI.

(2) Capitalized costs primarily include works on buildings in Paris in Rue François 1er (€1,198,000), Rue Vieille du Temple (€3,437,000) and Rue d'Athènes (€118,000).

(3) The plot of land in Avenue Joffre in Nanterre was sold in November 2013 for €1,100,000; in addition the property at 7 Rue d'Argenteuil in Paris had been sold in January 2013 but had been reclassified as an asset held for sale at the previous year-end closing.

(4) The increase in the fair value of investment property primarily stems from three sites, Rue Vieille du Temple (€2,629,000), Rue François 1er (€3,756,000) and Rue Pierre Charron (€480,000), the building in Rue Bizet showing a loss in value of €4,254,000, as it was rented out as offices whereas at 31 December 2012 it was measured as a residential property.

4.1.2. CHANGE IN THE VALUE OF TANGIBLE ASSETS OTHER THAN INVESTMENT PROPERTIES

As of 31 December 2014:

In 1,000s of euros	Gross value 31/12/2013	Acquisitions	Disposals	Changes in scope	Revaluation surplus	Account transfer	Gross value 31/12/2014
Land	679	-	-	-	4	-	683
Buildings & Fixtures	6 115	-	-	-	33	-	6 148
Tangible assets	301	29	-35	-	-	-	295
TOTAL	**7 095**	**29**	**-35**	**-**	**37**	**-**	**7 126**

In accordance with IAS 40§57a, which requires that administrative premises used by the company be recognized under IAS 16, the 3rd floor at 2 Rue de Bassano Paris 16th is presented under Property, Plant and Equipment. However, as IAS 16§, 36-37 allows, «Land» and «Buildings» are measured with the revaluation method, and an appraisal is carried out for that purpose at each closing. The revaluation of premises used for administrative purposes stands at a gross value of €37,000 for 2014, and is offset in equity in accordance with IAS 16§39.

As of 31 December 2013 :

In 1,000s of euros	Gross value 31/12/2012	Acquisitions	Disposals	Changes in scope	Revaluation surplus	Account transfer	Gross value 31/12/2013
Land	669	-	-	-	10	-	679
Buildings & Fixtures	6 022	-	-	-	93	-	6 115
Tangible assets	312	33	-19	-25	-	-	301
TOTAL	**7 003**	**33**	**-19**	**-25**	**103**	**-**	**7 095**

The revaluation of premises used for administrative purposes stands at a gross value of €103,000 for 2013, and is offset in equity in accordance with IAS 16§39.

4.1.3. CHANGE IN AMORTIZATION AND DEPRECIATION OF TANGIBLE ASSETS OTHER THAN INVESTMENT PROPERTY

As of 31 December 2014 :

In 1,000s of euros	31/12/2013	Allowances	Change in reporting scope	Reversal further to sale and disposal	Revaluation surplus	Account transfer	31/12/2014
Buildings & Fixtures	744	102	-	-	-4	-	842
Tangible assets	253	26	-	-34	-	-	245
TOTAL	**997**	**128**	**-**	**-34**	**-4**	**-**	**1 087**

As of 31 December 2013 :

In 1,000s of euros	31/12/2012	Allowances	Change in reporting scope	Reversal further to sale and disposal	Revaluation surplus	Account transfer	31/12/2013
Buildings & Fixtures	641	103	-	-	-	-	744
Tangible assets	263	25	-16	-19	-	-	253
TOTAL	**904**	**128**	**-16**	**-19**	**-**	**-**	**997**

4.1.4. CHANGE IN THE NET VALUE OF INTANGIBLE ASSETS

As of 31 December 2014 :

In 1,000s of euros	Net value 31/12/13	Acquisitions	Change in reporting scope	Amortization and depreciation	Disposal	Net value 31/12/14
Intangible assets	4	8	-	-3	-	9
TOTAL	**4**	**8**	**-**	**-3**	**-**	**9**

The period's acquisitions include the acquisition of software licence agreements for CEGID's QUADRA accounting package.

As of 31 December 2013 :

In 1,000s of euros	Net value 31/12/12	Acquisitions	Change in reporting scope	Amortization and depreciation	Disposal	Net value 31/12/13
Intangible assets		5	-	-1	-	4
TOTAL		**5**	**-**	**-1**	**-**	**4**

4.2. PROPERTY INVENTORY

As of 31 December 2014 :

In 1,000s of euros	31/12/2013	Acquisitions	Change inventory	Change in reporting scope	Depreciation	31/12/2014
Property inventory	475	-	-	-	-5	470
TOTAL	**475**	**-**	**-**	**-**	**-5**	**470**

Inventory includes a 138 m² split-level apartment with 137 m² of terraces and balconies in Ajaccio (Corsica), which was renovated in the prior period. This inventory, measured at cost (€475,000) depreciated by €5,000 during the period.

As of 31 December 2013 :

In 1,000s of euros	31/12/2012	Acquisitions	Change inventory	Change in reporting scope	Depreciation	31/12/2013
Property inventory	475	-	-	-	-	475
TOTAL	**475**	**-**	**-**	**-**	**-**	**475**

4.3. FINANCIAL ASSETS

Financial assets are broken down into the following categories as specified by IAS 39:

2014	31/12/2014									
Financial assets in 1,000s of euros	Financial assets held for trading purposes	Assets held to maturity	Loans and receivables	Assets available for sale	**Balance sheet total**	Amortised cost	Fair value recognized in equity	Fair value recognized in profit or loss	**Fair value**	Level of fair value
Non-current financial assets	-	-	264	5 200	5 464	264	5 111	89	5 464	3
Trade notes and accounts receivable	-	-	2 985	-	2 985	2 985	-	-	2 985	N/A
Other receivables	-	-	6 751	-	6 751	6 751	-	-	6 751	N/A
Other current assets	-	-	135	-	135	135	-	-	135	N/A
Current financial assets	685	-	-	-	685	685	-	-	685	3
Cash and cash equivalents	5 133	-	-	-	5 133	1 284	-	3 849	5 133	1

2013	31/12/2013									
Financial assets in 1,000s of euros	Financial assets held for trading purposes	Assets held to maturity	Loans and receivables	Assets available for sale	**Balance sheet total**	Amortised cost	Fair value recognized in equity	Fair value recognized in profit or loss	**Fair value**	Level of fair value
Non-current financial assets	-	-	268	5 501	5 769	268	5 145	356	5 769	3
Trade notes and accounts receivable	-	-	1 667	-	1 667	1 667	-	-	1 667	N/A
Other receivables	-	-	8 873	-	8 873	8 873	-	-	8 873	N/A
Other current assets	-	-	193	-	193	193	-	-	193	N/A
Current financial assets	-	-	-	-	-	-	-	-	-	
Cash and cash equivalents	8 037	-	-	-	8 037	1 039	-	6 998	8 037	1

IFRS 13 defines a 3-level hierarchy of fair value:
-level 1, which is the fair value in active markets for identical assets or liabilities;
-level 2, which is a valuation based on observable inputs, directly or indirectly;
-level 3, which is a valuation fully or partially based on inputs not directly or indirectly observable.

The value of trade receivables, other receivables and other current assets is their fair value. However, when there is an indication of impairment in value (customer outstandings, other non-recoverable receivables), impairment is recognized to adjust the amount of the debt to the potential inflow of funds..

4.3.1. NON-CURRENT FINANCIAL ASSETS

As of 31 December 2014:

Financial assets in 1,000s of euros	31/12/2013	Increases	Decreases	Change in reporting scope	31/12/2014	Maturity		
						Up to 1 year	1 to 5 years	Over 5 years
Pledged term deposits (1)	210	-	-	-	210	-	210	-
Financial assets available for sale (2)	5 145	-	34	-	5 111	-	5 111	-
Deposits (working capital) (3)	19	-	-	-	19	19	-	-
Loans	-	-	-	-	-	-	-	-
Trading financial assets	-	-	-	-	-	-	-	-
Other (4)	395	-	270	-	125	36	89	-
TOTAL	**5 769**	**-**	**304**	**-**	**5 464**	**55**	**5 409**	**-**

(1) The term deposit is pledged to DEUTSCHE PFANDBRIEFBANK for €210,000 as collateral for the repayment of the loan it granted to company BASNO.
(2) Financial assets available for sale now only comprise BASSANO DEVELOPPEMENT securities (the latter is the freeholder of the Royal Garden Hotel at 218/220 Rue du Fbg St Honoré) for €5,145,000, depreciated by €193,000 according to the share of the revalued net position of this company;
(3) Deposits (working capital) include sums paid to the managing agents of the properties.
(4) This item in particular includes the valuation of derivatives (€89,000 as of 31 December 2014), which depreciated by €267,000 over the period (see details below).

These derivatives are recognized individually and measured at fair value in profit or loss without recourse to hedge accounting. Their fair value is calculated at each closing by an independent appraiser.

In 1,000s of euros	31/12/2014	
	Loss posted in equity	Loss transferred from equity to profit or loss
Financial assets available for sale	-35	

Derivatives at 31/12/2014

Instruments	maturity	Notional at 31/12/2014 In 1,000s of euros	Valuation at 31/12/2014 In 1,000s of euros Assets	Valuation at 31/12/2013 In 1,000s of euros Assets	Change in valuation In 1,000s of euros
CAP swap (3.65% guaranteed rate)	30/06/2016	14 906	2	4	-3
CAP swap (3.50% guaranteed rate)	24/04/2020	28 000	87	352	-264
TOTAL		**42 906**	**89**	**356**	**-267**

As of 31 December 2013:

Financial assets in 1,000s of euros	31/12/2012	Increases	Decreases	Change in reporting scope	31/12/2013	Maturity		
						Up to 1 year	1 to 5 years	Over 5 years
Pledged term deposits (1)	210				210		210	
Financial assets available for sale (2)	5 339		193		5 145		5 145	-
Deposits (working capital) (3)	12	7			19	19	-	-
Loans	-				-	-	-	-
Trading financial assets	-				-	-	-	-
Other (4)	44	351			395	39	356	-
TOTAL	**5 605**	**358**	**193**		**5 769**	**58**	**5 711**	

(1) The term deposit is pledged to DEUTSCHE PFANDBRIEFBANK for €210,000 as collateral for the repayment of the loan it granted to company BASNO.
(2) Financial assets available for sale now only comprise BASSANO DEVELOPPEMENT securities (the latter is the freeholder of the Royal Garden Hotel at 218/220 Rue du Fbg St Honoré) for €5,111,000, depreciated by €34,000 according to the share of the revalued net position of this company; this depreciation is offset against equity.
(3) Deposits (working capital) include sums paid to the managing agents of the properties.
(4) This item in particular includes the valuation of derivatives (€356,000 on 31 December 2013) which appreciated by €41,000 over the period (see details below).

The derivative subscribed during the period covers interest-rate risk (Euribor 3 months) on the new loan jointly taken out by FONCIERE DU 17 Rue FRANCOIS 1er and SCI François VII.

In 1,000s of euros	31/12/2013	
	Loss posted in equity	Loss transferred from equity to profit or loss
Financial assets available for sale	-193	

Derivatives at 31/12/2013

Instruments	maturity	Notional at 31/12/2014 In 1,000s of euros	Valuation at 31/12/2014 In 1,000s of euros Assets	Subscribed at 24/04/2020	Valuation at 31/12/2012 In 1,000s of euros Assets	Change in valuation In 1,000s of euros
CAP swap (3.65% guaranteed rate)	30/06/2016	14 906	4		5	-1
CAP swap (3.50% guaranteed rate)	24/04/2020	28 000	352	310	-	42
TOTAL		**42 906**	**356**	**310**	**5**	**41**

4.3.2 TRADE AND OTHER RECEIVABLES

As of 31 December 2014:

In 1,000s of euros	31/12/2014					
	Gross value	Depreciation	Net value	Due in one year at the most	Maturing in between one and 5 years	Maturing in over 5 years
Trade notes and accounts receivable	3 293	308	2 985	2 985	-	-
Other receivables	6 751	-	6 751	3 595	3 156	-
TOTALS	**10 044**	**308**	**9 736**	**6 580**	**3 156**	**-**

Other receivables as of 31 December 2014 primarily include:

- €1,739,000 of VAT receivables,
- €152,000 of funds advanced to notaries for legal instruments, offset under «unbilled payables»,
- €486,000 for building managers, who mostly repaid at the beginning of 2015,
- €666,000 of rents allocated according to IAS 17: in accordance with IFRS, these accrual entries allocate the differences in rents arising from periods of rent exemption or from progressive changes in the annual rent on a straight-line basis over the entire period of leases,
- €1,700,000 held in escrow by BNP for the disputes mentioned in note 9.3.4,
- €393,000 held in escrow for the dispute between VELO and GERY DUTHEIL (see §9.3.3)
- A claim in principal of €1,059,000 on SEK HOLDING (with an agreement on payment),
- Carry-backs totalling €261,000.

As of 31 December 2013:

In 1,000s of euros	31/12/2013					
	Gross value	Depreciation	Net value	Due in one year at the most	Maturing in between one and 5 years	Maturing in over 5 years
Trade notes and accounts receivable	1 997	329	1 668	1 668	-	-
Other receivables	8 873	-	8 873	4 641	4 232	-
TOTALS	**10 870**	**329**	**10 541**	**6 309**	**4 232**	**-**

Other receivables on 31 December 2013 primarily include:

- VAT receivables totalling €2,079,000,
- €625,000 of funds advanced to notaries for legal instruments, offset under «unbilled payables»,
- €303,000 for building managers, who mostly repaid at the beginning of 2014,
- €793 of rents allocated according to IAS 17: in accordance with IFRS, these accrual entries allocate the differences in rents arising from periods of rent exemption or from progressive changes in the annual rent on a straight-line basis over the entire period of leases,
- €1,700,000 held in escrow by BNP for the disputes mentioned in note 9.3.4,
- €393,000 held in escrow for the dispute between VELO and GERY DUTHEIL (see §9.3.3)

- A claim of €1,059,000 on SEK HOLDING (with an agreement on payment),
- €1,080,000 seized by the Treasury against company LORGA when the building in Rue d'Edimbourg in Paris was sold in connection with the ongoing tax dispute,
- €253,000 of receivable insurance payouts following the malfunction of the air-conditioning system in the building at 2 Rue de Bassano.

Net income and expenses recognized in profit or loss at amortized cost on current receivables are as follows:

In 1,000s of euros	31/12/2014
	Net expense recognized in profit or loss
Receivables	-5

A minus sign indicates an expense

The net income or expense on current receivables results from the loss on bad debts, inflows on amortized receivables and valuation allowances on receivables.

4.3.3. CURRENT FINANCIAL ASSETS

Current financial assets comprise bonds issued by company SMALTO for a total of €685,000 as of 31 December 2014.

These bonds yield 3% and mature on 24 July 2018

4.3.4. CASH AND CASH EQUIVALENTS

In 1,000s of euros	31/12/2014	31/12/2013
MONEY MARKET FUNDS	3 849	6 998
Cash assets	1 284	1 039
TOTAL FINANCIAL ASSETS FOR TRADING	**5 133**	**8 037**

4.3.5. MEASUREMENT OF FINANCIAL ASSETS

The value of trade receivables, other receivables and other current assets is their fair value, equal to their carrying amount. When there is an indication of impairment in value (customer outstandings, other non-recoverable receivables), impairment is recognized to adjust the amount of the debt to the potential inflow of funds.

4.4. EQUITY

As of 31 December 2014, the share capital comprises 147,125,260 shares for a total of 19,991,141 euros, fully paid-up. Shares are either registered or bearer shares.

On that date there were 71,532 treasury shares having a balance sheet value of €23,000. These treasury shares have been restated by allocation to consolidated equity.

Changes in share capital during the period are stated in §1.1.

4.4.1. DESCRIPTION OF THE CAPITAL STRUCTURE

The capital structure is as follows:

	At 31/12/2014			At 31/12/2013			At 31/12/2012		
Shareholders	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	9 971 908	6.78%	6.78%	155 386	0.11%	0.11%	137 000	0.11%	0.11%
Rodra Investissement	71 947 619	48.90%	48.93%	71 942 393	50.62%	50.62%	64 037 908	50.57%	50.57%
Foncière 7 Investissements	855 000	0.58%	0.58%						
Kentana	303 165	0.21%	0.21%						
ADC SIIC	2 000 000	1.36%	1.36%						
Groupe Acanthe									
Acanthe Développement	71 532	0.05%	0.00%	1 532	0.00%	0.00%	1 532	0.00%	0.00%
Subtotal for Alain Duménil and controlled companies (including the Acanthe Group)	**85 149 224**	**57.88%**	**57.85%**	**72 099 311**	**50.73%**	**50.73%**	**64 176 440**	**50.68%**	**50.68%**
PUBLIC									
Public	61 976 036	42.12%	42.15%	70 032 271	49.27%	49.27%	62 454 437	49.32%	49.32%
TOTAL	**147 125 260**	**100.00%**	**100.00%**	**142 131 582**	**100.00%**	**100.00%**	**126 630 877**	**100.00%**	**100.00%**

As far as the Company is aware, no other shareholders hold more than 5% of equity or voting rights.

4.4.2. DISCLOSURE OF SHAREHOLDER AGREEMENTS

Obligations to report and disclose shareholder agreements are governed by the provisions of Article L. 233-11 of the French Commercial Code and Article 223-18 of the General Rules of the AMF.

The Company has no knowledge of any agreements between the shareholders known and registered at year-end closing.

4.4.3. SPECIFIC DISCLOSURE IF THE COMPANY IS CONTROLLED

The Company is controlled as described above; however, it does not think there is a risk of control being exercised improperly.

4.4.4. CAPITAL INCREASES AND DECREASES IN THE PERIOD

During the 2014 financial period, the capital was increased from €19,312,608 (represented by 142.131.582 shares) to €19,991,141, represented by 147,125,260 shares. (see note 1.1).

4.4.5. DISTRIBUTIONS

On 25 June 2014, the General Shareholders' Meeting decided to distribute a dividend of €0.03 per share, with the option of payment in shares. This generates a consolidated reduction in shareholders' equity of €4,264,000. The reinvestment in shares as proposed to shareholders generated an increase of €1,948,000 in capital and share premium. Payment of dividends generated a cash outflow of €2,316,000.

4.4.6. DILUTIVE INSTRUMENTS

The share options allocation plan decided by the Board of Directors on 28 August 2009 and clarified by the Board of Directors on 31 December 2009, awarded 9,936,436 options at an exercise price of €1.24.

As of 31 December 2014, there are still 4,896,436 options to be exercised by 28 August 2019. However, as the exercise price (€1.24) is significantly higher the average price observed in 2014 (€0.42), no options were exercised during the period.

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

4.4.7. NON-CONTROLLING INTERESTS

Name of subsidiary in which there are non-controlling interests	SOGEB	VENUS
Head office	23 rue Jean Giraudoux 75116 PARIS	2 rue de Bassano 75116 PARIS
Percentage interest of holders of non-controlling interests	33,33%	2,66%
Net income allocated to holders of non-controlling interests	64 K€	104 K€
Total non-controlling interests	6.427 K€	6.562 K€
Additional information	Company in liquidation	Subsidiaries controlled by VENUS appear in the organization chart in note 3.3

The Paris Court of Appeal ruling dated 22 January 2013 (see §9.3.2), against which company BRUXYS has appealed points of law, among other things pronounced the dissolution of company SOGEB; therefore the winding-up operations further to this decision will result in the net position being shared out amongst shareholders and will entail a cash outflow from the group of €6.5 million in favour of the minority groups. Changes in minority shareholdings and SOGEB's shareholdings are itemized in note 9.3.2.

4.5. PROVISION FOR RISKS AND CONTINGENCIES

In thousands of euros	31/12/2014	31/12/2013
Contingency and loss provisions		
Provision for tax risks (1)	10 662	7 015
Provision for litigation (2)	398	740
Provision for severance benefits (3)	234	240
TOTAL	**11 294**	**7 995**

Contingency and loss provisions include:

(1) €10,662,000 for tax risks, €8,848,000 of which concerns ACANTHE DEVELOPPEMENT disputes and €1,814,000 of which concerns SIF DEVELOPPEMENT disputes, as explained in §9.3.1. It should be noted that the sum of €8,848,000 includes a provision of €3,431,000, representing the 80% surcharges on the tax reassessments notified in 2006 and 2007 and the related late payment interest. These amounts are covered by provisions, despite the fact that the company's advisers (CMS Bureau Francis Lefebvre) believe our appeal has a real chance of success, at least before the European Court of Human Rights (see note 9.3.1). Not all the tax disputes have been settled; some of the disputes covered by provisions are under appeal, others have been referred to the European Court of Human Rights.

(2) a provision of €332,000 for litigation was reversed further to the payment made to Mr Barthes under the Paris Court of Appeal ruling of 27 February 2014, which reinstated the rights of former shareholders and awarded them the said sum under Article 700 of the Code of Civil Procedure (see §9.3.4). One provision has been retained for the amount Payable to Mr Noyer: a cheque made out to his counsel's CARPA account was issued on 13 April 2015 to settle this debt.

(3) the variables making up this provision are presented in §9.9.

4.6. FINANCIAL LIABILITIES

4.6.1. ITEMIZED CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Liabilities - In thousands of euros	31/12/2014	31/12/2013
Non-current liabilities		
Loans and debts with credit institutions > 1 year	90 898	87 984
Other loans and debts > 1 year	-	1 466
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**90 898**	**89 450**
Current liabilities		
Loans and debts with credit institutions < 1 year	3 481	3 124
Bank overdrafts	-	-
Accrued interest	406	387
TOTAL CURRENT FINANCIAL LIABILITIES	**3 887**	**3 511**
TOTAL FINANCIAL LIABILITIES	**91 631**	**92 961**
Cash flow	5 133	8 037
NET DEBT	**85 766**	**84 924**

The table below presents the cash flow needed to extinguish bank loans (scheduled capital repayments and future interest), the types of interest rates, their frequency and the term of these loans.

Buildings	Loan	Rate type	Rate change date	Term of the loan	RATE	Outstanding disbursements on loans (Capital + interest)					
						< 3 months	> 3 months and < 1 year	>1 year and < 5 years	over 5 years	Total	Fair value
rue de Rivoli	Munchener Hypotenkenbank	FIXED RATE	NA	nov-2020	3,500%	153	457	2 637	10 178	13 425	12 999
24 rue Bizet	Munchener Hypotenkenbank	FIXED RATE	NA	juin-2022	3,118%	57	206	1 416	6 188	7 867	7 549
55 rue Charron	ING Lease	FIXED RATE	NA	nov-2023	6,550%	348	1 043	5 811	14 708	21 910	21 101
Fixed rate subtotal						**558**	**1 706**	**9 864**	**31 075**	**43 203**	
2-4 rue de Lisbonne	Munchener Hypotenkenbank	EURIBOR 3 M+1,85%	Trim	mai-2021	2,256%	180	550	3 100	11 106	14 936	13 241
rue François 1er	Deutsche Hypothekenbank	EURIBOR 3 M+2.06%	Trim	avril-2020	2,224%	284	842	4 385	24 615	30 126	27 053
rue de Surène	Crédit Foncier	EURIBOR 3 M+1,00%	Trim	juin-2022	1,320%	74	223	1 391	5 301	6 988	6 305
quai Malaquais	Deutsche Pfandbriefbank	EURIBOR 3 M+0.90%	Trim	oct-2019	1,109%	3	196	774		973	941
Euribor subtotal						**540**	**1 811**	**9 650**	**41 021**	**53 023**	
26 rue d'Athènes	Deutsche Pfandbriefbank	PEX 5 ANS + 0,85%	01/2011	juil-2021	3,622%	10	165	706	344	1 224	1 209
2 rue de Bassano	Deutsche Pfandbriefbank	PEX 5 ANS + 1,05%	10/2008	oct-2018	2,480%	392	1 166	12 894		14 452	13 952
PEX 5 YR subtotal						**402**	**1 331**	**13 599**	**344**	**15 676**	
GRAND TOTAL						**1 501**	**4 848**	**33 113**	**72 440**	**111 902**	**104 350**

The financial liabilities itemized in the above table were measured at amortized cost under the effective interest method. If measured at fair value, the balance sheet amount of non-current financial liabilities would have been different for the fixed rates and for the PEX 5-year rates (the rate of return for Pfandbreife, German mortgage bonds).

During the period, SCI BIZET 24 took out a €6.5 million loan with MUNCHENER HYPOTHEKENBANK on 1st August 2014 for refinancing purposes.

This 8-year loan bears interest at the fixed rate of 3.028% (which will be lowered to 2.828% when the LTV (Loan to value) ratio falls below 60%); 0.50% of the principal will be amortized the first year then 2.60% in the seven following years, the balance at the end.

Repayment of the loan is mainly guaranteed by a first mortgage, assignment of business receivables, a pledge for SCI BIZET 24 shares and two independent guarantees each worth €500,000, granted by ACANTHE DEVELOPPEMENT, one for 5 years and one for 9.

Company CEDRIANE, which had issued a subordinated bond reserved for subscription by company DUAL REAL ESTATE INVESTMENTS SA, which subscribed for 1,800,000 CHF, fully repaid it during the period.

Exposure to interest rate fluctuations is covered in particular by rate caps, presented in note 4.3.1.

4.6.2. FAIR VALUE OF FINANCIAL LIABILITIES

In thousands of euros	Balance sheet total	Amortised cost	Effective interest rate	Fair value	Level of fair value
Sundry borrowings and financial liabilities	94 785	406	94 379	104 756	3
Deposits and guarantees	1 857	1 857	-	1 857	N/A
Trade accounts payable	1 846	1 846	-	1 846	N/A
Tax and social security liabilities	1 212	1 212	-	1 212	N/A
Other liabilities	2 404	2 404	-	2 404	N/A
Other current liabilities	75	75	-	75	N/A
TOTALS	**102 179**	**7 800**	**94 379**	**112 150**	

The balance sheet values of overdrafts, trade payables, deposits and guarantees and tax and social security liabilities, mostly current liabilities, are stated at cost, which is virtually identical to their fair value.

4.7. SCHEDULE OF DEBTS

As of 31 December 2014:

In thousands of euros	TOTAL	Due in one year at the most	Maturing in between one and 5 years	Maturing in over 5 years
Sundry borrowings and financial liabilities	94 785	3 887	22 962	67 936
Deposits and guarantees	1 857	1 857	-	-
Trade accounts payable	1 846	1 846	-	-
Tax and social security liabilities	1 212	1 212	-	-
Other liabilities	2 404	2 404	-	-
Other current liabilities	75	75	-	-
TOTALS	**102 179**	**11 281**	**22 962**	**67 936**

Accrued interest, included in borrowings and financial liabilities, totals €406,000.

«Tax and social security liabilities» includes:

- €387,000 of payroll expenses,
- €625,000 of VAT due (payable or calculated),
- Outstanding corporation tax on the tax adjustment of company LORGA €159,000 (paid on 12 February 2015),
- €40,000 of sundry taxes .

«Other liabilities» primarily include:

- Customers in credit for €494,000 (mainly early customer payments and advances of occupancy charges owing to customers at the end of their lease)
- €87,000 of unbilled credit notes, corresponding to lessees' expense accounting,
- A lease cancellation charge of €1,800,000; an early lease cancellation was agreed with one of the lessees in the building in Rue François 1er, in order to lease it out on better financial terms, which resulted in an increase in the building's fair value (see note 4.1.1).

As of 31 December 2013:

In thousands of euros	TOTAL	Due in one year at the most	Maturing in between one and 5 years	Maturing in over 5 years
Sundry borrowings and financial liabilities (1)	91 495	3 511	22 989	64 995
Other loans (1)	1 483	17	1 466	
Deposits and guarantees	1 933	1 933	-	-
Trade accounts payable	2 886	2 886	-	-
Tax and social security liabilities	1 217	1 217	-	-
Other liabilities	487	487	-	-
Other current liabilities	-	-	-	-
TOTALS	**99 501**	**10 051**	**24 455**	**64 995**

(1) including accrued interest (€387,000) on 31 December 2013.

«Tax and social security liabilities» includes:

- €402,000 of payroll expenses,
- €781,000 of VAT due (payable or calculated),
- €34,000 of sundry taxes.

«Other liabilities» primarily include:

- Customers in credit for €335,000 (mainly early customer payments and advances of occupancy charges owing to customers at the end of their lease)
- €57,000 of unbilled credit notes, corresponding to lessees' expense accounting,
- €58,000 of unbilled credit notes, to regularize annual reinvoicing of payroll expenses,
- A rent and occupancy charge liability of €29,000, regularized further to the acquisition or disposal of buildings.

NOTE 5. NOTES TO THE PROFIT AND LOSS STATEMENT

5.1. NET INCOME FROM PROPERTIES

Net income from properties includes all revenue and costs directly related to the operation of the buildings.

In thousands of euros	31/12/2014	31/12/2013
Rents	9 249	8 693
Rebilled occupancy expenses	1 699	1 740
Total occupancy expenses	(2 785)	(3 570)
Net income from properties	**8 163**	**6 863**

2014 revenue is up 4.94% compared with 2013.

The building in Rue de Rivoli (Paris 4th), acquired in June 2013, has increased revenue as it has leased throughout 2014 (€467,000 up on 2013) the building in Rue Bizet (Paris 16th), all of which was leased to a law firm in 2014, generated €249,000 more revenue than in 2013. On the other hand, the building in Rue de Lisbonne (Paris 8th) and the building in Rue de la Banque (Paris 2nd) showed a drop in revenue in 2014 (respectively -€247,000 and -€53,000) due to the departure of lessees. Lessees were found for the two lots in the building in Rue de Lisbonne (one in September 2014, the other in February 2015), and all building is currently leased out. With regard to the building in Rue de la Banque, one lot was leased out again in January 2015 so only one lost is still vacant.

There was a slight increase in revenue from all the other buildings.

Changes in rents on a like-for-like basis, regarding buildings already owned by the group at the previous closing, are:

	31/12/2014	31/12/2013	Change	Changes in%
Change in rents on a like-for-like basis	9 249	8 693	+ 556	+6.40%

The effect of overall index-linking of rents on a like-for-like basis as of 31 December 2014 is 0.29%.

5.2. OPERATING PROFIT

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

In thousands of euros	31/12/2014	31/12/2013
Payroll expenses	(1 461)	(1 266)
Other overhead costs	(2 188)	(2 176)
Other income and expenses	(2 576)	(409)
Change in value of investment property	7 443	2 625
Other amortization expenses and provisions	(5 092)	(8 000)
Reversals of other amortization expenses and provisions	1 655	695
Operating expenses	**(2 219)**	**(8 531)**
Operating income before disposals	**5 944**	**(1 669)**
Income (loss) from disposals of investment properties		124
OPERATING INCOME	**5 944**	**(1 545)**

Operating profit before disposals was up €7,615,000 compared with 2013. The main trends in operating profit are:

The €7,443,000 change in the fair value of investment properties in 2014 against an increase of €2,625,000 in 2013, a relative increase of €4,818,000. The main changes in fair value are itemized in note 4.1.1.

Amortization expense and provisions totalled €5,092,000 as of 31 December 2014 against €8,001,000 on 31 December 2013, an increase of €2,909,000.

The period's amortization expense and provisions break down as follows:

- Amortization €133,000
- Tax risks.. €4,886,000 (see Note 9.3.1 on tax disputes)
- Property-related dispute with minority groups €39,000
- Pensions €19,000
- Depreciation of stock and customers.................................. €17,000

Reversed provisions totalled €1,655,000 in 2014. They relate to:

- Property-related dispute with minority groups €383,000
- Tax risks..€1,239,000, as the risk of tax adjustment of company LORGA was confirmed, a tax expense of €1,061,000 and penalties (recognized under «Other expenses») of €180,000 were recognized and offset this reversal;
- Depreciation of customers...€33,000.

During this period, Other expenses included a dispute with Mr Barthes (see note 9.3.4) for €362,000, penalties on the corporation tax adjustment of company LORGA for €180,000, and the early cancellation charge paid to a lessee in the building in Rue François 1er for €1,800,000.

Further to the early termination of the lease, a lease for a higher rent was signed with a new lessee for the same floor area. Financially, this is a good deal in the long run; however, as the lease with the former lessee was cancelled in advance by private agreement, the group undertook to pay €1,800,000 of compensation. This was fully paid in January 2015.

5.3. NET INCOME

In thousands of euros	31/12/2014	31/12/2013
Operating income	**5 944**	**(1 545)**
Cash flow and cash equivalents	8	3
Cost of gross financial debt	(3 162)	(3 480)
Cost of net financial debt	**(3 154)**	**(3 478)**
Other financial income and charges	(27)	310
Income or loss before tax	**2 762**	**(4 713)**
Negative goodwill		
Income tax expense	(1 061)	(21)
Résultat net from discontinued operations		
Net income	**1 701**	**(4 734)**
Group owners	1 614	(4 813)
Non-controlling interests	88	80

The cost of gross financial debt includes interest expenses on loans and the costs of derivatives acquired to limit rises in loan interest. Loan Interest expenses are down (-€2,895,000 in 2014 against -€3,521,000 in 2013), whereas the costs of derivatives are up (-€267,000 in 2014 against €41,000 in 2013) (see note 4.6.1). The lower interest expense accounts for the fall in interest rates on variable-rate loans and the absence of specific prepayments in 2014 (cancellation of differences in the treatment of effective interest rate (€310,000), and €65,000 of prepayment fees) of FONCIERE DU 17 RUE FRANCOIS 1er and SCI FRANCOIS VII, recognized in 2013.

The main items recognized in «Other financial income and charges» in 2013, totalling €312,000 include dividends received from BASSANO DEVELOPPEMENT, in which ACANTHE DEVELOPPEMENT has a non-controlling interest. BASSANO DEVELOPPEMENT did not distribute dividends in 2014.

Income taxes include €1,061,000 for company LORGA's tax reassessment relating to financial year 2005, this charge is covered by a provision reversal (see note 5.2).

5.4. VERIFICATION OF TAX EXPENSE

In thousands of euros	31/12/2014	31/12/2013
Net consolidated income	**1 701**	**-4 736**
Corporation income tax	2	
Income or loss before tax	**1 703**	**-4 736**
French tax rate	33,33%	33,33%
Theoretical tax charge or income	**-568**	**1 579**
Restatement of foreign company accounts	-170	-166
Other restatements and mismatches	-2 334	-2 241
Non-taxable income (SIIC regime)	3 694	1 891
Allocation: creation of unused deficits	-624	-1 063
Tax charge or income	**-2**	**0**

Corporation tax is virtually zero by virtue of the SIIC regime opted for during the course of 2005, which provides for a full exemption of capital gains and income generated from property-related activities for all transparent consolidated French companies or those that chose this option. The only taxable income is from non-property related activities.

NOTE 6. OPERATING SEGMENTS

All the Group's revenue is generated in the real estate sector in the Eurozone.

The Group's real estate assets (investment properties and stock) as of 31 December 2014 represented a total floor area of 24,269 m², no change compared with the prior period, and breaking down as follows:

Breakdown by type		
in m²	31 Dec. 14	31 Dec. 13
Offices	15 842 m²	15 842 m²
Residential	2 171 m²	2 171 m²
Commercial premises	4 170 m²	4 170 m²
Sundry (1)	2 082 m²	2 082 m²
TOTAL	**24 269 m²**	**24 269 m²**

Geographical breakdown		
% based on m²	31 Dec. 14	31 Dec. 13
Paris	87%	87%
Paris region (outside Paris) (2)		
Provinces	1%	1%
Abroad (3)	13%	13%
TOTAL	**100%**	**100%**

(1) Mainly a building purchased in October 2010 that will be restructured; the division of this building's floor area into office space, commercial premises and dwellings has not yet been finalized.

(2) The only property located abroad (3,043 m²) is the building at 9 Avenue de l'Astronomie in Brussels.

Real estate assets (a) by geographical segment	In 1,000s of euros
Paris	287 695
Paris region	
Provinces	620
Foreign	6 440
	294 757
Other non-chargeable assets (b)	21 209
TOTAL ASSETS	**315 966**

(a) details of real estate assets

Investment property	288 295
Building as tangible asset	5 990
Building in inventory	470
	294 755

(b) These are not real estate assets

As of 31 December 2014:

Income statement by business segment at 31 December 2014

(in 1,000s of euros)	Offices	Commercial premises	Hotels	Residential	Not chargeable	TOTAL
Rents	5 066	3 460	-	723	-	9 249
Rebilled occupancy expenses	1 179	418	-	102	-	1 699
Total occupancy expenses	(1 881)	(579)	-	(302)	(23)	(2 785)
Net income from properties	4 364	3 299	-	523	(23)	8 163
Income from property development	-		-	-	-	-
Expenses on property development	-		-	-	-	-
Changes in property inventory	-		-	-	-	-
Net income from property development	**-**	**-**	**-**	**-**	**-**	-
Income from other activities	-	-	-	-	-	-
Payroll expenses (1)	(954)	(251)	-	(131)	(125)	(1 461)
Other overhead costs (2)	(1 428)	(376)	-	(196)	(188)	(2 188)
Other income and expenses	(6 957)	(302)	-	(25)	4 708	(2 576)
Change in value of investment property (3)	667	3 934	-	(23)	2 865	7 443
Other amortization expenses and provisions (4)	(180)	-	-	(20)	(4 891)	(5 092)
Reversal of other amortization and provisions	415	-	-	-	1 240	1 655
Income (loss) from disposals of investment properties	-	-	-	-	-	-
Cash flow income	5	1	-	1	1	8
Cost of gross financial debt	(2 064)	(543)	-	(283)	(272)	(3 162)
Other financial income and charges	(18)	(5)	-	(2)	(2)	(27)
Profit (loss) before tax	**(6 150)**	**5 757**	**-**	**(156)**	**3 313**	2 762
Corporation income tax	-	-	-	-	(1 061)	(1 061)
Income from disposals of subsidiaries	-	-	-	-	-	-
Net income	**(6 150)**	**5 757**	**-**	**(156)**	**2 252**	1 701

(1) Payroll expenses and other overhead costs are apportioned according to surface area in m².

(2) Other overhead costs primarily include the Group's general management costs.

(3) Changes in the values of non-chargeable investment properties concern land and investment properties the characteristics of which do not match any identified operating segment.

(4) Non-chargeable provisions concern allowances for tax risks and for the Paris Court of Appeal order dated 24 February 2014.

(5) Non-chargeable provisions concern allowances for tax risks and for the Paris Court of Appeal order dated 24 February 2014.

Balance sheet data by business segment at 31 December 2014

In 1,000s of euros	Offices	Commercial premises	Hotels	Residential	Not chargeable	TOTAL
ASSETS						
Investment properties	145 226	88 942	-	24 295	29 830	**288 293**
Tangible assets Bassano QP administrative offices	5 990	-	-	-	-	**5 990**
Property inventory	-	-	-	470	-	**470**
Buildings held for sale	-	-	-	-	-	
LIABILITIES						
Non-current financial liabilities	47 663	35 059	-	6 651	1 525	**90 898**
Current financial liabilities	2 332	812	-	307	437	**3 887**

Acquisitions of sector-based assets valued at 31 December 2014

In 1,000s of euros	Offices	Commercial premises	Hotels	Residential	Not chargeable	TOTAL
Investment properties	-	-	-	-	-	**-**

The non-chargeable asset items primarily include land and the building being restructured and in the process of allocation.

The liability items are bank overdrafts and related items.

As of 31 December 2013:

Income statement by business segment at 31 December 2013

(in 1,000s €)	Offices	Commercial premises	Hotels	Residential	Not chargeable	TOTAL
Rents	4 978	3 160		555	-	8 693
Rebilled occupancy expenses	1 194	466		80		1 740
Total occupancy expenses	(2 092)	(1 019)		(293)	(166)	(3 569)
Net income from properties	**4 080**	**2 607**	**-**	**342**	**(166)**	**6 863**
Income from property development	-		-	-	-	-
Expenses on property development	-		-	-	-	-
Changes in property inventory	-		-	-	-	-
Net income from property development	**-**	**-**	**-**	**-**	**-**	**-**
Income from other activities	-	-	-	-	-	-
Payroll expenses (1)	(826)	(218)	-	(113)	(109)	(1 266)
Other overhead costs (2)	(1 422)	(374)	-	(195)	(187)	(2 178)
Other income and expenses	(339)	(9)	-	(67)	6	(409)
Change in value of investment property (3)	(3 707)	3 753	-	(50)	2 629	2 625
Other amortization expenses and provisions(4)	(272)	(67)		(19)	(7 642)	(8 000)
Reversal of other amortization and provisions	624		-	71		695
Income (loss) from disposals of investment properties	1	3		1	119	124
Cash flow income	2	1	-			3
Cost of gross financial debt	(2 272)	(598)	-	(311)	(299)	(3 481)
Other financial income and charges	187	49	-	49	25	310
Profit (loss) before tax	**(3 944)**	**5 147**	**-**	**(292)**	**(5 624)**	**(4 714)**
Corporation income tax	-	-	-	-	(21)	(21)
Income from disposals of subsidiaries	-	-	-	-		-
Net income	**(3 944)**	**5 147**	**-**	**(292)**	**(5 645)**	**(4 735)**

(1) Payroll expenses and other overhead costs are apportioned according to surface area in m².

(2) Other overhead costs primarily include the Group's general management costs.

(3) Changes in the values of non-chargeable investment properties concern land and investment properties the characteristics of which do not match any identified operating segment.

(4) Non-chargeable provisions concern allowances for tax risks and for the Paris Court of Appeal order dated 24 February 2014.

Balance sheet data by business segment at 31 December 2013

(in 1,000s €)	Offices	Commercial premises	Hotels	Residential	Not chargeable	TOTAL
Assets						
Investment properties	144 949	82 855	-	25 031	26 626	**279 461**
Tangible assets: Bassano QP administrative offices	6 050	-	-	-	-	**6 050**
Property inventory	-	-	-	475	-	**475**
Buildings held for sale	-	-	-	-	-	
Liabilities						
Non-current financial liabilities	43 556	35 914	-	8 424	1 556	**89 450**
Current financial liabilities	1 985	800	-	308	418	**3 511**

The non-chargeable asset items primarily include land and the building being restructured and in the process of allocation.

The liability items are bank overdrafts and related items.

Acquisitions of sector-based assets valued at 31/12/2013

(in 1,000s €)	Offices	Commercial premises	Hotel	Residential	Not chargeable	TOTAL
Investment properties	2 264	7 748	-	13 139	-	**23 150**

The acquisition is the building in Rue de RIVOLI in Paris.

As of 31 December 2014:

Income statement by geographical segment at 31 December 2014

(in 1,000s €)	Paris	The Paris region (outside Paris)	Provinces	Foreign	Non-chargeable	TOTAL
Rents	9 184	-	-	65	-	9 249
Rebilled occupancy expenses	1 667	3	-	29	-	1 699
Total occupancy expenses	(2 561)	-	(6)	(218)	-	(2 785)
Net income from properties	**8 290**	**3**	**(6)**	**(124)**	**-**	**8 163**
Income from property development		-	-	-	-	-
Expenses on property development		-	-	-	-	-
Changes in property inventory		-	-	-	-	-
Net income from property development	**-**	**-**	**-**	**-**	**-**	**-**
Income from other activities	-	-	-	-	-	-
Payroll expenses (1)	(1 268)	-	(10)	(183)	-	(1 461)
Other overhead costs (2)	(1 898)	-	(16)	(274)	-	(2 188)
Other income and expenses (3)	(7 266)	(6)	(2)	(18)	4 716	(2 576)
Change in value of investment property	7 443	-	-	-	-	7 443
Other amortization expenses and provisions (4)	(202)	-	-	-	(4 890)	(5 092)
Reversal of other amortization and provisions (5)	415	-	1	-	1 239	1 655
Income (loss) from disposals of investment properties	-	-	-	-	-	-
Cash flow income	7	-	-	1	-	8
Cost of gross financial debt	(2 743)	-	(23)	(396)	-	(3 162)
Other financial income and charges	(24)	-	-	(3)	-	(27)
Profit (loss) before tax	**2 754**	**(3)**	**(56)**	**(997)**	**1 065**	**2 762**
Corporation income tax	-	-	-	-	(1 061)	(1 061)
Income from disposals of subsidiaries	-	-	-	-	-	-
Net income	**2 754**	**(3)**	**(56)**	**(997)**	**4**	**1 701**

(1) Payroll expenses and other overhead costs are apportioned according to surface area in m^2.
(2) Other overhead costs primarily include the Group's general management costs.
(3) Changes in the values of non-chargeable investment properties concern land and investment properties the characteristics of which do not match any identified operating segment.
(4) Non-chargeable provisions concern allowances for tax risks and for the Paris Court of Appeal order dated 24 February 2014.
(5) Reversed provisions not chargeable primarily include reversed provisions for tax risks. and reversals relating to the Paris Court of Appeal ruling of 24 February 2014.

Balance sheet data by geographical segment at 31 December 2014

In 1,000s of euros	Paris	The Paris region (outside Paris)	Provinces	Foreign	Non-chargeable	TOTAL
ASSETS						
Investment properties	281 703	-	150	6 440	-	**288 293**
Tangible assets Bassano QP administrative offices	5 990	-	-	-	-	**5 990**
Property inventory	-	-	470	-	-	**470**
Buildings held for sale	-	-	-	-	-	
LIABILITIES						
Non-current financial liabilities	90 897	-	-	-	-	**90 897**
Current financial liabilities	3 481	-	-	-	406	**3 887**

Acquisitions of sector-based assets valued at 31 December 2014

In 1,000s of euros	Paris	The Paris region (outside Paris)	Provinces	Foreign	Non-chargeable	TOTAL
Investment properties	-	-	-	-	-	**-**

The non-chargeable asset items primarily include land and the building being restructured and in the process of allocation.

The liability items are bank overdrafts and related items.

As of 31 December 2013 :

Income statement by geographical segment at 31 December 2013

(in 1,000s €)	Paris	The Paris region (outside Paris)	Provinces	Foreign	Non-chargeable	TOTAL
Rents	8 613	26	-	54	-	8 693
Rebilled occupancy expenses	1 713		-	27	-	1 740
Total occupancy expenses	(3 340)	(9)	(13)	(208)	-	(3 570)
Net income from properties	**6 986**	**17**	**(13)**	**(127)**	**-**	**6 863**
Income from property development		-	-	-	-	-
Expenses on property development		-	-	-	-	-
Changes in property inventory		-	-	-	-	-
Net income from property development	**-**	**-**	**-**	**-**	**-**	**-**
Income from other activities	-	-	-	-	-	-
Payroll expenses (1)	(1 098)		(9)	(159)	-	(1 266)
Other overhead costs (2)	(1 889)		(16)	(273)	-	(2 178)
Other income and expenses (3)	(366)		(71)	28		(409)
Change in value of investment property	2 675	-	(50)		-	2 625
Other amortization expenses and provisions (4)	(310)	-	(16)	(35)	(7 639)	(8 000)
Reversal of other amortization and provisions	624	-	71	-		695
Income (loss) from disposals of investment properties	5	119	-	-	-	124
Cash flow income	3				-	3
Cost of gross financial debt	(3 019)		(25)	(436)	-	(3 480)
Other financial income and charges	272		2	36	-	310
Profit (loss) before tax	**3 883**	**136**	**(127)**	**(966)**	**(7 639)**	**(4 713)**
Corporation income tax	-	-	-	-	(21)	(21)
Income from disposals of subsidiaries	-	-	-	-	-	-
Net income	**3 883**	**136**	**(127)**	**(966)**	**(7 660)**	**(4 735)**

(1) Payroll expenses and other overhead costs are apportioned according to surface area in m².

(2) Other overhead costs primarily include the Group's general management costs.

(3) Changes in the values of non-chargeable investment properties concern land and investment properties the characteristics of which do not match any identified operating segment.

(4) Non-chargeable provisions concern allowances for tax risks and for the Paris Court of Appeal order dated 24 February 2014.

Balance sheet data by geographical segment at 31 December 2013

(in 1,000s €)	Paris	The Paris region (outside Paris)	Provinces	Foreign	Non-chargeable	**TOTAL**
Assets						
Investment properties	273 310	-	150	6 000	-	**279 460**
Tangible assets: Bassano QP administrative offices	6 050	-	-	-	-	**6 050**
Property inventory	-	-	475	-	-	**475**
Buildings held for sale	-	-	-	-	-	
Liabilities						
Non-current financial liabilities	89 450	-	-	-	-	**89 450**
Current financial liabilities	3 124	-	-	-	387	**3 511**

The non-chargeable asset items primarily include land and the building being restructured and in the process of allocation.

The liability items are bank overdrafts and related items.

Acquisitions of sector-based assets valued at 31/12/2013

(in 1,000s €)	Paris	The Paris region (outside Paris)	Provinces	Foreign	Non-chargeable	**TOTAL**
Investment properties	23 150	-	-	-	-	**23 150**

The acquisition is the building in Rue de RIVOLI in Paris.

NOTE 7. OFF-BALANCE SHEET COMMITMENTS

The Group's internal or external commitments are as follows:

7.1. OFF-BALANCE SHEET COMMITMENTS RELATING TO THE GROUP'S SCOPE OF CONSOLIDATION

7.1.1. COMMITMENTS GIVEN

Off-balance sheet commitments relating to the group's scope of consolidation in 1,000s of euros	Key features (type, date, consideration)	31/12/2014	31/12/2013
Equity investment commitments	-	None	None
Commitments on unconsolidated special purpose entities likely to have a significant effect on the financial statements	-	None	None
Other	-	None	None

7.1.2. COMMITMENTS RECEIVED

Off-balance sheet commitments relating to the group's scope of consolidation in 1,000s of euros	Key features (type, date, consideration)	31/12/2014	31/12/2013
Commitments received in specific transactions	None	None	None

7.2. OFF-BALANCE SHEET COMMITMENTS RELATING TO FINANCING ACTIVITIES

7.2.1. COMMITMENTS GIVEN

The commitments can only be exercised up to the actual outstanding amounts repayable on the date the guarantee is exercised, plus fees, charges and additional costs capped at 20% of the said amount. The real impact of these commitments for the Group at year-end closing date is shown below. The commitments listed below concern liabilities included in the consolidated balance sheet, and are not a complement of the latter.

In thousands of euros	31/12/2013	31/12/2014	at less than 1 year	1 to 5 years	over 5 years
Sureties and independent guarantees granted to financial institutions	63 743	62 295	2 701	10 985	48 609
Registered mortgages on properties purchased 1.2 times the amount of the outstanding loan	111 706	113 894	4 291	17 569	92 034
Collateral for commercial rents	91 622	94 912	3 576	14 641	76 695

These periods match those of the loans.

Collateral, Guarantees and Sureties:

Company whose securities are pledged	Owner of the securities	Beneficiary	Effective date	Date of maturity	Lifgting condition	Number of securities pledged	% of pledged capital
BASNO	VENUS	DEUTSCHEPFANDBRIEF BANK	13/08/2003	30/10/2018	repayment	100	100%
BASNO has given FONCIERE DU ROCHER securities as collateral	VENUS	DEUTSCHEPFANDBRIEF BANK	29/09/2003	30/10/2018	repayment	2 800 001	100%
BALDAVINE SA	ACANTHE DEVELOPPEMENT AND VELO	MUNCHENER HYPOTHEKENBANK	20/05/2011	19/05/2021	repayment	4 676	100%
ECHELLE RIVOLI	ACANTHE DEVELOPPEMENT AND BALDAVINE	MUNCHENER HYPOTHEKENBANK	18/11/2013	17/11/2020	repayment	1 000	100%
FONCIERE DU 17 RUE FRANCOIS 1er	VENUS AND CHARRON	MUNCHENER HYPOTHEKENBANK	24/04/2013	24/04/2020	repayment	1 000	100%
SCI FRANCOIS VII	VENUS	MUNCHENER HYPOTHEKENBANK	24/04/2013	24/04/2020	repayment	1 000	100%
SCI BIZET 24	BASNO, VENUS AND CHARRON	MUNCHENER HYPOTHEKENBANK	01/08/2014	11/06/2022	repayment	10 851 000	100%

Securities are pledged against the capital balance of the loans concerned.

OTHER COMMITMENTS GIVEN (in 1,000s €)		
NATURE	31/12/2014	31/12/2013
Pledged fixed term deposits and interest-bearing accounts in favour of banks	210	210

Other commitments

Loan agreements specify that borrowing companies have to meet a number of ratios:

		Ratios		
		ICR	DSCR	LTV
BALDAVINE SA	MUNCHENER HYPOTHEKENBANK	≥ 145%	≥ 101%	≤ 80%
ECHELLE RIVOLI	MUNCHENER HYPOTHEKENBANK		> 105%	≤ 60%
FONCIERE DU 17 RUE FRANCOIS 1er	MUNCHENER HYPOTHEKENBANK	≥ 150%		< 59% (1)
SCI FRANCOIS VII	MUNCHENER HYPOTHEKENBANK	≥ 150%		< 59% (1)
SCI BIZET 24	MUNCHENER HYPOTHEKENBANK			≤ 65% (2)

(1) this ratio requirement decreases by 1% every year: 59%, 58%....
(2) an additional margin of 0.20% is added to the fixed annual rate of 2.828% when the LTV > 60%
ICR = Debt Service Coverage Ratio DSCR = covering interest and writedown of principal
LTV = Loan-To-Value Ratio (value of the building)

If the above ratios are not met, this generally entails an early partial repayment obligation.

Commitments to maintain shareholdings were made in connection with the following loans taken out by the Group:

- BASNO, loan taken out with DEUTSCHE PFANDBRIEFBANK,
- SC CHARRON, loan taken out with ING LEASE France,
- FONCIERE DU 17 RUE FRANCOIS 1er, loan taken out with DEUTSCHE HYPOTHEKENBANK,
- FRANCOIS VII, loan taken out with DEUTSCHE HYPOTHEKENBANK.

In addition, CEDRIANE reserved the subscription right on its bond issue for DUAL REAL ESTATE INVESTMENTS, after an initial subscription of 1,800,000 CHF a subscription right for 1,200,000 CHF remained and could be exercised at any time and no later than 31 August 2018. The bond issue was repaid in 2014. The additional subscription right has therefore lapsed.

Lastly, the group has not granted third parties any unused lines of credit (drawdown letters, etc.) or commitments to repurchase securities loaned or deposited as collateral.

7.2.2. COMMITMENTS RECEIVED

Mr Alain Duménil's guarantee for the loan taken out by a Group subsidiary (CEDRIANE) to fund the acquisition of a building, in favour of DEUTSCHE PFANDBRIFBANK for €1,130,000.

7.3. OFF-BALANCE SHEET COMMITMENTS RELATING TO THE GROUP'S OPERATING ACTIVITIES

7.3.1. COMMITMENTS GIVEN

The Treasury has registered preferential rights against certain companies in the ACANTHE DEVELOPPEMENT group to guarantee disputed amounts of tax totalling €10,331,000 as of 31 December 2014 (see note 9.3.1).

Furthermore, the following mortgages were taken by the Treasury as an interim measure (see note 9.3.1):

In thousands of euros	31/12/2014	31/12/2013
Registered mortgages on buildings (1)	22 956	22 956

The mortgage amounts break down as follows:

In thousands of euros	total at 31/12/14	at less than 1 year	1 to 5 years	over 5 years
Mortgages	22 956	0	13 876	9 080

(1) Including €13,876,000 for buildings formerly owned by company FIG that further to the publication of the contribution agreement became the property of SNC VENUS, which has no debt with the tax authorities. This mortgage was not listed on the statement provided by our notary on the date of the contribution.

7.3.2. COMMITMENTS RECEIVED

None

NOTE 8. RISK EXPOSURE

Exposure to risk and to uncertainty factors and the management of the latter are explained in Notes 2.3 and 2.4 of the management report on the 2014 financial statements.

NOTE 9. OTHER DISCLOSURES

9.1. ADJUSTED NET ASSET VALUE

The ACANTHE DEVELOPPEMENT Group decided to adopt the IAS 40 fair value measurement option to measure the fair value of its investment property on 1st January 2006. The purpose of this option is to reflect changes in «investment properties» in the consolidated financial statements and measure the market value of its assets.

Economic context:

As always, the group exercises the highest degree of rigour and vigilance in estimating the fair value of its buildings. The exceptionally long and acute economic and financial crisis requires us to be extremely mindful of our valuations, as this is a core element of our business and of its significant impact on our accounts.

Economic conditions in the past year were the same as in 2013: very slow growth in GDP (0.4%) and an unemployment rate of 10.4%. So there has been no clear turnaround, as the signs of recovery in the 4th quarter of 2013 may have suggested.

France still faces the same challenges: cutting its deficit under pressure from its European partners while at the same time not stifling its low rate of growth. Also confronted with the risk of deflation, which is compounded by the sharp drop in oil prices, France's consumer spending is slack, despite very low short and medium-term interest rates.

Also, the forecast growth in French GDP of 1% for 2015 still appears to be dependent on global econmic conditions, which given the 3.5% slowdown (according to the IMF) is still synonymous with uncertainty.

As austerity policies reach their limit, on 22 January 2015 the European Central Bank announced a programme of massive repurchases of sovereign debt aimed at restoring confidence in the markets, stimulate growth in the eurozone and stabilize inflation at 2%. The markets' anticipation of this policy has already had an effect both on the long-term lending rates (2,20%) and on the 10-year state borrowing rate (0.5%). The direct consequence of the European Central Bank's intervention, the euro has virtually reached parity with the dollar, thereby benefiting exports. This gives France hope for a better year in 2015, although these measures alone cannot guarantee a real business recovery. Prudence should prevail given the still pessimistic forecasts for the labour market.

On the financial markets, very low rates and the absence of short-term risks in the eurozone mean that investors have large amounts of liquid assets, facilitating their refinancing at a lower cost and enabling them to trade directly on the stock exchange or capitalize on gearing to launch major operations. The fact that the CAC 40 recently topped the 5,000 point mark is proof at any rate that market participants are ready for 2015.

The French business property markets in 2014 [1]

- The investment market:

2014 was the 3rd best year in the last ten years in terms of volume of investments in business property: 23.8 billion euros. This represents a 57% increase compared with 2013, when the volume invested totalled 15.2 billion euros.

[1] Figures taken from the January 2015 survey by Cushman & Wakfield: «The French property markets»

An analysis of transactions reveals a market driven by big transactions, in excess of

100 million. There were 54 such investments, against 36 in 2013. They alone represent 68% of invested volumes, against 48% the previous year.

There were 3 transactions over one billion euros (La Défense and two sales of portfolios, one commercial, KLEPIERRE, the other prime properties in Paris, RISANAMENTO). These transactions were facilitated by easier access to debt and by high levels of liquid assets. Foreign players are no longer alone in making this type of transaction: insurers, property firms and private funds are also active.

Most transactions concerned office space: 61% of investments in 2014 against 64% in 2013. This fall in office space as a proportion of total investments has already begun in previous years. The diversification of portfolios again benefited retail businesses, which represented 32% of invested capital against 26% in 2013. Emblematic operations in 2014 included the rebuilding of the shopping BEAUGRENELLE centre in Paris 15th and the CHANEL or BENETTON flagship stores in Paris, as well as prestige complexes like Le Madeleine or 49-51 Avenue Georges V in Paris.

Ile-de-France is still the main magnet for such investments. Thanks to its vast and diversified real estate base, the Ile-de-France region continues to draw major groups for a variety of reasons: headquarters, resisting the crisis, influx of tourists, prestige abroad. This region alone represents 71% of investments in France in 2014, totalling 17 billion euros against 11.1 billion in 2013.

The proportion of investments in office space in Ile-de-France is falling steadily, as it is nationwide. Since 2011, investments in office space have fallen from 87% to 77% in 2014. Sharply down in 2013, the proportion of office space in inner Paris has virtually doubled, up from 3.3 billion euros in 2013 to 6.4 billion in 2014. This upturn is led by big transactions (in excess of 100 million euros), of which there were 12 this year. The central business district was again regarded as a safe investment, attracting 4 billion euros' worth of transactions, over 62% of investments in office space in inner Paris. These movements were made possible by the sale of large complexes at prestigious addresses like Sanofi Aventis in Paris 8th Rue de la Boétie. The central business district continues to be a prestigious location for all investors. This strong appeal of flagship properties is reflected in the virtually unchanged yield from «prime» properties, 4% for the best service-sector assets in Paris' central business district.

The tertiary business centres of La Défense and the western Paris region (Issy-Les-Moulineaux with Quai Ouest and Bord de Seine 2) also benefited from the momentum in sales of large buildings.

The development of the designated development area of Batignolles, like that of the Left Bank designated development area, also attracted investors, as did the north of the region, with the sale of SFR's new headquarters. All these movements took Ile-de-France's office market to high levels in terms of volume.

Up since 2012, the commercial property investment market in France reached its best performance: 7.7 billion euros invested in France, against 4 billion on 2013. And the number of transactions in excess of 100 million euros doubled from 7 to 14.

5 of these major transactions topped 500 million euros each (including centres sold by UNIBAIL-RODAMCO, BEAUGRENELLE sold GECINA and the CARREFOUR portfolio sold by KLEPIERRE). The types of properties investors are seeking are still well-known avenues, major retail parks in the provinces and assets with high appreciation potential. As for shopping streets; they represent 1.5 billion euros of investments, on a par with 2013. Avenues like the Champs-Elysées, avenue Georges V and avenue Montaigne (CHANEL), just like Saint-Germain-des-Prés (LOUIS VUITTON), are still safe investments for the leading luxury brands with networks of prestigious boutiques.

The «prime» yield on stores in France however fell to 3.5% at the end of 2014, down 0.25% on 2013. The yield from shopping centres was 4.50% against 5% at the end of 2013.

- The rentals market in Paris:

In 2014, satisfied demand in Ile-de-France totalled 2,010,000 m², up 15% on 2013. This however is 8% below the average for the past ten years.

The year was marked by a higher number of transactions for premises in excess of 4,000 m²: 74 in 2014, against 66 in 2013. There again, 2014 was lower than the average for the past ten years for this type of transaction (89 transactions). On the other hand, volumes placed by these major picked up, representing 45% of volumes placed, against 41% in 2013. That is still not enough to enable major projects to regain their role as market driver.

Unlike 2013, the past year saw businesses turn more to renovated structures, which represent 24% of placed volumes against 13% in 2013 (SNCF Geodis in Levallois-Perret or even DALKIA in the Tour Europe at La Défense).

Mechanically, new and restructured buildings, which cornered 73% of satisfied demand in 2013, represent only 64% this year. Projects like EIFFAGE's headquarters in Vélizy or the move of part of the Ministry of the Interior to the Le Garance building in the 20th district of Paris again confirm the appeal of new and restructured premises.

Urban planning is also a driver, proposing new functional complexes (the designated development area of Clichy Batignolles, the Trapèze at Boulogne-Billancourt) for big corporations motivated to take up leases more often by the need to rationalize and pool their teams than by growth in their business activities.

Paris itself saw a significant rise in placed volumes: 11% up on 2013. That simply made up for the previous year, when placed volumes fell by 11% compared with 2012. Certain big groups like KLESIA took advantage of mergers to group their workforce together on a single site. Others, in view of the economic climate, chose to move away from the central business district to more outlying yet less costly prime addresses on better quality sites (VEOLIA in Aubervilliers).

Apart from the restructuring operations in the 1st quarter of 2014 (such as CHEVREUX in Boulevard Hausmann), the central business district of Paris suffered from the lack of action on the part of lessees, some of whom renegotiated their leases reaching their term. The decrease however is limited to 2% in placed volume, establishing its position as a safe investment in these hard times.

Transactions in premises under 4,000 m² in the central business district were also far below the volumes observed over the past ten years (-10% under the ten-year average): economic uncertainties are such that SMEs are in no way inclined to look to the future, their priority being to safeguard their earning power and cash flow.

As in 2013, some businesses continues to turn to first or second-hand areas of quality in Paris outside the central business district. The reasons for this are not just economic: they want to offer their employees a quality working environment not just to boost productivity but also to convey a flattering corporate image in order to attract young graduates. Multinationals like GROUPON or EURONEXT have moved away from the central business district, often to the west of the Paris region.

These moves mainly benefited La Défense, which had a prosperous year in 2014, with placed volumes 140% up on 2013. Lessors lowered their rents to reduce an abundant supply, and groups historically established at La Défense (HSBC, E&Y, AXA, etc.) made the most of this to modernize their premises and pool their teams.

The Business District in the west of Paris (QAO), just like the North and Paris Left Bank, also capitalize on these movements thanks to groups like L'Oréal and FIMALAC/WEBMEDIA in Levallois-Perret.

Nonetheless, the fact remains that the prospects for 2015 will continue to weigh on negotiations between lessors and lessees, both on lease assistance measures and directly on rents (higher deductibles).

As for the commercial premises market is still highly segmented, the difference between the «prime» and no. 1 areas on the one hand and secondary areas on the other being even more marked. Retail chains are adopting new real estate strategies, both to control their earning power and to confront the competition of new consumer patterns (the Internet): wholly-owned stores to control inventories and profitability, flagship stores in prime locations for the customer experience, new stores opened with measured steps for more targeted concepts.

In Paris, the luxury goods industry was still driving the sector both in clothing (foreign creators and «trendy» French fashion brands) and in consumer goods (renovation of Bon Marché). Despite a limited offer, the retail chains gained a foothold in districts very popular with international tourists like Le Marais, Saint-Germain-des-Prés and Triangle d'Or.

The current trend of rare and costly supply is expected to continue in the years to come, despite a few flagship operations like Galeries Lafayette's new store on the Champs Elysées in place of VirginMegastore (2018), or the renovation of the Saint-Germain-des-Prés covered market (2016) with the arrival of six major brand name, almost certainly including Apple, the brand that is expanding its network, which has become the most profitable one in under ten years.

Retailers are also keeping a close eye on the impact of the Macron bill, which proposes a possible increase in the number of Sunday openings and the creation of international tourist areas in Paris and in certain large provincial cities. This bill could very constructively sustain demand for «prime» locations like the type central business district, ensuring a low vacancy rate and high rents for lessors in such prime locations.

It remains to be seen however what effects another law passed in June 2014 will have in the longer-term: the ACTPE law (artisans, retailers, microbusinesses). This law, designed to protect convenience stores, has modified certain texts relating to commercial leases, but has also put an end to floating clearance sales. This should have a positive effect in consumer spending, but will relations between lessors and lessees be affected?

The high-end residential premises market in 2014 [2]

Unlike large cities like London, New-York and Miami, Paris (and France in general) has suffered from the mobility of an international clientele that shelters its assets more easily thanks to low interest rates, but also the departure of many French people since 2012. It is also penalized by competition from new «trendy» destinations like Bali, San Francisco or Venice, as well as by an uncertain French fiscal environment.

Paris's high-end residential premises market stagnated in terms of transactions. Prices however remain steady: it is still worth negotiating. French buyers are looking for properties having a lot of leeway for negotiation because of defaults, unlike foreign buyers ready to pay a higher price. Foreign buyers reappeared on the Paris market at the end of 2014 due to the strengthening dollar and Swiss franc vis-à-vis the euro.

2015 could be a year of recovery, with a more buoyant market and prices more in line with economic reality.

- The Group's assets:

Apart from buildings undergoing structural works (Rue Vieille du Temple, Brussels) and the one in Rue Bassano, mainly occupied by the group and affiliated companies, the ACANTHE DEVELOPPEMENT group's assets show a good occupancy rate (94%).

No companies were derecognized in financial year 2014.

As in previous periods, expert appraisals were conducted according to the criteria set out in the «Charte de l'Expertise en Evaluation Immobilière» (French property appraisal charter) and applied by all the listed property companies.

As for assets subject to preliminary contracts of sale or offers accepted by the Group at 31 December, they are valued at the net selling price.

The group's assets are estimated at €294,755,000. They include €151,218,000 of office space, €88,942,000 of commercial premises, €24,765,000 of residential buildings, €680,000 of car parks and €150,000 of plots of land, plus €29,000,000 for the mansion in Rue Vieille du Temple acquired in October 2010, which will be converted into offices, commercial premises and possibly residential units.

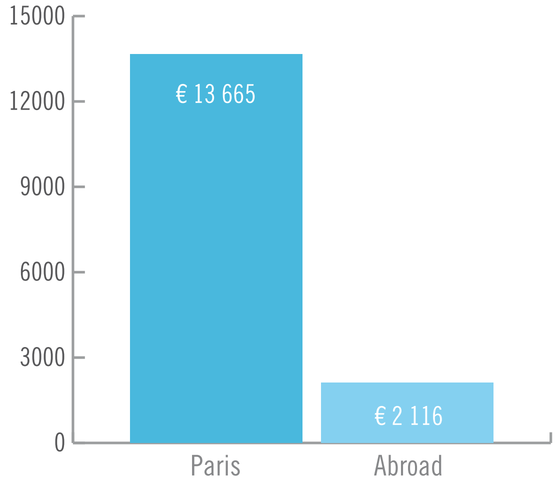
[2] Barnes International Luxury Real Estate: press release of 20 January 2015

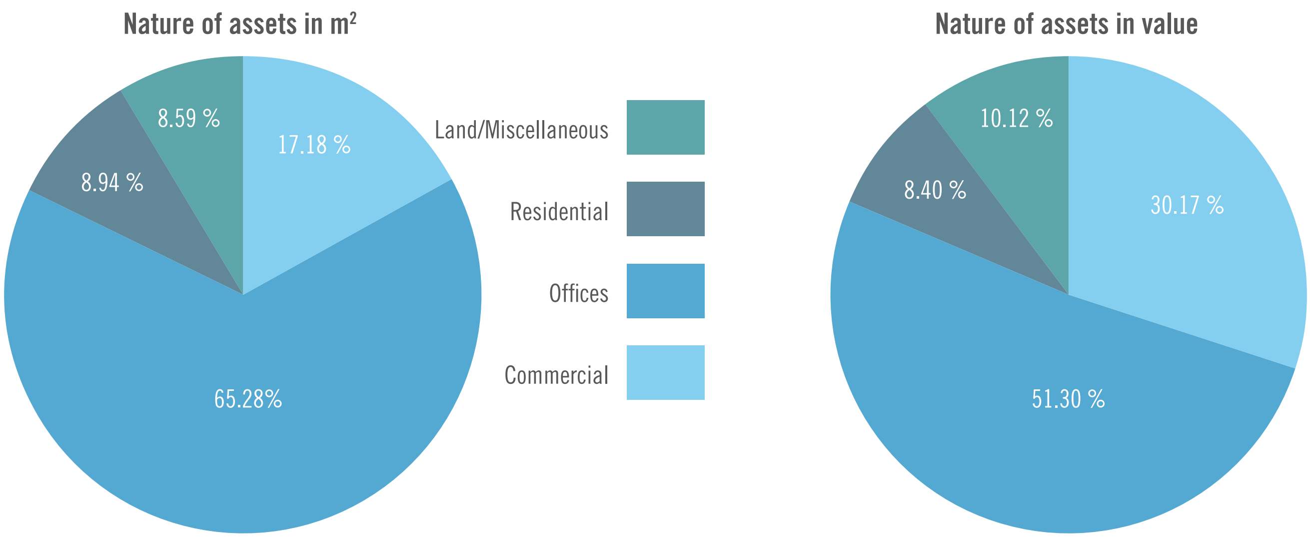
Floor areas break down into 15,842 m² of office space, 4,170 m² of commercial premises and 2,171 m² of residential units.

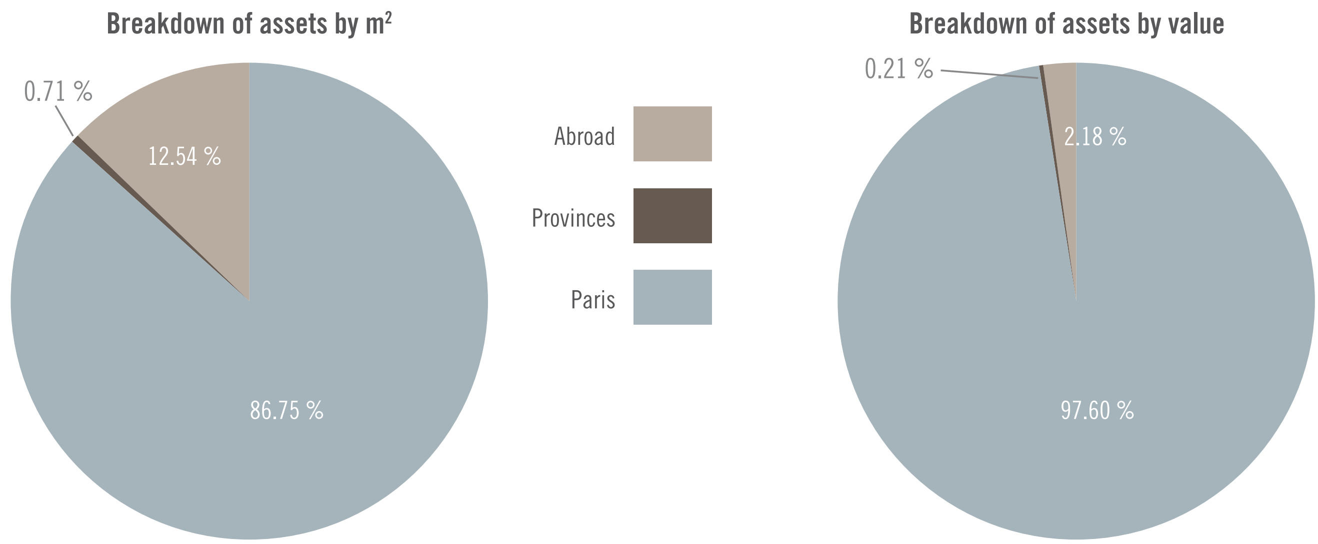
Non-attributable floor areas total 1,718 m², the area of the building undergoing structural works, and 368 m² of annexes.

On a like-for-like basis, the expert appraisals of the ACANTHE DEVELOPPEMENT group's assets showed an increase of 3.1% against 31 December 2013.

These expert appraisals show the following average values per m²:







Accordingly the Group's net position stands at €189,584,000. To calculate the Adjusted Net Asset Value (ANAV), this value is increased by the treasury shares whose acquisition cost was deducted from consolidated shareholders' equity measured at fair value. Adjusted Net Asset Value excluding rights was as follows as of 31 December 2014:

	In 1,000s of euros
Consolidated shareholders' equity	189,504
Treasury shares:	23
Adjusted Net Asset Value at 31/12/2014	**189,527**
Number of shares at 31/12/2014	**147.125.260**
- ANAV: €1,2882 per share	

Dilutive instruments are not included as of 31 December 2014. There remain 4,896,436 share options (to be exercised by 28 August 2019) awarded in August 2009 at the issue price of €1.24 per share. They have not been taken into account, given that this period is of little interest to the beneficiary with respect to quoted market prices (closing price as of 31 December 2014: €0.34).

By way of comparison, the Adjusted Net Asset Value on 31 December 2013 was as follows:

	In 1,000s of euros
Consolidated shareholders' equity	190,277
Consolidated excess on stock	25
Treasury shares:	0
Adjusted Net Asset Value at 31/12/13	**190,302**
Number of shares at 31/12/13	**142,131,582**
- ANAV: €1,3389 per share	

Dilutive instruments are not included on 31 December 2013. There remain 4,896,436 share options (to be exercised by 28 August 2019) awarded in August 2009 at the issue price of €1.24 per share. They have not been taken into account, given that this period is of little interest to the beneficiary with respect to quoted market prices (closing price on 31 December 2013: €0.45).

9.2. TAX POSITION

In the ACANTHE DEVELOPPEMENT group, FONCIERE ROMAINE is the parent company of a tax consolidation group that includes two other companies..

The Group's fiscal deficits relate to the taxable portion of taxable income (non-SIIC).

In 1,000s of euros	31/12/2014	31/12/2013
Unused deficits Long-	52 435	51 116
TOTAL	**52 435**	**51 116**

The above fiscal deficits do not take into account the proposed tax adjustments received by various Group companies, as explained in the following paragraph. The fiscal deficits were charged to non-SIIC income. The latter is marginal, as the Group's business is primarily property-related. In addition, the government has taken measures to cap the charging of prior deficits on future profits (100% up to €1 million and 50% above €1 million). The fiscal deficits will thus be cleared over a long period. Consequently no deferred tax asset is recognized, as a precautionary measure.

9.3. POTENTIAL DISPUTES AND LIABILITIES

9.3.1. TAX DISPUTES

Further to a number of tax audits, the French tax authorities sent the Group's various companies including ACANTHE DEVELOPPEMENT proposed adjustments resulting in additional tax for a total principal amount of €9.68 million (excluding €0.93 million of interest and €3.81 million of surcharges).

1) Parent/daughter company regime

The proposed adjustments notified by the tax authorities essentially compromised the principle of non-taxation of dividends under a parent-daughter company regime and for prior periods the SIIC tax exemption regime, and thus the right for such dividends received to qualify for the parent company regime, in the amount of €5.78 million (excluding €0.56 million of interest and €2.99 million of surcharges).

- ACANTHE DEVELOPPEMENT

It is for a fraction of the taxes mentioned in the previous paragraph that, in a ruling of 5 July 2011, the Administrative Court of Paris – meeting in full session and delivering four clearly substantiated identical decisions on the same day – upheld ACANTHE DEVELOPPEMENT's claim and exempted it from the additional contentious taxes and the related penalties charged by the tax authorities for tax years 2002 and 2003, and from a fraction of the taxes and related penalties for tax year 2005, confirming that the dividends paid were eligible for tax exemption under the parent-daughter company regime.

The tax authorities lodged an appeal against the aforesaid ruling (favourable to ACANTHE DEVELOPPEMENT) with the Administrative Court of Appeal of Paris. In a decision dated 14 November 2013, the latter set aside the decision delivered by the Administrative Court of Paris, chiefly on the grounds of the decisions delivered by the Council of State in a case involving GARNIER CHOISEUL of 17 July 2013, where the defendant was not represented.

The Company lodged an appeal against this ruling on points of law with the Council of State, stressing in particular the specific nature of its position, which according to the arguments put forward should invalidate the principles set out in the aforementioned GARNIER CHOISEUL decisions. It takes the view that its position is different from that of the companies to which the aforesaid decisions apply.

However, in a decision dated 10 October 2014 the Council of State dismissed the appeal on points of law lodged on behalf of the company.

Nonetheless, and quite particularly, one should bear in mind that for the disputed periods, article L 64 of the book of tax procedures (referred to by the 80% surcharge stipulated in article 1729 of the general tax code) did not sanction acts having an exclusively fiscal purpose that go against the lawmaker's objectives. The penalty for such acts was only permitted on the grounds of fraudulent evasion of statutory provisions by the aforementioned JANFIN decision – which postdated the initiating cause of the disputed taxes – then by the PERSICOT decision (Council of State, 2 February 2007) – also postdating the disputed periods – whereby the Council of State imperiously decided that fraudulent evasion of statutory provisions fell within the scope of aforesaid article L 64 in contradiction with provisions relating to the effective date of applicability (1st January 2008) of the extended legal definition of abuse of process given in this article L 64.

The 80% surcharge could only have been applied on the grounds of embezzlement, but such a surcharge was neither applied nor, with all the more reason, substantiated against the Company.

For all these reasons, the company continues to contest the taxes imposed on it, with the assistance of CMS Bureau Francis Lefebvre, and on 6 January 2015 sent the ECHR (European Court of Human Rights) an application aimed at having the position of the French courts recognized as being contrary to the European Convention on Human Rights and Fundamental Freedoms.

The extension of the control on the application of the parent/daughter company regime to 2004 led to a rise, notified in the same notification that the rise in the valuation of AD CAPITAL shares mentioned below in §2. The theoretical amount of additional tax under the parent/child company regime totals €0.8m in principal and €0.3m in interest and penalties.

In a ruling on 10 December 2014, the Administrative Court dismissed the Company's appeal on this point.

An application to institute proceedings was filed on 4 March 2015 before the Administrative Court of Appeal of Paris to challenge the ruling on this point.

As of 31 December 2013, the company recognized a €4.5 million provision for tax risks (principal + interest on arrears), further to the findings of the Paris Court of Appeal ruling on additional taxation for tax years 2002 and 2003 (for which an appeal was lodged with the Council of State), as well as its impact with regard to Exit Tax. Moreover, at the request of the statutory auditors, it had also recognized a €1.3 million provision for the 80% surcharges, despite the aforementioned advice of tax advisors CMS Bureau Francis Lefebvre.

As of 31 December 2014, further to the ruling of 10 December 2014 the aforementioned provisions were increased, as a precautionary measure, with an adjustment of the Exit tax (€0.3m), the 80% surcharges on the Exit tax (€1.3m) and the interest on arrears on additional Exit tax and surcharges of 80% (€1.4m).

The recognized provisions therefore amount to €8.8 million in total.

- SIF DEVELOPPEMENT

On the subject of the parent-daughter company regime, the tax authorities have also sent Group subsidiary SIF DEVELOPPEMENT proposed tax adjustments totalling €0.94 million (excluding €0.04 million of interest and €0.13 million of surcharges). These have been contested on the same grounds as those expanded on above.

The Administrative Court of dismissed our subsidiary's applications in a ruling of 28 May 2013.

The company lodged an appeal against this ruling before the Administrative Court of Appeal of Paris, which in a decision dated 17 June 2014 confirmed the unfavourable ruling handed down by the Administrative Court.

Correlatively, for the aforementioned considerations and despite any observations put forward to contest the Court's analysis, a provision of €1.22 million (principal and interest on arrears) and €0.2 million (surcharge), making a total amount of €1.42 million, was recognized.

On 1st August 2014 the company lodged an appeal against the Court's ruling on points of law before the Council of State. On 27 February 2015 the Council of State ruled that the appeal was inadmissible.

For all the above reasons, the company intends to continue contesting the taxes imposed on it, with the assistance of CMS Bureau Francis Lefebvre, and will soon send the ECHR an application aimed at having the position of the French courts recognized as being contrary to the European Convention on Human Rights and Fundamental Freedoms.

2) Other reasons for tax reassessment

- ACANTHE DEVELOPPEMENT

Moreover, the proposals for correction sent to ACANTHE DEVELOPPEMENT questioned the valuation of the AD CAPITAL shares distributed as dividends in kind for a basic amount of €15.6 million, a portion of which is taxed as long-term capital gains, which results in back taxes in principal for an amount of €3.4 million. ACANTHE DEVELOPPEMENT had valued these securities on the basis of Adjusted Net Asset Value (ANAV) and the tax authorities has proposed other methods, which have been contested by the Company and its advisors (CMS Bureau Francis Lefebvre) in their response to the proposed adjustment.

On 7 July 2008, the departmental representative of the tax authorities met the company's counsel, CMS Bureau Francis Lefebvre, and after the meeting, the authorities, albeit confirming the principle of the challenge to the initial valuation method, accepted some of the submitted valuation elements and correlatively reduced the amount of the tax adjustment to €11.8 million, making a tax adjustment in the principal amount of €2.5 million.

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

There again, on receiving collection notice for the corresponding tax, the company filed a claim and, following the rejection of the latter, on 7 September 2011 it referred the matter to the Administrative Court of Paris in order to have all the arguments presented taken into consideration. The proceedings are currently underway.

Thus the Company – assisted by its counsel CMS Bureau Francis Lefebvre – has at all stages of the proceedings contested the additional taxes that the tax authorities are charging (including the collection thereof).

In a ruling of 10 December 2014, the Administrative Court fully upheld the Company's appeal on this point.

The tax authority, without prejudice to an appeal against this decision, pronounced a tax exemption of all sums initially levied further to this raising.

No provision has been recognized in this respect.

Finally, on 28 July 2014, an audit of ACANTHE DEVELOPPEMENT's accounts was initiated, for periods from 1st January 2011 to 31 December 2013.

The audit was completed in December 2014 without any adjustments.

- SIF DEVELOPPEMENT

With regard to SIF DEVELOPPEMENT, the tax authorities have also sent proposed adjustments as they challenge the transfer price of a current account and a capital gain on a building under the SIIC option. These were contested and the higher adjustments have been abandoned. This resulted in an additional tax assessment of €0.26 million (excluding €0.01 million of interest) after appeals to higher courts. There remained grounds for dispute and the Administrative Court of Paris dismissed our subsidiary's final petitions in two rulings handed down in May and June 2013.

The company lodged an appeal against these rulings before the Administrative Court of Appeal of Paris, which in a decision dated 17 June 2014 confirmed the unfavourable ruling handed down by the Administrative Court regarding the loss of current account transfer.

Correlatively, and despite any observations put forward to contest the Court's analysis, a provision of €0.35 million (principal and interest on arrears) and €0.01 million (surcharge), making a total amount of €0.36 million, was recognized.

On 1st August 2014 the company lodged an appeal against the Court's ruling on points of law before the Council of State. On 27 February 2015 the Council of State ruled that the appeal against the challenge of the current account transfer price was inadmissible.

The Administrative Court of Appeal is moreover expected shortly to give a verdict on the disputed amount of property capital gains.

- VOLPAR

The tax authorities have also sent another group subsidiary a proposed adjustment (€0.51 million of principal and €21,000 of interest for tax years 2009 and 2010) challenging the subsidiary's application of the SIIC regime and the qualification of this company's business. The tax authorities consider that the company acted as an estate agent, which the company contests in consideration of the conditions of acquisition and management of the buildings concerned and the retention period (between 2 and 10 years depending on the lots) prior to their sale.

The tax demanded in this respect was contested in a contentious claim filed on 26 June 2013. The tax authorities dismissed the company's claim in a decision of 30 December 2013, and this decision was referred to the Administrative Court of Paris in an application to institute proceedings filed on 6 February 2014.

In a ruling dated 16 February 2015, the Administrative Court upheld the company's claim regarding VAT but dismissed its claim regarding corporation tax.

A petition will soon be filed before the Administrative Court of Appeal of Paris regarding corporation tax.

No provision has been recognized in this respect.

9.3.2. MINORITY GROUP SOGEB'S SHARES

a/ A ruling of the Paris Court of Appeal on 22 January 2013 confirmed a ruling of the Paris Regional Court of 13 October 2011 that annulled the deliberations of the general meeting of 15 January 2009, as well as the resolution of SOGEB's general meeting of 16 March 2009 that had recorded the realization of the capital increase, annulled the resolution of SOGEB' general meeting of 30 March 2009 concerning the modification of its corporate purpose, and annulled the resolutions of SOGEB's general meetings of 21 June 2010, 23 June 2011 and 10 July 2012 concerning the appropriation of earnings.

This judgment declared inadmissible Mr Bergougnan's claim for damages against successive managers and reversed the sentences of three successive managers to pay the minority a total of €100,000 in proportion to their terms of office for his personal loss.

To date, Mr Bergougnan has not repaid the three successive managers the sum of €100,000 he was awarded by the ruling of 13 October 2011, despite enforcement procedures.

Finally, this judgement ordered the dissolution of the Company. Selarl FHB-Facques Hess Bourbouloux was appointed administrator to proceed with liquidation operations (see «administrator» below).

An appeal against the judgement of 22 January 2013 on points of law has been lodged by BRUXYS. The decision should be handed down at the end of the first half of 2015.

On 18 March 2014 Selarl FHB filed an asset-freezing order with the two banks where BRUXYS (holding 2/3 of SOGEB's equity) has an account, as well as an asset-freezing order on Foncière Romaine shares, owned by BRUXYS.

On 10 April 2014, SOGEB represented by Selarl FHB summoned BRUXYS before the Commercial Court of Paris (holding 2/3rds of SOGEB's capital), an ACANTHE DEVELOPPEMENT subsidiary, with a view to having it ordered to pay €19,145,851.82 in respect of partners' current accounts.

This case has been postponed to 11 May 2015.

The administrator will not proceed with the liquidation until the Final Court of Appeal's aforementioned ruling is handed down.

When liquidation proceedings take place - if the appeal on points of law against the ruling of the Court of Appeal of Paris dated 22 January 2013 is dismissed - the interests of BRUXYS and Mr Bergougnan, respectively 2/3 and 1/3, will be taken into account. This procedure has no effect on the Group's accounts but will entail an outflow of cash.

b/ The minority shareholder also summoned SOGEB and LAILA TWO (the buyer of the building in Rue Clément Marot) to appear on 8 June 2011 with a view to having the sale of this building annulled, judging that LAILA TWO had no right or title to occupy the building, and having it ordered to vacate the building. At the hearing of 30 May 2012, the court ordered a stay of proceedings pending the outcome of the aforementioned appeal. Logically the stay of proceedings should last until the Final Court of Appeal rules on the appeal against the decision of 22 January 2013. If this decision is not set aside by the Final Court of Appeal, company SOGEB will be liquidated. Mr Bergougnan's share will be paid to him and in this respect the sale of the building will no longer be able to be annulled.

9.3.3. PROPERTY-RELATED DISPUTES

Company GERY DUTHEIL was supposed to complete the works at 30 Rue Claude Terrasse in July 2008; this was postponed to October 2008. Due to the delays, company VELO requested a firm commitment on the date of completion. Since no such firm commitment had been given, VELO stopped paying GERY DUTHEIL's progress bills. It was under these circumstances that VELO was summoned by GERY DUTHEIL to pay bills totalling €927,000, given that €404,000 had been paid directly by VELO to subcontractors.

In a ruling of 12 September 2014, the court pronounced the termination of the contract through the fault of company VELO on 31 March 2009. The Court stated that company DUTHEIL's debt amounted to €631,000 inclusive of tax instead of the €788,000 claimed by DUTHEIL. Company VELO was ordered to pay thus sum, as well as interest at the official rate from 19 January 2009. The Court ordered the release of €392,000 in favour of our Company.

An appeal has been filed and proceedings are ongoing.

As company DUTHEIL is the subject of an insolvency procedure, we have declared our claim in accordance with the amount claimed in our submitted documents, namely €2,157,000. On 7 March 2013, as DUTHEIL's court-appointed administrator had challenged the said amount, we referred the matter to the bankruptcy judge, who decided to refer the case back the Commercial Court.

9.3.4. FIG DISPUTES

a/ Decision of the Paris Court of Appeal of 27 February 2014

In a decision dated 27 February 2014, the Paris Court of Appeal decided:

- to cancel a contribution deed dated 24 November 2009 whereby FIG (formerly a lower-tier subsidiary of ACANTHE DEVELOPPEMENT sold on 19 March 2010) contributed all its property assets (buildings and shares in property investment partnerships) to SNC VENUS, valued by a valuer of contributions in kind at €138,755,688, in exchange for 95,496 SNC VENUS partnership shares,

- to cancel a decision dated 9 December 2009 to distribute all FIG's assets (more particularly including VENUS shares) to TAMPICO,

- to cancel a decision dated 11 June 2010 to increase FIG's capital from €1,439.50 to €10,221,035.83 and modify the company's share capital allocation.

The Paris Court of Appeal also ordered ACANTHE DEVELOPPEMENT to pay, jointly and severally with companies FIG and VENUS, Mr Barthes €129,552 and Mr Noyer €89,597 as compensation for their loss of shareholders' rights.

The Court of Appeal thus reviewed the conclusions of Mr Kling, the expert appointed under the decisions of 14 January 2011 of the Paris Commercial Court to value the rights that FIG's minority groups held in FIG's shareholders' equity and dividends and reserves, after allowing for changes in their ownership interest further to the various transactions affecting FIG's net assets since the ordinary and extraordinary general meeting of 24 February 2004.

The Court of Appeal also ordered ACANTHE DEVELOPPEMENT and VENUS each to pay €100,000 to Mr Barthes and €100,000 to Mr Noyer in respect of Article 700 of the Code of Civil Procedure, as well as all costs.

ACANTHE DEVELOPPEMENT paid the entire debt of Mr Barthes further to this decision. A provision for charges of €316,000 was set aside for Mr Noyer's debt in the accounts of the ACANTHE DEVELOPPEMENT group, and was paid in April 2015 (see note §4.5 to the consolidated financial statements at 31 December 2014).

The Court of Appeal did not set aside the decision dated 23 February 2010 whereby company TAMPICO distributed dividends totalling €235,064,565.09 (mainly by distributing VENUS shares) to ACANTHE DEVELOPPEMENT.

Given the complexity of the decision of 27 February 2014 and the impossibility of restoring the «status quo ante» in view of transactions made since 24 February 2004, ACANTHE DEVELOPPEMENT takes the view that this decision is inapplicable. This situation creates a legal uncertainty regarding how this dispute will unravel and its possible consequences.

Further to the decision of 27 February 2014, a communiqué was sent to all shareholders and published on the Company's web site on 6 March 2014. The decision has been published in its entirety on the Company's web site since that date.

b/ Sums to be held in escrow

In an ex parte order dated 15 June 2010 delivered at the request of Messrs Barthes and Ceuzin, the President of the Commercial Court of Paris ordered 95,496 SNC VENUS partnership shares, worth over 138 million euros, belonging to ACANTHE DEVELOPPEMENT, to be held in escrow by a court bailiff.

In an ex parte order dated 16 September 2010 delivered at the request of Messrs Barthes and Ceuzin, the President of the Commercial Court of Paris ordered €15,179,894.85 (the full amount of the dividend voted by the General Meeting of the Shareholders ACANTHE DEVELOPPEMENT on 18 June 2010) to be held in escrow by a court bailiff.

A decision of the Paris Court of Appeal on 8 December 2010 confirmed the ex parte order of 8 October 2010, which had limited the amount held in escrow to €1,700,000.

An ex parte order dated 29 March 2011 dismissed ACANTHE DEVELOPPEMENT's application in respect of the court order of 15 June 2010 and rejected its application in respect of the court orders of 16 September and 8 October 2010.

In a ruling on 30 March 2012, the Paris Court of Appeal confirmed the part of the 29 March 2011 court order in connection with the court order of 15 June 2010. The Court of Appeal in particular held that since the judgements of 14 January 2011 were under appeal, they were not definitive and accordingly did not end the dispute between the parties.

With regard to the appeal against the court order of 29 March 2011 for the part relating to the court orders of 16 September and 8 October 2010, a judgement of the Paris Court of Appeal on 25 October 2012 dismissed ACANTHE DEVELOPPEMENT's appeal. An appeal on points of law has been lodged against this judgement.

Further to the aforementioned 27 February 2014 ruling on the appeals against the rulings of 14 January 2011, ACANTHE DEVELOPPEMENT filed an application with the competent courts with a view to securing the release of the funds held in escrow.

This case will in all likelihood be heard at the end of the first half of 2015.

The sum of €138 million (value of the VENUS shares) and the sum of €1.7 million held in escrow on the initiative of Messrs Barthes and Ceuzin should be reconciled with the sum of €129,552 awarded to Mr Barthes by the Paris Court of Appeal.

c/ Application to extend the FRANCE IMMOBILIER GROUP (FIG) liquidation proceedings to ACANTHE DEVELOPPEMENT

On 23 December 2011 Mrs Monique Richez, in her capacity as controller of the FIG liquidation, summoned ACANTHE DEVELOPPEMENT before the Commercial Court of Paris to have the FIG liquidation proceedings extended for payment of the latter's liabilities.

Further to a ruling of the Commercial Court of Paris of 12 May 2014 subject to interim enforcement, Monique Richez was dismissed as FIG's liquidator on the grounds that she could not be appointed liquidator as she held one FIG company share. This decision is final

Consequently, Mrs Richez cannot act with regard to the extension of the liquidation to ACANTHE DEVELOPPEMENT.

A stay of proceedings was pronounced in this respect, pending the court of appeal's decision on the formal tender of payment made by the former FIG shareholder, company TAMPICO, to Monique Richez of its €50,800 debt to FIG.

As the Court of Appeal dismissed TAMPICO's claim on 8 January 2015, the latter recovered the €50,800 deposited with the Caisse des Dépôts et Consignations (French sovereign wealth fund). The affair will be resumed and ACANTHE DEVELOPPEMENT will be able to tender its submissions of inadmissibility and ask the Commercial Court of Paris to draw conclusions from its own ruling of 12 May 2014.

d/ Proceedings brought to cancel transactions made during the doubtful period of FRANCE IMMOBILIER GROUP (FIG):

On 2 May 2012, companies ACANTHE DEVELOPPEMENT, VENUS and TAMPICO were summoned by SCP BECHERET SENECHAL GORRIAS, the liquidators of FRANCE IMMOBILIER GROUP (FIG), with a view to securing the cancellation of FIG's contribution of the building at 15 Rue de la Banque – 75002 Paris and equity interests realized on 24 November 2009 in favour of VENUS, as well as the cancellation of the distributions of the advance on dividends and of the distributions of the issue premium in December 2009.

The liquidator of FIG consequently asked VENUS to restore ownership of the building at 15 Rue de la Banque – 75002 Paris and the equity securities, on pain of a penalty payment of 10,000 euros a day for each day of delay.

It also demands that VENUS be ordered to reimburse company FIG for rents collected, dividends and any other proceeds, incidentals to the lease contracts on the property at 15 Rue de la Banque in Paris 2nd and the aforesaid equity interests accrued since 24 November 2009; that ACANTHE DEVELOPPEMENT return the 95,496 VENUS partnership shares of company to FIG for the purpose of cancelling them, subject to €10,000 per day overdue from notification of the forthcoming ruling; cancellation of the 95,496 VENUS partnership shares when they and the property complex at 15 Rue de la Banque in Paris 2nd, the related lease contracts and the equity interests have been returned to company FIG, and that companies ACANTHE DEVELOPPEMENT and TAMPICO be ordered jointly and severally to repay FIG the sum of €4,047,975.50 originating from the cash distributions, plus interest at the official rate from 31 December 2009.

These applications have been challenged.

Further to a ruling of the Commercial Court of Paris on 6 February 2015, a stay of proceedings pending the decision of the Final Court of Appeal following the appeal on points of law against the aforesaid order of 27 February 2014 was pronounced.

Apart from these disputes, the group has not identified any other potential liabilities.

9.4. RELATED PARTIES

The ACANTHE DEVELOPPEMENT Group has made transactions with ARDOR CAPITAL, a company indirectly controlled by Mr Alain Duménil.

Current related transactions were as follows:

a) the parent company:

In 1,000s of euros Nature of the service	Related party Name	Related party Affiliation	Balance-sheet total (1)	Impact on income (2)
Management fees paid to	ARDOR CAPITAL	Reference shareholder of ACANTHE DEVELOPPEMENT		-200
Employee leasing agreement	ARDOR CAPITAL	Reference shareholder of ACANTHE DEVELOPPEMENT	52	52

(1) A positive amount indicates a receivable and a negative amount a debt

(2) A positive amount indicates income and a negative amount an expense

The above transactions gave rise neither to recognition of a provision for doubtful accounts nor any expenses in this respect for the period other than those mentioned. They are not accompanied by any specific guarantees.

b) Entities that exercise joint control or a significant influence on the entity: None

c) the subsidiaries:

All transactions between ACANTHE DÉVELOPPEMENT Group companies (including €1,053,000 of interest on current accounts, €1,178,000 of salaries and €3,054,000 of rents and rental expenses) were cancelled by consolidation restatements

d) Affiliates: None

e) Joint ventures in which the entity is a partner: None

f) The main managers of the entity or its parent company:

In 1,000s of euros Nature of the service	Related party Name	Related party Affiliation	Balance-sheet total (1)	Impact on income (2)
Employee leasing agreement	ADC SIIC	Shared executives/ board members	275	230
Rents and occupancy expenses	ADC SIIC	Shared executives/ board members		159
Security deposit	ADC SIIC	Shared executives/ board members	-29	
Employee leasing agreement	DUAL HOLDING	Shared executives/ board members	49	49
Bond issue	DUAL HOLDING	Shared executives/ board members		-15
Management fees	MEP	Shared indirect shareholder	-12	-120
Rents and occupancy expenses	FIPP	Shared indirect shareholder		148
Employee leasing agreement	FIPP	Shared indirect shareholder	278	248
General and administrative expenses	FIPP	Shared indirect shareholder	62	52
Payroll expenses	FIPP	Shared indirect shareholder	-16	-13
Security deposit	FIPP	Shared indirect shareholder	-28	
Employee leasing agreement	SMALTO	Shared executives/ board members	652	974
Security deposit	SMALTO	Shared executives/ board members	-176	
Employee leasing agreement	SMALTO	Shared executives/ board members	20	86
Bonds	SMALTO	Shared executives/ board members	685	10
Sundry receivables	SEK	Shared indirect shareholder	1 127	3
Employee leasing agreement	INGEFIN	Shared indirect shareholder	116	116
Employee leasing agreement	FONCIERE 7 INVESTISSEMENT	Shared executives/ board members	3	3
Rents and occupancy expenses	FONCIERE PARIS NORD	Shared executives/ board members		10
Security deposit	FONCIERE PARIS NORD	Shared executives/ board members	-2	
Employee leasing agreement	FONCIERE PARIS NORD	Shared executives/ board members	46	39
Rents and occupancy expenses	AD INDUSTRIE	Shared executives/ board members	209	185
Security deposit	AD INDUSTRIE	Shared executives/ board members	-32	
Equity interests (3)	BASSANO DEVELOPPEMENT	Shared executives/ board members	5 113	

(1) A positive amount indicates a receivable and a negative amount a debt

(2) A positive amount indicates income and a negative amount an expense

(3) The value of equity interests is a net amount. The gross amount of the BASSANO DEVELOPPEMENT shares is € 5,172,000; it is depreciated by € 59,000

The above transactions gave rise neither to recognition of a provision for doubtful accounts nor any expenses in this respect in the period. They do not come with any particular guarantee except for company SEK Holding, which has an agreement on the settling of its debts vis-à-vis the Group.

g) other related parties.

None

9.5. HEADCOUNT

The Group's headcount excluding employees in buildings is as follows:

Category	31/12/2014	31/12/2013
Executives	9,5	9,5
Non-executives	11,5	10,5
TOTAL	**21**	**20**

Certain employees are also managers of subsidiaries. They have an employment contract in respect of their salaried activities. These are included in the two previous items.

9.6. COMPENSATION PACKAGES

All the information on the compensation of corporate officers is available in the operating and financial review.

Gross remuneration packages and benefits in kind of directors and executive committee members recognized by the group totalled €439,000:

a) Short-term benefits €432,000

b) Post-employment benefits €7,000

c) Other long-term benefits . . . . None

d) Termination benefits . . . . None

e) Payments in shares . . . . None

No advances or loans were granted to individual managers over the period.

The gross compensation paid to other managers (not corporate officers of ACANTHE DEVELOPPEMENT) total €18,000 in respect of management duties in subsidiaries.

In addition, the Annual General Meeting set directors fees at €140,000 (gross) to be shared out among the directors. They were awarded to the directors as follows:

Mr Alain Duménil:	€47,000
Mr Patrick Engler:	€73,000
Mr Pierre Berneau:	€10,000
Miss Valérie Duménil:	€10,000

The gross compensation paid to other managers (not corporate officers of ACANTHE DEVELOPPEMENT) total €18,000 in respect of management duties in subsidiaries.

9.7. PAYMENT IN SHARES

The Combined Shareholders' Meeting of 21 March 2007 approved 9,936,436 share subscription or purchase options to be awarded to Mr Duménil at the price of €1.24 per option, subject to Mr Duménil retaining 1% of the shares acquired under such options for the duration of his term of office as Chairman and CEO (subject to this obligation not jeopardizing the company's eligibility for the SIIC tax system).

On 31 December 2009 at 2 p.m. the Board of Directors stated that if on the option(s) date the Company did not hold the number of shares required to fulfil them, priority would be given to call options up to the number of shares held by the Company, with options for the remainder that could not be raised as the Company did not hold a sufficient number of shares to fulfil them.

Description	Date awarded	Date vested	End of exercise period	Number of shares or options awarded
Share subscription or purchase options	28/08/09	31/12/09	28/08/19	9 936 436

They were valued by a finance company on the date they were awarded.

The cost results from application of IFRS 2, which is mandatory for companies subject to IAS-IFRS, calculated using the Cox, Ross & Rubinstein model used solely for that purpose. It should be pointed out these costs are not an indication of price given by the company.

As of 31 December 2014, there were still 4,896,436 share options that could be exercised. However, the option exercise price (1.24 euros) is significantly higher than the quoted market price as of 31 December 2014 (0.34 euros).

9.8. PENSION PROVISION

The valuation of the pension provision is based on the following assumptions:

Rate of pay increases: 2% per annum;

Discount rate: 2.53% (average bond yield for 1st half of 2014: +0.25%);

The turnover rate used is calculated on the basis of resignations and compared with the number of employees present on 1st January of the year; the rate adopted is the average of the last three years, adjusted for any statistical anomalies. The workforce is broken down into three age brackets under 40, under 55, and over 55) and two occupational categories (non-executives, and executives);

Life expectancy calculations are based on INSEE's new mortality tables for years 2009 to 2011.

As of 31 December 2014, the provision stood at €234,000 against €239,000 on 31 December 2013.

The entire change is recognized in the income statement.

in thousands of euros	31/12/2014	31/12/2013
Provision for severance benefits	-239	-128
Changes		
Expensed in the period	-19	-58
Actuarial gains and losses (Other comprehensive income)	-24	-53
Provision for severance benefits at closing	**-234**	**-239**

9.9. EARNINGS PER SHARE

Basic earnings per share stood at €0.01072 on 31 December 2014 (for a weighted average number of 143.458.669 shares).

Diluted earnings per share are the same as basic earnings per share, as the recognition of purchase options as described in note 9.8, the exercise price of which (€1.24) is higher than the share's average market price during the period (€0.345), would have an anti-dilutive (or accretive) effect.

However, a future appraisal of the share price could make this instrument dilutive.

Numerator Group net profit at 31 December 2014 (in 1,000s €)	1 533	
Denominator Weighted-average number of shares before dilutive effect	143 458 669	
Group net profit per undiluted share (in euros)		**€0.0107**

9.10. DISCLOSURES OF RENT PAYMENTS AS OF 31 DECEMBER 2014

The minimum future amounts of payments receivable under signed and firm operating leases in total and for each of the following periods are presented below:

In 1,000s of euros	Total	Due in one year at the most	Due in between one and 5 years	Due in over 5 years
Future rents receivable	44 862	9 907	28 775	6 180
	44 862	**9 907**	**28 775**	**6 180**

The table shows the provisional periods for collection of rents, on the assumption that the leases continue until their term; however as this concerns commercial leases, they can be interrupted by the lessee at the end of every three-year period.

The Group has not recognized contingent rent payments for period 2014.

A general description of the recognition methods for leasing contracts is provided in note 2.17.

9.11. SIGNIFICANT DEVELOPMENTS SINCE 31 DECEMBER

There have been no significant developments since 31 December 2014 that have not been disclosed heretofore.

RAPPORT DES COMMISSAIRES AUX COMPTES

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AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

PERIOD ENDING 31 DECEMBER 2014

To the shareholders,

Further to our engagement by your general shareholders' meeting, we hereby submit our report for period ending 31 December 2014, on:
- our audit of the financial statements of ACANTHE DEVELOPPEMENT, as appended hereto
- the evidence supporting our opinion;
- specific auditing and disclosures as required by law.

The annual financial statements were approved by the Board of Directors. It is our duty to express an opinion on them on the basis of our audit.

I. Opinion on the financial statements

We have conducted our audit in accordance with the professional standards applicable in France; these standards require us to provide reasonable assurance that the financial statements do not contain any material misrepresentations. An audit consists in examining, on a test basis, the evidence supporting the amounts and disclosures in the annual financial statements. It also consists in assessing the accounting policies adopted and evaluating the significant estimates in the annual financial statements and the overall presentation thereof. We consider that our audit provides a reasonable and sufficient basis for our opinion.

We certify that the annual financial statements, with regard to French accounting standards, give a true and fair view of the company's asset base, financial position and earnings at the end of the said period.

Without altering our opinion as expressed above, we would draw your attention to note 6 to the financial statements, which presents the disputes and contingent liabilities to which the Group and its subsidiaries are party.

II. Evidence supporting our opinions

In pursuance of article L.823-9 of the Commercial Code regarding the evidence supporting our opinion, we hereby apprise you of the following

- Note 3.3 «Long-term investments» describes the principles and methods used to measure ownership interests and related receivables. Our work consisted in ascertaining that the said ownership interests and related receivables were correctly measured with respect to the value of the properties held by these companies, on the basis of expert appraisals and of the companies' financial positions, in accordance with current accounting principles, and that the said note provides adequate disclosure.

The opinions thus expressed are based on our overall audit of the annual financial statements as a whole, and therefore form the basis for our opinion as stated in the first part of this report.

III. Specific verification and information

We have also carried out the special verifications required by law, in accordance with the professional standards applicable in France.

In our view, the information provided in the Board's operating and financial review and the documents on the financial position and the annual financial statements gives a true and fair view and is consistent with the said annual financial statements.

With regard to the disclosures required under Article L.225-102-1 of the (French) Commercial Code on remuneration packages and benefits paid to corporate officers as well as commitments given in their favour, we have verified that they are consistent with the accounts or the data used to draw up the accounts and, where applicable, with data your company has collected from companies controlling your company or controlled by it. On the basis of the above, we hereby certify the accuracy and fairness of the said information.

As required by law, we have ascertained that the disclosures on acquisitions of minority and controlling interests and on the identity of holders of capital and voting right have been communicated to you in the operating and financial review.

Paris and Neuilly-sur-Seine, 28 April 2015
The Auditors

Auditors and Business Consultants
Arnaud DIEUMEGARD

Deloitte & Associés
Benoît PIMONT

AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

PERIOD ENDING 31 DECEMBER 2014

To the shareholders,

Further to our engagement by your general shareholders' meeting, we hereby submit our report for period ending 31 December 2014, on:
- our audit of the consolidated financial statements of ACANTHE DEVELOPPEMENT, as appended hereto
- the evidence supporting our opinion;
- specific auditing as required by law.

The consolidated financial statements have been approved by the Board of Directors. It is our duty to express an opinion on them on the basis of our audit.

I. Opinion on the consolidated financial statements

We have conducted our audit in accordance with the professional standards applicable in France; these standards require us to provide reasonable assurance that the consolidated financial statements do not contain any material misrepresentations. An audit consists in examining, on a test basis, the evidence supporting the amounts and disclosures in the financial statements. It also consists in assessing the accounting policies adopted and evaluating the significant estimates in the financial statements and the overall presentation thereof. We consider that our audit provides a reasonable and sufficient basis for our opinion.

We hereby certify that the consolidated financial statements, with regard to the IFRS reporting framework as adopted by the European Union, give a true and fair view of the asset base, financial position and earnings of all the reporting entities.

Without altering our opinion as expressed above, we would draw your attention to note 9.3 to the financial statements, which presents the disputes and contingent liabilities to which the Group is party and the legal uncertainties surrounding the Paris Court of Appeal ruling of 27 February 2014.

II. Evidence supporting our opinions

In pursuance of article L.823-9 of the Commercial Code regarding the evidence supporting our opinion, we hereby apprise you of the following

- Note 2.5 «Investment properties» describes the principles and methods used to value the Group's real estate assets. We have examined the measurement basis used by the experts and have ascertained that the fair value measurement for investment properties is based on these independent appraisals and that the said note provides adequate information.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed, which is expressed in the first part of this report.

III. Specific auditing requirements

As required by law and in accordance with professional standards applicable in France, we have also carried out the special audit of the information presented in the Group's management report.
In our view, it provides a true and fair view and is consistent with the consolidated financial statements.

Paris and Neuilly-sur-Seine, 28 April 2015
The Auditors

Auditors and Business Consultants
Arnaud DIEUMEGARD

Deloitte & Associés
Benoît PIMONT

STATUTORY AUDITORS' REPORT ON THE REGULATED AGREEMENTS AND COMMITMENTS

GENERAL MEETING APPROVING THE ACCOUNTS FOR THE PERIOD ENDING 31 DECEMBER 2014

To the shareholders,

In our capacity as your company's auditor, we hereby submit our report on regulated agreements and commitments.
Our remit consists in apprising you, based on the information provided, of the main terms and conditions of the agreements and commitments that have been disclosed to us or that we discovered during our audit, without commenting on their relevance or substance or requiring us to identify any other agreements and commitments. Pursuant to the provisions of article R. 225-31 of the Commercial Code, it is your duty to assess the relevance of such agreements and commitments with a view to approving them.

Furthermore, and where applicable, it is our duty apprise you of the information required under article R. 225-3 1 of the Commercial Code regarding the performance, during the past financial year, of agreements and commitments already approved by the general shareholders' meeting.

In fulfilling this engagement, we have carried out our work with all the due care we believe is necessary with regard to the authoritative accounting literature of the Compagnie nationale des commissaires aux comptes. These standards require us to verify that the information given to us agrees with the underlying documents.

AGREEMENTS AND COMMITMENTS SUBJECT TO THE APPROVAL OF THE GENERAL SHAREHOLDERS' MEETING

Commitments and agreements authorized during the period

Pursuant to article L.225-40 of the Commercial Code, we have been duly apprised of the following agreements and commitments that were previously approved by your Board of Directors.

1- On 25 November 2014 the Board of Directors authorized the Company to stand surety for Foncière du 17 Rue François 1er and SCI François VII, lower-tier subsidiaries of the Company, covering payment of a 1,800,000-euro cancellation charge on the lease concluded by these companies with company Anne Fontaine.
Persons concerned: companies Foncière du 17 Rue François 1er and SCI François VII are lower-tier subsidiaries of the Company.

2- On 5 February 2014 the Board of Directors authorized the temporary employee leasing agreement whereby the Company and three of its subsidiaries (Basno, Société Civile Charron, Sauman Finance) leased staff to Alliance Développement Capital S.I.I.C ADC S.I.I.C, subject to reinvoicing, for 12 months from the time of registration of ADC S.I.I.C in the Trade and Companies Register of Brussels on 1st March 2013. The said amendment extends the agreement to allow Vénus, a subsidiary of the company, to integrate three additional employees and it extends for a further period of 12 months, namely until 27 March 2015.
Amount: EUR 230,000.
Persons concerned: Mr Alain Dumenil, Chairman of the Board, Monsieur Patrick Engler, company Director and Chief Executive Officer and Mr Pierre Berneau, Director are also Directors of ADC S.I.I.C. Philippe Mamez, Director and Deputy CEO was also the Director and chief Executive Officer of ADC S.I.I.C.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL SHAREHOLDERS' MEETING

Agreements and commitments approved in prior periods that continued to apply during the past financial year

Pursuant to article R. 225-30 of the Commercial Code, we have been informed that the following agreements, already approve by the general shareholders' meeting in prior periods, continued to apply during the past financial year.

1- Further to a Board meeting on 23 April 2013, the Company was authorized to intervene in the loan agreement for 28,000,000 euros granted by Deutsche Hypothekenbank to Foncière du 17 Rue Francois 1er and SCI François VII, in connection with the refinancing of the building at 39 avenue Montaigne and 17 rue François 1er - 75008 Paris and to grant an independent first demand guarantee to the bank for a period of 7 years.
Persons concerned: companies Foncière du 17 Rue François 1er and SCI François VII are lower-tier subsidiaries of the Company.

2- Further to a Board meeting on 26 July 2013, the Company authorized the signing of a clause amending the service contract signed on 1st September 2005 with MEP Consultants, extending the said contract until 31 December , amending the 1st clause of the said contract, the subject of which is henceforth assistance and consulting in negotiations with financial partners, optimizing financial debt and supervision, alongside the property manager, the asset management team and the monitoring of acquisitions and disposals of buildings.
Amount: 130,000 euros
Persons concerned: Philippe MAMEZ, CEO and Director and Director and Manager of MEP Consultants.

3- Further to a Board meeting on 12 May 2011, the company provided a co-surety for 15,000,000 euros, in favour of Baldavine SA, with MUNCHENER HYPOTHEKEN BANK eE.
Person concerned: Agreement between Acanthe Développement and Baldavine, a subsidiary of Acanthe Développement.

4- Further to a Board meeting on 22 March 2011, the Company gave a commitment not to sell VENUS shares and provided co-surety for 6,995,955 euros, in connection with the loan dated 29 June 2007 for 7,800,000 euros granted by CREDIT FONCIER DE FRANCE to ADC SuC, which contributed the building at 7 rue Surène - 75008 Paris, and the related loan to Venus.
Person concerned: Agreement between Acanthe Développement and Vénus, a subsidiary of Acanthe Développement.

5- Further to a Board meeting on 6 July 2010, the company stood as first-call guarantor for ANTI-IURIUM, acquirer of the building at 3 rue d'Edimbourg - 75009 Paris, belonging to LORGA, for a total of 250,000 euros, for a period of 6 years from the date of the building's contract of sale.loppement.

6- Further to a Board meeting on 8 December 2004, the company stood as first-call guarantor for BASNO, for 21,000,000 euros, with WURTEMBERGISCHE HYPOTHEKENBANK AG, now HYPO REAL ESTATE BANK INTERNATIONAL AG, in connection with a mortgage totalling 21,000,000 euros. Further to a Board meeting on 17 September 2003, the company also stood as co-surety for no consideration for 21,000,000 euros for the same operation.
Person concerned: Agreement between Acanthe Développement and BASNO, a lower-tier subsidiary of Acanthe Développement.

7- Further to a Board meeting on 31 July 2001, our company provided a co-surety, for no consideration, for 1,905,613 euros in favour of MILWAUKEE, now SAS LINDORAN, before a complete transfer of assets and liabilities of TAMPICO SA on 24 December 2004, with BAYERI5CHE HANDELSBANK AG, now HYPO REAL ESTATE BANK INTERNATIONAL AG. Further to a contribution agreement between FRANCE IMMOBILIER GROUP, TAMPICO, ADC SIIC and VENUS dated 23 November 2009, VENUS took over the said loan and related guarantees.
Person concerned: Agreement between Acanthe Développement and VENUS, a subsidiary of Acanthe Développement.

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ACANTHE DEVELOPPEMENT

Acanthe Développement

2, rue de Bassano - 75116 Paris
Tel : 01 56 52 45 00 - Fax : 01 53 23 10 11

www.acanthedeveloppement.fr

June 2015 - Photos : Acanthe Développement, Christian Murtin, Thierry Lewenberg-Sturm. Design : www.ideephare.com