
2015
ANNUAL
REPORT
ACANTHE DEVELOPPEMENT

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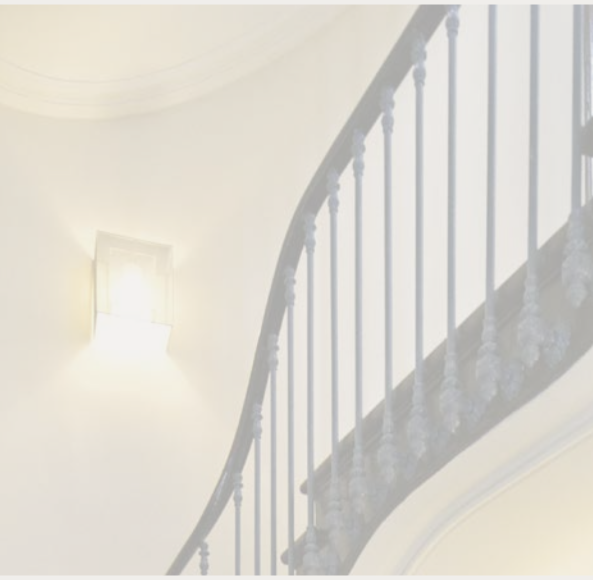

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PROFILE

ACANTHE DEVELOPPEMENT is a European and property company eligible for French SIIC (real estate investment company) tax status. More than 96,13 % 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

66,94 %
in value comprising office space and commercial premises at 31/12/2015

17 085 m^2
total floor area 31/12/2015

€ 191,9
million equity

€ 181
million at 31/12/2015

96,13 %
in value in Paris's central business district and in its historic centre

10 buildings
at 31/12/2015

CHAIRMAN'S MESSAGE

2015 was the second best year for the business property market in France, just behind the record year of 2007. Ile-de-France still enjoys the best part of investments. Inner Paris, in particular the central business district, again attracted investors looking for properties regarded as safe investments. This strong appeal of emblematic properties resulted in a fall in the yield from "prime" properties, down from 4% in 2014 for the best service-sector assets in Paris's central business district to between 3 and 3.5%. ACANTHE DEVELOPPEMENT is thus capitalizing on its strategy initiated in the 2000s of refocusing its assets on the central business district of Paris. The Group will continue to invest in Paris's favoured quarters, which are the best sources of capital gains.

The trade-offs on its assets reaching maturity in financial year 2015 enabled the group to derive the full benefit of this market trend.

After the sales in 2015, its adjusted net asset value totals 191.98 million euros (1.3049 euros per share). Net consolidated income for 2015 attributable to the group's shareholders totals 44.03 million euros.

IN recent years the group has succeeded in consolidating its financial soundness. At 31 December 2015, the Group's cash assets amounted to 82.70 million euros. On the same date the total capital balance on our loans amounts to 45.46 million euros.

You are reminded that the mandatory distributions under the REIT (Real Estate Investment Trust) tax system amount to 56.55 million euros. These obligations are determined on the basis of the Company's profits, which retain capital gains according to their historical cost, not consolidated income, which records changes in fair value every year.

At the general shareholders' meeting we will suggest distributing a dividend of 57.38 million euros to the shareholders. We have already paid an interim dividend of 39.7 million euros in August 2015. This distribution will satisfy our obligations under the REIT tax system. The cash that is not distributed will be used to invest in good market opportunities.

Alain DUMÉNIL
Chairman of the Board of Directors

MANAGEMENT & ORGANIZATION

The Board of Directors met 8 times in 2015. Beyond its statutory powers, its brief is to study external growth operations and determine group strategy 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**

Chief Financial Officer **Florence SOUCÉMARIANADIN**	Chief Legal Officer **Nicolas BOUCHERON**

STATUTORY AUDITORS FOR FINANCIAL YEAR 2015

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

Patrick ENGLER
Director and Managing Director

Philippe MAMEZ
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 2015, 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.

THE BUSINESS, SOCIAL AND ENVIRONMENTAL POLICY

CAPITAL GROWTH: ACTIVE STRATEGY

In financial year 2015 the Group sold the following assets for a total of 180.4 million euros:

- A mixed-occupancy building (retail and offices) at 17 rue François 1er (Paris 8th) for a gross amount of 85.4 million euros.
- A portfolio of three office buildings, one at 7 rue de Surene (Paris 8th), one at 26 rue d'Athènes (Paris 9th) and one at 2 rue de Bassano (Paris 16th) for a gross amount of 95 million euros.

The Group made no acquisitions in the period.

In addition, a firm 12-year lease was signed with the buyer of the building in rue de Bassano, thereby allowing Acanthe Développement to keep its head office and staff at this address.

ENVIRONMENTAL IMPACT UNDER CONTROL AND OPTIMIZED OBSERVANCE OF STANDARDS

Broadly speaking, the group makes every effort to control water and energy consumption through careful management. 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 and applied. 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.

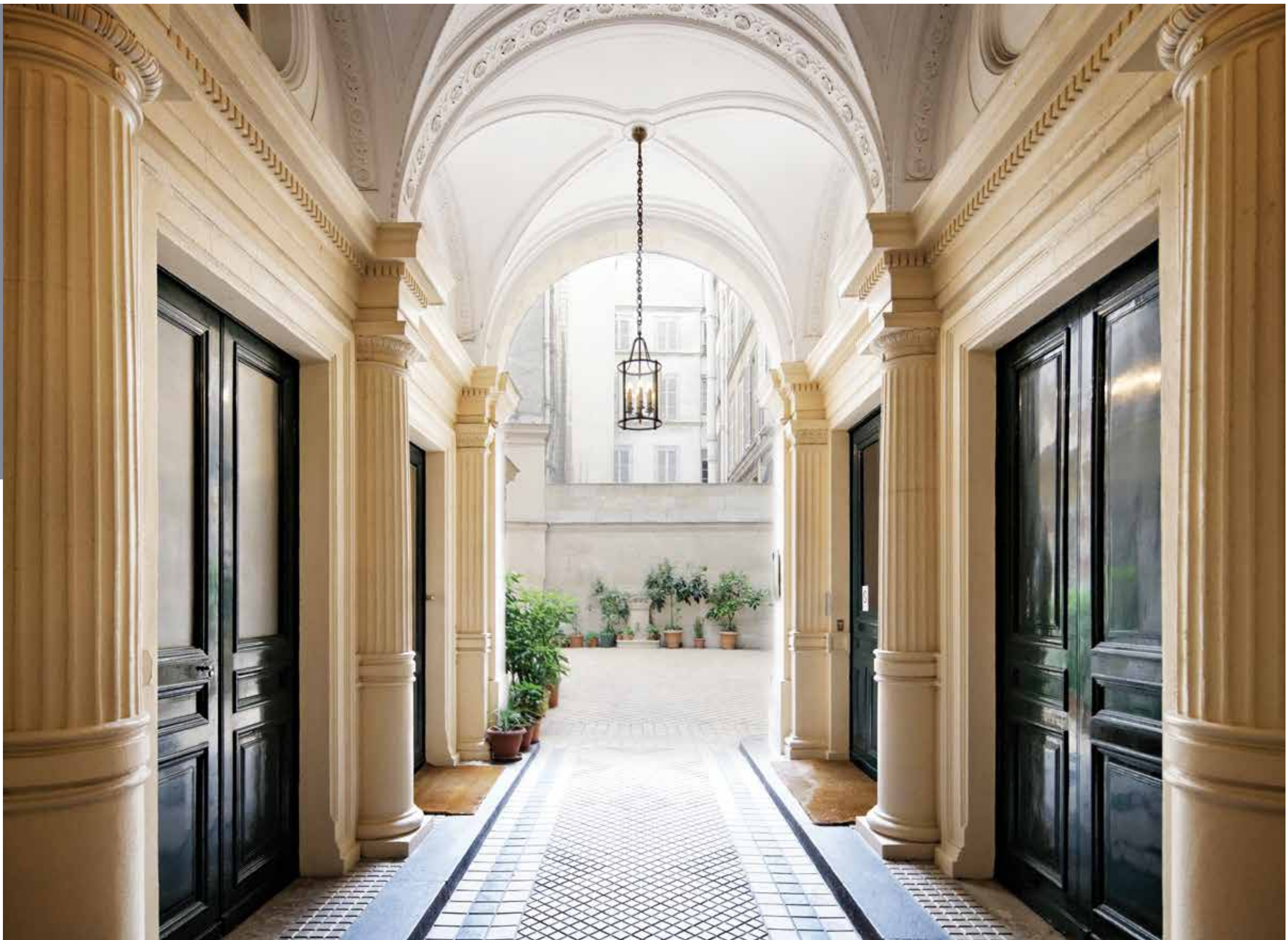
NONE OF ACANTHE DÉVELOPPEMENT'S ACTIVITIES HAVE ANY ADVERSE IMPACT IN ENVIRONMENTAL TERMS.

ASSETS

PARIS 1ST

184, rue de Rivoli

- 2 284 m² of office space, commercial premises and residential units
- A beautiful building in the typical style of the 19th century at the corner of Rue de Rivoli and Rue de l'Echelle



PARIS 2ND

15, rue de la banque

- 2 545 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

ASSETS

PARIS 4TH

47, rue Vieille du Temple

- Private mansion
- The former residence of the ambassadors of Holland
- 1 913 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

ASSETS

PARIS 8TH

2-4, rue de Lisbonne

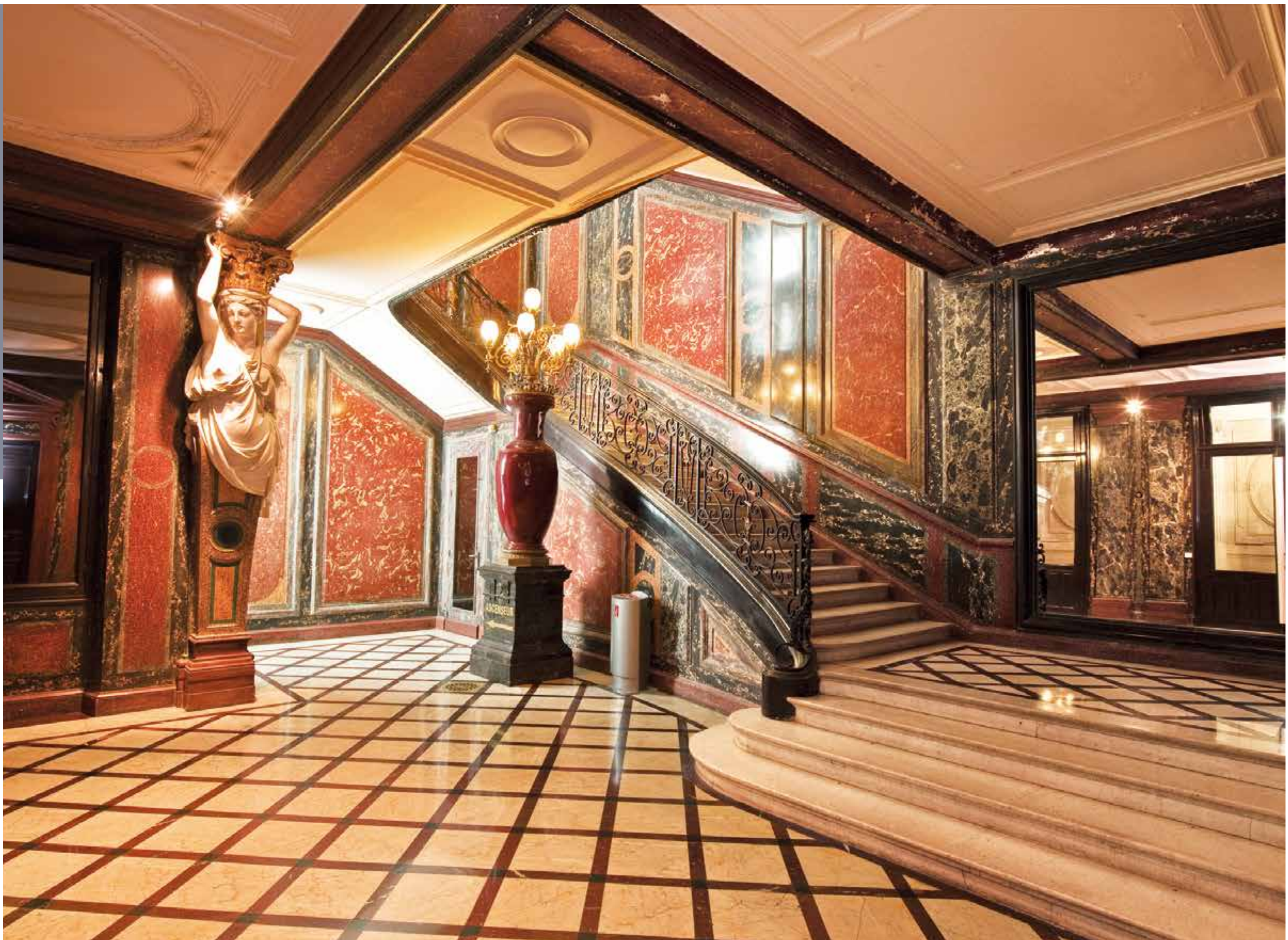
- 2 526 m² of office space
- 38 parking spaces
- Typical Haussmann building near Place Saint-Augustin, at the corner of Rue de Lisbonne and Rue du Général-Foy, thus enjoying a double aspect

ASSETS

PARIS 8TH

55, rue Pierre Charron

- 2 970 m² of offices and commercial premises
- Superb Haussmann building, very close to the Champs-Élysées, comprising an exceptional 70 m² hall and very spacious volumes on the upper floors
- Public parking near the building



ASSETS

PARIS 16TH

24, rue Georges Bizet

- 1 042 m^2 of office space
- Late 19th century mansion, entirely renovated, situate in the central business district

PRO FORMA

ADDRESS		TYPE	AREA ASSESSED
PARIS			
184, rue de Rivoli	PARIS 1ST	Mixed-occupancy building	2 284 m^2
15, rue de la Banque	PARIS 2TH	Office building	2 545 m^2
47, rue Vieille du Temple	PARIS 4TH	Private mansion	1 913 m^2
6-8 Rue des Guillemites	PARIS 4TH	Parking spaces	
3-5, quai Malaquais	PARIS 6TH	Flats	549 m^2
2-4, rue de Lisbonne	PARIS 8TH	Office building	2 526 m^2
55, rue Pierre Charron	PARIS 8TH	Office building	2 971 m^2
18-20 rue de Berri	PARIS 8TH	Parking spaces	
24, rue Georges Bizet	PARIS 16TH	Office building	1 042 m^2
PARIS TOTAL			**13 830 m^2**

THE PROVINCES, FOREIGN COUNTRIES			
9, Avenue de l'Astronomie	BRUSSELS	Private mansion	3 255 m^2
TOTAL, THE PROVINCES AND FOREIGN COUNTRIES			**3 255 m^2**

ACANTHE GROUP TOTAL	**17 085 m^2**

FINANCIAL DATA

FOCUS
ON NET WORTH

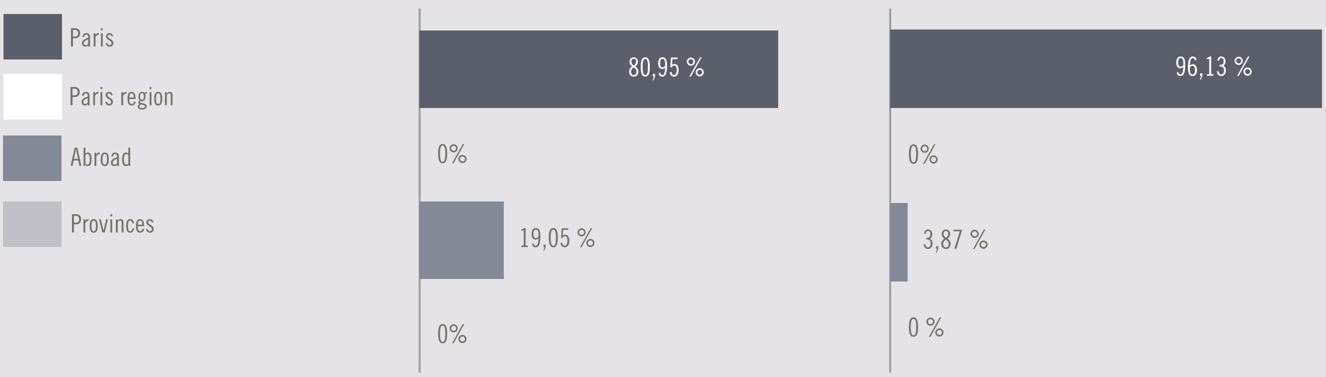
€181 million
Networth
at 31/12/15

17 085 m²
Total floor area of
assets at 31/12/15

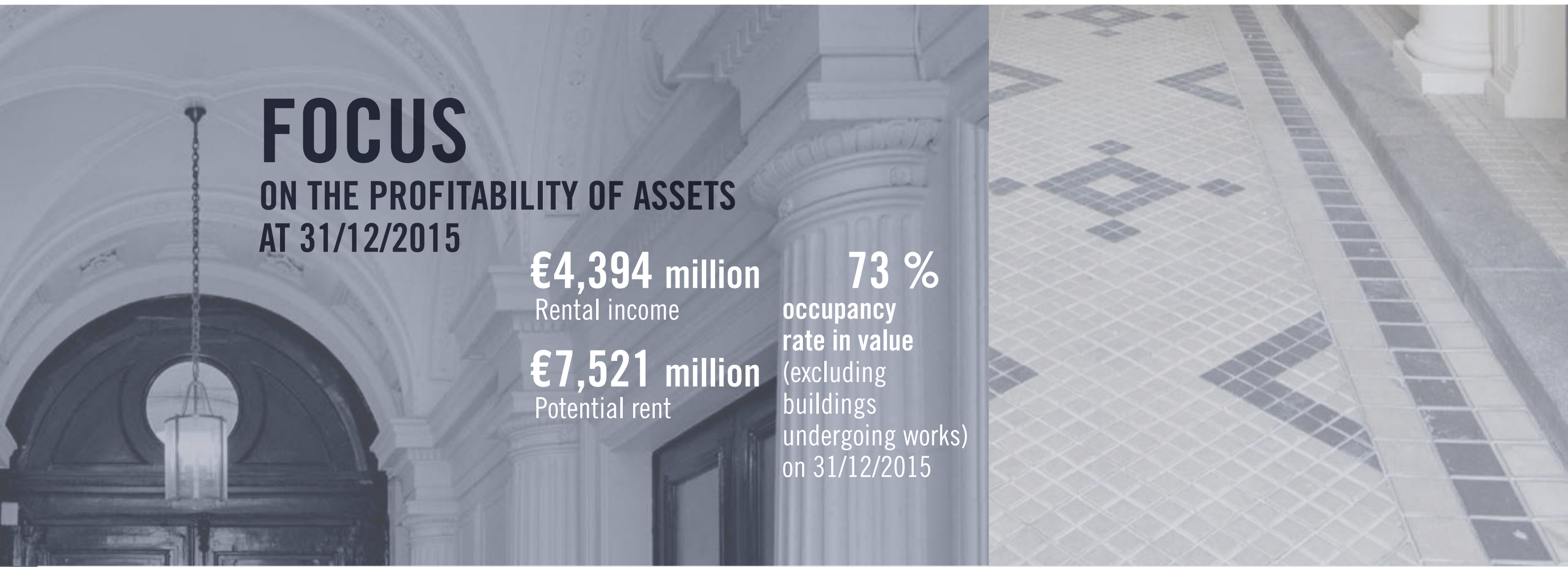
THE SOUNDNESS OF ACANTHE DÉVELOPPEMENT'S ASSETS STEMS FROM THEIR CONCENTRATION IN PARIS'S CENTRAL BUSINESS DISTRICT. CONTROLLED DEBT IS A GUARANTEE OF SUSTAINABILITY.

BREAKDOWN OF ASSETS
by floor area

BREAKDOWN OF ASSETS
by value



FINANCIAL DATA



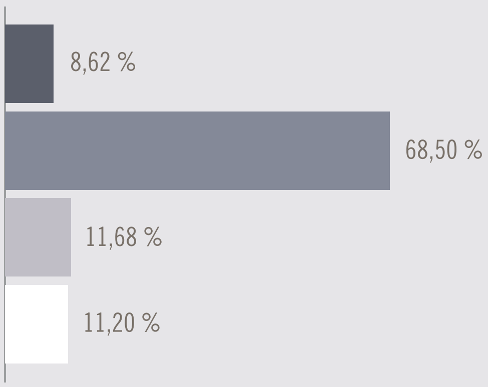
FOCUS
ON THE PROFITABILITY OF ASSETS AT 31/12/2015

€4,394 million
Rental income

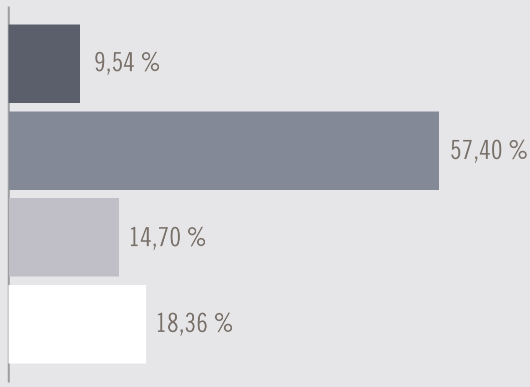
€7,521 million
Potential rent

73 %
occupancy rate in value (excluding buildings undergoing works) on 31/12/2015

NATURE OF ASSETS
by floor area



NATURE OF ASSETS
by value



- Commercial premises
- Offices
- Residential Units
- Miscellaneous, including a private mansion of 1,913 m² in Paris

FOCUS ON THE FINANCIAL POSITION

Equity, Group share	€191,9 million
Net debt	€-37.2 million
Debt-to-ANAV ratio	23.7 %
Ratio loan to value	25.1 %
Adjusted Net Asset Value after dilution, per share	€1.305

FOCUS ON FINANCIAL PERFORMANCE

Operating profit before disposals and allowances	€11.943 million
including change in value	€21.150 million*
from investment properties	

* 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 2015, the market value represents the expected selling price of a building within approximately six months.

Net consolidated group income	€44.029 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 :	€0.90
2013 :	€0.06
2014 :	€0.03
2015 :	€0.00
2016 :	€0.39 (1)
Accumulated amount for period 2004 - 2014	€336 million

(1) dividend distribution proposed by the AGM of 15 June 2016, including an interim dividend of €0.27, paid in August 2015.

STOCK MARKET DATA AT 31/12/2015

Breakdown of capital

Floating	44.83 %
+ Alain DUMÉNIL directly and indirectly	55.17 %

OPERATING AND FINANCIAL REVIEW OF THE BOARD OF DIRECTORS

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

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

19 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. 2
This report includes the report of the Chairman of the Board of Directors pursuant to article L.225-37 of the Commercial Code on internal control procedures (note 6 to the operating and financial review) and the auditors' report pursuant to article L. 225-235 of the Commercial Code on the Chairman's report (note 7 to the operating and financial review)

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CERTIFICATE

ISSUED BY NATURAL PERSONS TAKING RESPONSIBILITY FOR THE ANNUAL FINANCIAL REPORT

« I hereby certify that to my knowledge the parent-company and consolidated financial statements for the period ending 31 December 2015 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. »

ACANTHE DEVELOPPEMENT
Represented by: Patrick Engler
Managing Director

OPERATING AND FINANCIAL REVIEW OF THE BOARD OF DIRECTORS PRESENTED

TO THE ANNUAL GENERAL AND SPECIAL SHAREHOLDERS' MEETING ON 15 JUNE 2016

Dear Shareholders,

We have convened the General Shareholders' Meeting, as required by law and by our Articles of Association, in order to (I) inform you of the results of our management for the year ended 31 December 2015, (II) seek your approval of the said period's financial statements, (III) (IV) renew the Board of Directors' authority to buy and sell the Company's treasury shares, (V) authorize the Board of Directors to reduce the share capital by cancelling treasury shares.

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 2015, 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);
- Auditors' reports on the financial statements for the period ending 31 December 2015 and on the consolidated financial statements;
- The Auditors' special report on the Chairman's report on internal control procedures required under Article L.225-37 of the French Commercial Code;
- The Auditors' special report on the regulated commitments and agreements under Article L. 225-38 of the French Commercial Code;

- Approval of the annual financial statements and discharge of Directors;
- Approval of the consolidated financial statements;
- Appropriated earnings; Distribution of dividends;
- 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 2015,
- Opinion on the items of the compensation plan due or awarded to Mr Patrick Engler, Managing Director, for the period ending 31 December 2015,
- Opinion on the items of the compensation plan due or awarded for the period ending 31 December 2015 to Mr Philippe Mamez, Deputy Managing Director until 29 January 2016,
- Authorization granted to the Board of Directors to set up a new share redemption plan;
- Powers vested for legal formalities.

UNDER THE EXTRAORDINARY PROCEDURE:

- Authorization granted to the Board of Directors to reduce the share capital by cancelling treasury shares;
- 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 15	31 dec 14	Changes
Property assets (including Inventories)	181,0	294,8	-113,8
Shareholders' equity, Group share	191,9	189,6	2,3
Financial debt	-37,2	89,7	-126,9
Adjusted Net Asset Value diluted per share (€) [1]	1,305	1,289	0,016

[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 €0.44 at 31/12/2015). It should be noted that the Board of Directors' meeting of 5 April 2016 duly noted Mr Alain Duménil's express and definitive abandonment of the balance of the options

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

Rental activity

All of the Group's revenue is generated in the real estate sector in France and Brussels.

ACANTHE DEVELOPPEMENT group revenue for 2015 totals €9,905,000 (including €8,021,000 of rental income and €1,884,000 of rebilled occupancy expenses), compared with €10,948,000 (including €9,249,000 of rental income and €1,699,000 of rebilled occupancy expenses) in 2014.

Annual revenue thus fell by 9.5% between 2014 and 2015 (€1 million in value).

This significant reduction in revenue is primarily due to the change in the Group's reporting scope. Four properties were sold in 2015: the buildings at 17 rue François 1er (Paris 8th), 7 rue de Surène (Paris 8th), 26 rue d'Athènes (Paris 9th) and 2 rue de Bassano (Paris 16th).

The building in rue François 1er had generated nearly €2,500,000 of revenue in 2014. Sold in July, it only generated €1,660,000 of revenue in 2015.

As the three other properties were sold at the end of December, the impact of their derecognition is minimal in terms of revenue.

The buildings in rue Pierre Charron (Paris 8th), rue de Lisbonne (Paris 8th) and rue de Rivoli (Paris 1er) also recorded reductions in revenue, respectively -€243,000, -€141,000, and -€124,000. These reductions are due to departures of lessees.

As these buildings are ideally located in the central business district, takers will undoubtedly be found quickly for these vacant premises.

For the building in rue de Rivoli, the Group is seeking to obtain change of use to commercial for certain vacant residential properties. Negotiations are ongoing.

Since June 2014 the building in rue Georges Bizet has been fully occupied by a law firm, which has had a positive impact on the year's revenue (+€235,000) over a full year, unlike 2014.

At operating segment level, office space revenues made up 62.54% (€6,195,000) of total revenue in 2015.

Other usual sectors: commercial premises and the residential sector for their part represent respectively 29.22% (€2,894,000) and 8.24% (€816,000) of total revenue.

By way of comparison, other segments (commercial and residential) for their part represented respectively 35.43% (€3,879,000) and 7.53% (€825,000) of total revenue.

Geographically, buildings in Paris (inside the city boundaries) generate 98.74% of revenue.

Building work

To add value to these assets, the Group has started an extensive refurbishment of the mansion at 47, rue Vieille du Temple (the Dutch Ambassadors' residence). As it is a listed building, specialists from Bâtiments de France (state heritage architects) had to be called in.

The restructuring work on the commercial shell on the ground floor and basement of the building was completed in 2014, leaving these areas wholly available for rent.

Planning permission was granted at the end of 2014, the refacing and brickwork (frontage and inner courtyards) work started in the 1st half of 2015: a total budget of €1.8 million excluding tax was allocated for the purpose and the works were completed in March 2016.

A third phase will concern fixtures and fittings (shops, office spaces and communal areas), which are still being studied.

Finally, to these budgets should be added the fees of architect and expert MH (€0.8 million excluding tax) and the cost of conversion to commercial use (€1.55 million excluding tax) for the necessary areas.

The lifts in the buildings in rue de la Banque and rue de Surène (which has now been sold) were brought up to standard in 2015. Some such work is still required in the building in rue Pierre Charron.

Finally, in the building in Brussels, work on the boiler room, boiler and lifts was carried out in 2015.

Acquisitions – Disposals

The Group made no acquisitions in the period.

On 20 July 2015, Company Foncière du 17 rue François 1er, a Acanthe Développement Group subsidiary, through a formal deed of sale, sold its jointly-owned lots in the property complex at 39 avenue Montaigne and 17 rue François 1er in Paris (8th), for an all-inclusive price of €85.4 million before selling costs and agency commissions and the debt linked to the sold lots.

On 29 December 2015 Acanthe Développement and three of its subsidiaries sold:

- the building in Paris 8th, 7 rue de Surène;

- the building in Paris 9th, 26 rue d'Athènes and 38 rue d'Amsterdam.

- the building in Paris 16th, 2 rue de Bassano, and the car parks at 14 rue de Bassano and 47 rue de Chaillot, Paris 16th;

These three sales were made for an all-inclusive price of €95 million before selling costs and agency commissions and the debt linked to the buildings.

A firm 12-year lease was signed with the buyer of the building in rue de Bassano, thereby allowing Acanthe Développement to keep its head office and staff at this address.

Through these sales, Acanthe Développement and its subsidiaries have reduced their bank debt by €46,138,000.

Your real estate assets valued at €180.98 million at 31 December 2015 have been financed primarily with medium and long-term bank loans.

At 31 December 2015, these financing loans currently total €45.46 million (a "loan to value" ratio of 26.52%). The financial debt is even negative because of cash assets totalling €82.7 million.

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

- Distribution of an interim dividend:

Further to a board meeting on 12 August 2015 and certification by the statutory auditors of the balance sheet dated 31 July 2015 on period ending 31 December 2015, the Directors decided to distribute a total interim dividend of 39,723,820.20 euros (0.27 euros per share). The coupon clipping date was set at 17 August 2015 and the payment date at 19 August 2015.

- Directors:

At the Board of Directors meeting on 3 April 2015, the Directors appointed Mr Jean Fournier as new director for the remainder of his predecessor's term, namely until the general shareholders' meeting convening to approve the accounts of period ending 31 December 2014, in place of Mr Pierre Berneau, deceased.

The shareholders, convening for the Annual Ordinary and Extraordinary General Meeting on 25 June 2015, renewed the directorship of Mr Jean Fournier for a six-year term, to end after the General Shareholders' Meeting convened to rule on the accounts for the period ending 31 December 2020.

- Statutory Auditors

At the general and combined shareholders' meeting of 25 June 2015, the engagements of Deloitte & Associés and B.E.A.S., respectively co-incumbent and substitute statutory auditors, expires at this meeting, were renewed 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.

2. PARENT-COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDING 31 DECEMBER 2015

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 €1.39 million and includes 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 €226.84 million (including company VENUS for €217.7 million) in net value at 31 December 2015 (gross value €228.14 million less provisions of €1.30 million) and have not undergone any significant change.

Other receivables from equity interests primarily comprise €42.91 million net of advances made to your subsidiaries, against

€41.43 million in 2014. 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.

Trade and other receivables (€1.91 million) essentially include €1.89 million of unbilled receivables, including reinvoiced head office and payroll expenses.

Other receivables total €44.95 million, against €2.52 million at 31 December 2014. This item primarily comprises the €25.78 million escrow fund on dividends pad by VENUS, the draft compensation agreement for the lease on the building in rue de Bassano (€10.56 million see below), a €3.38 million claim on the state in connection with tax disputes, the escrow account set up for the first demand guarantee concerning the head office rental (€2.7 million), €0.62 million of VAT receivables and an escrow account concerning a dispute with a minority shareholder of a former subsidiary (FRANCE IMMOBILIER GROUP, €1.7 million, see note 9.3.4 to the consolidated financial statements of 31 December 2015).

Short-term investments and cash assets total €79.15 million against €3.95 million in 2014.

Shareholders' equity amounts to €142.69 million 31 December 2015. The +€4.63 million decrease compared with 31 December 2014 is chiefly the result of:

- the dividend distribution for a gross amount of -€39.72 million;

- a deficit of €6.48 million in period 2015.

Contingency and loss provisions total €14.81 million against €8.94 million at the previous closing. Changes in provisions primarily include the €8.8 million provision for future charges concerning the lease taken out on the building in rue de Bassano in Paris, which is offset by the indemnity recognized under Other income (see note to the accounts at 31 December 2015) and to a lesser extent tax disputes. These are explained in detail in note §9.3 to the consolidated financial statements .

"Bank borrowings" are nil at closing on 31 December 2015 following the advance redemption of the bank loan that financed the building at 26 rue d'Athènes in Paris 9th. They totalled €1.08 million on 31 December 2014.

"Loans and financial liabilities" total €233.50 million, including €233.24 million with SNC VENUS, against €134.52 million on 31 December 2014; this change primarily concerns the sale of four buildings during the period and cash advance from subsidiaries having cash surpluses.

Trade and other payables comprises €0.32 million of supplier payables and €0.63 million of unbilled payables.

"Tax and social security liabilities" totalling €5.49 million essentially comprise a corporation tax debt (€3.26 million) and a VAT debt (2.08 million).

"Other liabilities" totalling €1.65 million primarily comprise the reclassification of the current account debt regarding a subsidiary that was sold during the period.

The period showed a profit of €44.33 million against a loss of €5.31 million in the prior period;

- €2.40 million of revenue, including €0.57 million of rents and occupancy expenses from the building at Rue d'Athènes (Paris 9th), €0.12 million of rents and occupancy expenses from the building in Brussels, €0.15 million of revenue from subletting the head office in Rue de Bassano, and lastly €1.55 million of revenue from reinvoiced committed and payroll costs;

- other income totalling €8.81 million, mainly comprising indemnities negotiated further to the firm 12-year lease taken out on the building in rue de Bassano in Paris (see note to the accounts at 31 December 2015),

- operating expenses totalling €12.86 million (some of which has been reinvoiced, see previous paragraph). These mainly include the €8.8 million provision for future charges in connection with the operation on the building in rue de Bassano in Paris, which is offset by the indemnity recognized under Other income, €0.98 million of rents and occupancy expenses for the head office, €0.91 million of fees, €0.77 million of salaries and social security taxes and €0.19 million of amortization expenses,

- a €41.17 million share in the profits transferred from subsidiary VENUS;
- A net financial loss of -€2.50 million, which among other things includes €0.73 million of dividends paid by subsidiaries -€1.73 million of provisions for impairment of subsidiaries' shares and -€1.14 million of net finance charges on advances granted to or received from subsidiaries;
- €8.94 million of non-recurring items. This profit stems mainly from the net sale of the building at 26 rue d'Athènes (+€7.6 million), +€3.26 million of reversed provisions for tax risks and -€1.59 million of non-recurring tax expenses,
- -€1.67 million of corporate income tax, which is offset by the reversal of the aforementioned tax provision.

2.2. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

The investment properties are valued at €181.0 million as of 31 December 2015. This value at 31 December 2015 is the fair value of the investment properties.

Financial assets essentially include shares in BASSANO DEVELOPPEMENT, which owns a four-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 €4.5 million.

"Cash and cash equivalents" total €82.7 million, primarily resulting from the sale of 3 properties at the end of December. These sales alone generated net cash assets of €66.7 million. These cash assets are available to meet the distribution requirements under the REIT tax system, and for new investments.

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

Shareholders' equity amounted to €191.89 million excluding non-controlling interests at 31 December 2015, against €189.5 million at 31 December 2014.

The change (+2.39 M€) in shareholders' equity compared with 31 December 2014 is explained primarily as follows:

- the reduction in consolidated group reserves further to the dividend payment -€40.83 million,
- losses directly recognized in equity (adjustment of the fair value of subsidiaries' shares and -€0.69 million of actuarial gains and losses on the provision for retirement),
- the effect of derecognition of the subsidiary (change in reporting scope: –€0.12 million) on reserves,
- «Group» consolidated income for the period showed a profit of €44.03 million.

Contingency and loss provisions concern:

- tax disputes (€7.79 million),
- the €0.4 million provision for retirement packages,
- €4.3 million of provisions concerning disputes with minority shareholders of the FRANCE IMMOBILER GROUP
- the €8.8 million provision for future charges on "over-rents".

The disputes that entailed these provisions are explained in detail in the notes to the consolidated financial statements in §9.3.

Financial liabilities (current and non-current) rose from €94.8 million in 2014 to €45.5 million at the end of 2015. This significant reduction of €49.3 million is accounted for by the advance redemption of loans financing the sold buildings in Paris 8th rue François 1er and rue de Surène, in Paris 9th rue d'Athènes, and in Paris 16th rue de Bassano concomitantly with their sale.

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

Consolidated income statement

Consolidated turnover totalled €9.905 million at 31 December 2015 (€8.021 million from rents and €1.884 million from reinvoiced expenses), against €10.948 million at 31 December 2014 (€9.249 million from rents and €1.699 million from reinvoiced expenses). Turnover is explained in paragraph 1.1 of this operating and financial review.

Net revenue from buildings totals €6,741,000 as of 31 December 2015 against €8,163,000 on 31 December 2014.

At the end of December 2015, operating profit excluding sales of investment property totalled €11,943 (profit), against a profit of €5,944,000 for 2014. The main components of this change are:

- The -€1,422,000 decrease in net revenue from the aforementioned buildings,
- the €21,150,000 change in the fair value of investment properties in 2015 (see 4.1.1 of the note to the consolidated financial statement at 31 December 2015), against an increase of €7,443,000 in 2014, making a positive variation of €13,707,000,
- amortization expense and provisions totalled -€13,671,000 as of 31 December 2015 against -€5,092,000 on 31 December 2014, a variation of -€8,579,000 (see cross-reference to specific developments in the notes to the consolidated financial statements).

In other respects, for this period "Reversals of other amortization and provisions" include €3,261,000 of reversed provisions for tax disputes concerning ACANTHE DEVELOPMENT, €398,000 of reversed provisions for other disputes against a total reversed provision of €1,655,000 in the prior period.

The Group sold four investment buildings in financial year 2015. Disposals of investment properties showed a profit of €39,583,000 compared with zero at 31 December 2014.

Income taxes include €1,672,000 for adjusted corporation tax in respect of FY 2003 for ACANTHE DEVELOPPEMENT, this is covered by a reversed provision (see above).

Net consolidated income showed a profit of €44,496,000, the group owners' share totalling €44,029,000 and the non-controlling interests' share totalling €935,000.

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 €	31/12/2015	31/12/2014
Debt outstanding with lending institutions	45 456	94 785
Cash and cash equivalents	(82 701)	(5 133)
Net financial liabilities	(37 245)	89 652
Group share of shareholders' equity	191 890	189 504
Group share debt/equity ratio	-19 %	47 %

The Group's share of the debt/equity ratio does not take treasury shares into account (zero value) 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).

The ratio at end 2015 is distorted due to the 29 December sale of three Group buildings: these sales generated net cash assets of €66,736,000. This cash is available to satisfy the distribution requirement, which is one of the conditions imposed by the REIT tax system adopted by ACANTHE DEVELOPPEMENT, as well as for new investment.

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 that cover the risk of rising interest rates.

Variable-rate borrowings are partially capped (€12.9 million), as swaps have been put in place.

Interest-rate risk hedging at 31/12/2015:

Instruments	maturity	Notional amount at 31/12/2015 in 1,000s €
CAP swap (3.65% guaranteed rate)	30/06/2016	12,980
TOTAL	-	**12,980**

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 repayment 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.

The sensitivity is the effect a 0.6% variation in the interest rate would have on the income statement or shareholders' equity compared with the interest rates prevailing in the period. The Euribor rate was -0.131% at 31 December 2015. Thus the downward change was not calculated.

The Euribor rate was 0.078% at 31 December 2014. The fall was thus limited to -0.1%.

Rate change sensitivity:

	31/12/2015		31/12/2014	
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%	84,	0,	340,	-57,

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. Further to the sales of buildings at the end of December the Group's cash assets totalled à €82.7 million at 31 December 2015, against €5.13 million at 31 December 2014. The Group invests its cash surpluses in short-term monetary instruments negotiated with counterparties having at least a Morningstar three-star credit rating. Off-balance sheet derivatives are negotiated with leading banks.

For reasons already explained, at 31 December 2015 the short-term liquidity balance was achieved, as current liabilities (€12.9 million at 31 December 2015, against €11.3 million at 31 December 2014) were offset by current assets (€98.2 million at 31 December 2015, against €16.2 million euros at 31 December 2014).

Matured receivables not impaired:

	31/12/2015							
	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	Total
Customer receivables	-	41	110	151	117	-98	2 404	2 575
Other receivables	-	-	2 175	2 175	-	-	9 850	12 025
TOTALS	**0**	**41**	**2 285**	**2 326**	**117**	**-98**	**12 254**	**14 600**

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

Other receivables outstanding for over 12 months mainly include claims on the state (carry-back) and funds in escrow for ongoing litigation (see notes 9.3.3 and 9.3.4 to the consolidated financial statements).

In 1,000s of euros	31/12/2014							
	Assets matured at year-end closing				Asset written down	Assets neither written down nor matured		
	0-6 months	6-12 months	over 12 months	Total	Total	Total	Total	Total
Customer receivables	-	-	13	13	423	-308	2 858	2 985
Other receivables	-	-	767	767	-	-	5 984	6 751
TOTALS	**-**	**-**	**780**	**780**	**423**	**-308**	**8 842**	**9 736**

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 31/12/2015 (en K€)	Units			
		< 3 months	> 3 month < 1 year	> 1 year and < 5 years	over 5 years
Fixed rates	40 861	607	1 817	9 911	28 526
Variable-rates (Euribor)	14 897	183	744	3 697	10 273
TOTAL	**55 758**	**790**	**2 561**	**13 608**	**38 799**

Certain loans include clauses allowing for accelerated maturity in certain cases (see note 7.2 to the consolidated financial statements at 31 December 2015).

Finally, regarding the amount of dividend to distribute under the SIIC (REIT) tax system, the Company will take all appropriate measures to meet its obligations, but its cash position is currently more than sufficient.

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.

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 19.07 % of customer outstandings at 31 December 2015 (against 23.87% at 31 December 2014). Only KHAN & Associés (lessee of rue Georges Bizet in Paris), and FILORGA (lessee of 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 72.38% (€1,101,000) and the ten with the most outstandings represent 92.10% (€1,401,000): €595,000 had been collected at the beginning of 2016.

The customer with the biggest debt excluding affiliates represents 19.08%, current receivables on the balance sheet and the top five customers excluding affiliates represent 55.20%.

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 put back the effective date of this condition to 1st January 2010.

This ceiling could however be exceeded, on an exceptional basis, for certain operations (takeover bid or securities exchange takeover bid 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 2015, 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 and HISCOX.

Exchange rate risk

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

Risk on treasury shares

At 31 December 2015, the Group held 71,532 treasury 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:

- Rent index-linking:

- For offices and commercial premises: the main index used by the group for its leases is INSEE's construction cost index. Leases are mainly revised every year. Only certain leases are revised every three years.
- For residential properties: the main index used by the group for its leases is the rent benchmark index (IRL in French). Leases are mainly revised every year.

Consequently, the 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 58% at 31 December 2015. The physical occupancy rate on the same date was 54%. These rates respectively stand at 73% and 63% 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 2015.

- 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 3rd quarter 2015. It stands at 1,629.

In 1,000s of euros	31/12/2015		31/12/2014	
	Impact on income	Impact on shareholders' equity	Impact on income	Impact on shareholders' equity
Construction cost ± 30 points	+/- 135	-	+/- 157	-

- **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 2015. It stands at 125.28.

In 1,000s of euros	31/12/2015		31/12/2014	
	Impact on income	Impact on shareholders' equity	Impact on income	Impact on shareholders' equity
Rent benchmark index ± 2 points	+/- 11	-	+/- 12	-

- **Maturity of leases**

The table below presents the maturity of leases based on current leases at 31 December 2015 (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	3 931	1 008	557	2 366
TOTAL	3 931	1 008	557	2 366

- **Les impacts sur les résultats de l'application de la méthode de la juste valeur**

Impacts on the result of applying the fair value method

Impacts in the income statement are grouped under «Changes in the value of investment property».

- **Sensitivity tests**

Sensitivity tests have been conducted by property experts and show the following outcomes:

a) On the basis of the rate of return at 31 December 2015, an increase of 25 basis points would lower the value of the commercial property assets by €12.8 million.

b) A 10% fall in the value of the residential property assets would lower it by 25 basis points, making a €2.98 million reduction in the value of these assets (excluding estate duty and costs).

c) As for office space, an increase of 25 basis points in the rate of return would lower its value by €5.87 million.

d) A 10% fall in the value of the other property assets would lower it by €0.07 million (excluding estate duty and costs).

These sensitivity tests would thus have a negative impact of €11.74 million on real estate assets (6.4%).

The assumptions underlying these sensitivity tests were chosen to estimate the impact of a change on 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 €:

2015						
Unbilled payables	Suppliers					TOTAL
	Balance at 30 days	Balance at 60 days	Balance at 90 days	Balance at 120 days	Credit note	
630	195	3	6	116	-	950

Maturities in excess of 120 days concern disputes (Mazars, Global Architectures).

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

Maturities in excess of 120 days concern disputes (Mazars, Global Architectures).

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

The Company and its subsidiaries did not acquire any ownership interests in other companies during the period ending 31 December 2015. The following ownership interests ceased:

Name of consolidated companies	Percentage of equity		Controlling interest	
	N	N-1	N	N-1
SCI FRANCOIS 7 Non-trading company with capital of €1,000 447 566 027 RCS LILLE MÉTROPOLE	Absorbed	100 %	Absorbed	100 %
FONCIERE ROMAINE Simplified joint-stock company with capital of €38,112.25 413 151 754 RCS PARIS	Sold	100 %	Sold	100 %
IMOGEST Public limited company with capital of €402,000 632 010 252 RCS PARIS	Sold	100 %	Sold	100 %
SFIF Simplified joint-stock company with capital of €362,600 542 046 792 RCS PARIS	Sold	100 %	Sold	100 %

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 31/12/2015			Position at 31/12/2014			Position at 31/12/2013		
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	6 058 269	4,12%	4,12%	9 971 908	6,78%	6,78%	155 386	0,11%	0,11%
Rodra Investissement	71 887 619	48,86%	48,89%	71 947 619	48,90%	48,93%	71 942 393	50,62%	50,62%
Foncière 7 Investissements	855 000	0,58%	0,58%	855 000	0,58%	0,58%	-	-	-
Kentana	303 165	0,21%	0,21%	303 165	0,21%	0,21%	-	-	-
ADC SIIC	0	0,00%	0,00%	2 000 000	1,36%	1,36%	-	-	-
COFINFO	2 000 000	1,36%	1,36%	-	-	-	-	-	-
Acanthe Group									
Acanthe Developpement	71 532	0,05%	0,00%	71 532	0,05%	0,00%	1 532	0,00%	0,00%
Subtotal for Alain Duménil and controlled companies (including the Acanthe Group)	81 175 585	55,17%	55,15%	85 149 224	57,88%	57,85%	72 099 311	50,73%	50,73%
Public									
Public	65 949 675	44,83%	44,85%	61 976 036	42,12%	42,15%	70 032 271	49,27%	49,27%
TOTAL	147 125 260	100,00%	100,00%	147 125 260	100,00%	100,00%	142 131 582	100,00%	100,00%

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

At 31 December 2015, 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)

ACANTHE DEVELOPPEMENT holds 71.532 treasury shares out of the 147.125.260 shares making up ACANTHE DEVELOPPEMENT's capital at 31 December 2015.

Notice of holding and disposal of reciprocal cross holdings

There has been no disposal 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

At the Board of Directors meeting dated 29 January 2016, the Directors duly noted the resignation of Mr Philippe Mamez as Executive Vice-President.

Furthermore, the Board of Directors' meeting of 5 April 2016 duly noted Mr Alain Duménil's express and definitive abandonment of the balance of the options (4,896,436 options remaining to date) awarded by the Board of Directors during its meeting of 28 August 2009 pursuant to the first resolution of the Combined Shareholders' Meeting of 21 March 2007.

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 the «investment property» in the consolidated financial statements and measure the market value of its assets.

The economic climate [(1)]

Management resolutely considers that the fair value of its buildings must be estimated with the greatest rigour. Due to the uncertain economic environment, the corporate property market remains a safe investment for investors and therefore requires all the more care in valuing such assets, which are the main component of the Group's business and earnings.

The corporate property market in 2015 [(2) (3)]

- The investment market:

2015 was the 2nd best year for the business property market in France, just behind the record year of 2007: 24.8 billion euros against 23.8 billion euros in 2014, which itself was the 3rd best year. This represents a 4.2% rise. This exceptional activity generated 17.3 billion euros in the second half of 2015, more than 10 billion euros of which in the 4th quarter of 2015.

Deals continue to be advantaged by refinancing rates close to zero, investor aversion to stock market volatility and prudential asset allocation obligations. French insurers, real estate firms and private funds represent 60% of investments (66% in 2014), while North-American investors represent 18% (12% in 2014): France is the 3rd largest European market in terms of volumes invested.

Most transactions concerned office space: 70% of investments in 2015 against 61% in 2014. The proportion of office space in overall investments has increased sharply at the expense of investments in retail outlets, 5.2 billion euros against 7.7 billion in 2014, a year that saw five major deals.

Ile-de-France still enjoys the best part of investments. Thanks to its vast and diverse real estate base, the region is still attractive for funds and other players such as the registered offices of foreign and French multinationals, tourism, economic dynamism despite the crisis. The region alone represents 77% of investments in France in 2015, totalling 19,3 billion euros against 17 billion in 2014.

Inner Paris, in particular the central business district, again attracted investors seeking safe investments and drew in 6.2 billion euros, 1.9 billion of which for the central business district (same volume as in 2014). This strong appeal of flagship properties resulted in a fall in the yield from "prime" properties, down from 4% in 2014 for the best service-sector assets in Paris's central business district to 3.25%.

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(1) Insee

(2) Figures taken from the February 2016 survey by Cushman & Wakfield: "Investment Market Update France Q4 2015""

(3) Figures taken from the January 2016 survey by Cushman & Wakfield: "Annual Business Survey France 2016"

Growing since 2012, the commercial property investment market in France appears to be bearish: 5,2 billion euros invested in France against 7.7 billion in 2014. This downturn should be put into perspective: in 2014, five major deals generated 4.5 billion euros of capital.

The types of property investors are looking for are still the well-known avenues. They represent 2 billion euros against 1.5 billion euros invested in 2014. Avenues like the Champs-Elysées, avenue Montaigne, rue du Faubourg Saint Honoré but also the Marais quarter just like Saint-Germain-des-Prés, are still safe investments for the leading luxury brands with networks of prestigious boutiques.

The «prime» yield on stores in France fell to 3% at end 2015, down 0.5% on 2014. For the Champs-Elysées or rue du Faubourg Saint- Honoré, this rate even fell below 3%.

- The rentals market in Ile-de-France and Paris [(4)]

For the second year running, inner Paris saw a rise in investments: +15% compared with 2014 (+11% in 2014 compared with 2013). All geographical areas have recorded a rise in the number of transactions. The central business district, the driving force behind the Paris market, is up 18% with transactions representing 447,200 m².

Unlike 2014, there were fewer major deals in the past year (down 10%). This fall was offset by deals in small and medium-size properties (under 1,000 m² and between 1,000 m² and 5,000 m²), which are more in demand.

The central business district once again proved its great appeal and continued its turnaround that started in 2014, ending 2015 with a 4th quarter of high volumes.

This excellent performance by the capital is reflected in the vacancy rate, 4.6% for Paris and 4.4% for the central business district. This has slightly impacted on the headline rents of "prime" properties, which are up 3%, between €730 per m² per annum and €800 per m² per annum for an average "1st hand" rent of €650 per m² per annum. The contraction of supply is reflected in rent exemptions and other accompanying measure for new leaseholders, limited to between 10% and 18% of leases. So 2016 may well be a bullish year.

- The high-end residential property market in 2015

2015 contrasts strongly with 2014 and 2013: Paris has once again become a capital much sought-after by an international clientele, up from 10th to 7th place in the league table of cities targeted by such investors. The relative stagnation of prices compared with other world capitals (New-York, Hong-Kong, London and Geneva) has not escaped this clientele capable of making swift trade-offs with their assets. Interest rates and the strong dollar against the euro are decisive factors, the Paris market being considered very reasonable compared with other cities (average price slightly up by 3%).

Among the foreign clientele, mainly American, investors from the Middle East are making a comeback.

2016 should confirm this good performance and be reflected in the prices of deals.

- The Group's assets

Apart from buildings undergoing renovations (rue Vieille du Temple, Brussels), the occupancy ratio of the ACANTHE DEVELOPPEMENT Group's properties is 63%.

The Group has acquired a garage on Quai Malaquais in Paris 6th.

The Group sold buildings in Paris 8th rue François 1er and rue de Surène, in Paris 9th rue d'Athènes and in Paris 16th rue Bassano in financial year 2015.

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(4) Figures taken from the January 2016 survey by Cushman & Wakfield: "Property Times Ile-de-France Q4 2015", "Property Times Paris Q4 2015", "Property Times Paris QCA Q4 2015"

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.

Properties that are subject to preliminary contracts of sale without key conditions precedent are valued at their net selling price.

The group's assets are estimated at €180,952. They include €103,877,000 of office space, €17,263,000 of commercial premises, €26,612,000 of residential buildings, plus €33,230,000 for a building which will be converted into offices, commercial premises and possibly residential units and car parks.

The floor areas break down into 11,704 m^2 of office space, 1,473 m^2 of commercial premises and 1,995 m^2 of residential units.

Non-attributable floor areas total 1,718 m^2, the area of the building undergoing structural works, and 195 m^2 of annexes.

On a like-for-like basis, the expert appraisals of the ACANTHE DEVELOPPEMENT Group's assets showed an increase of 8.5 % against 31 December 2014.

Accordingly the Group's net position stands at €191,890,000. 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 2015:

	In 1,000s of euros
Consolidated shareholders' equity	191 890
Treasury shares:	23
Capital gain on treasury shares	70
Adjusted Net Asset Value at 31/12/2015	191 983
Number of shares at 31/12/2015	147 125 260

- **ANAV** : €1.3049 per share

Dilutive instruments are not included at 31 December 2015. 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 at 31 December 2015: €0.44). The Board of Directors' meeting of 5 April 2016 duly noted Mr Alain Duménil's express and definitive abandonment of the balance of the options.

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 allocating the profit for the period ending 31 December 2015, namely forty-four million three hundred and twenty-nine thousand nine hundred and forty-three euros and sixty-nine cents (€44,329,943.69) as follows:
- Profit for the period ending 31 December 2015: €44,329,943.69
- Allocation to the legal reserve:. . . . .-€499,114.10
- Net income at 31 December 2015: €15,609,520.56

Making distributable income of €59,444,350.15

Appropriation:

- To shares as dividend: . . . . .57,378,851.40 €
(including the interim dividend paid in August 2015. . . . . €39,723,820.20)
- The balance, to unappropriated retained earnings:. €2,061,498.75

We propose that a dividend of 0.39 euros per share be paid for each of the 147,125,260 shares making up the share capital at 31 December 2015.

You are further reminded that the Board of Directors decided on 12 August 2015 to pay an interim dividend of 39,723,820.20 euros (0.27 euros per share) has been decided, with the result that the balance of the dividend, namely 17,655,031.20 euros (0.12 euros per share), is still outstanding at 31 December 2015.

You are also reminded that under the REIT tax system the Company is required to distribute its profits; which totalled 56,550,000.03 euros for financial year ending 31 December 2015 for exempt profits (REIT system) of 66,002,677.36 euros, comprising - 28,000,613.27 euros of losses on rentals, 56,179,935.89 euros of capital gains on sales (60% of which is to be redistributed) and 370,064.14 euros of REIT dividends received from subsidiaries (100% of which is to be redistributed). The proposed distribution is thus an "REIT" dividend in full.

Please be advised that if the Company were to hold some of its own shares when these dividends are paid out, the sums corresponding to dividends not paid out on account of these shares would be allocated to unappropriated retained earnings.

We would ask you to vest the Board of Directors with all the powers it needs to make the necessary arrangements for this distribution.

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

You are advised that our annual financial statements at 31 December 2015 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:

	31/12/2012 (per share)	31/12/2013 (per share)	31/12/2014 (per share)
Distributed dividend	€0.06	€0.03	NA
Total amount (in thousands of €)	€7,598,000	€4,264,000	NA

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

Additionally, the following exceptional distributions were 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 000038184), 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 Article 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	Chairman of the Board of Directors since 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	Managing Director since 15/01/2013	See list in appendix
Philippe MAMEZ	Director	19/06/2002 renewed on 31/05/2008 and on 25/06/2014	AGO appelée à statuer sur les comptes 31/12/2019	Deputy Managing Director from 25/07/2007 to 29/01/2016	See list in appendix
Pierre BERNEAU	Director deceased in 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
Jean FOURNIER	Director since 03/04/2015	03/04/2015 renewed on 25/06/2015	AGM ruling on the accounts 31/12/2020	NA	See list in appendix

In accordance with the provisions of article 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 period 2015.

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.

Please be advised that Mr Philippe Mamez, Director and Deputy Managing Director until 29 January 2016, was paid 128,000 euros excluding tax in respect of his consultant's contracts between MEP CONSULTANT and ACANTHE DEVELOPPEMENT, for the period from 1st January 2015 to 31 December 2015. You are reminded that the duties laid down in the consultant's service contract are as follows: assist and advise the Company in particular to conduct negotiations with financial partners regarding financing arrangements on the occasion of acquisitions, 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		
Mr Alain DUMENIL, Chairman of the Board of Directors	Financial year 2014	Financial year 2015
Fees due in respect of the period (itemized in table 2)	€47,000	€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	**€47,000**	**€47,000**
Mr Philippe MAMEZ, Director and Deputy Managing Director until 29 January 2016	Financial year 2014	Financial year 2015
Fees due in respect of the period (itemized in table 2)	0,	0,
Services invoiced by MEP Consultants for the period (itemized in table 2)	€120,000	€128,000
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	**€120,000**	**€128,000**

Mr Patrick ENGLER, Director and Managing Director	Financial year 2014	Financial year 2015
Fees due in respect of the period (itemized in table 2)	€253,000	€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	**€253,000**	**€253,000**

Table 2

Table summarizing each corporate officer's gross compensation package (before social security taxes)				
Mr Alain DUMENIL, Chairman of the Board of Directors	Amounts for period 2014		Amounts for period 2015	
	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	€47,000	€47,000	€47,000	€47,000
Perquisites	0,	0,	0,	0,
TOTAL	**€47,000**	**€47,000**	**€47,000**	**€47,000**

Mr Philippe MAMEZ, Director and Deputy Managing Director until 29 January 2016	Amounts for period 2014		Amounts for period 2015	
	due	paid	due	paid
Fixed compensation package	€120,000	€120,000	€128,000	€128,000
Variable annual compensation package	0,	0,	€8,000	€8,000
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	**€120,000**	**€120,000**	**€128,000**	**€128,000**

Mr Patrick ENGLER, Director and Managing Director	Amounts for period 2014		Amounts for period 2015	
	due	paid	due	paid
Fixed compensation package	€180,000	€180,000	€180,000	€180,000
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	€73,000	€73,000	€73,000	€73,000
Perquisites	0,	0,	0,	0,
TOTAL	**€253,000**	**€253,000**	**€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 2014	Amounts paid in 2015
Mr Pierre BERNEAU, Director, deceased in 2015		
Directors' fees	€10,000	0,
Other	0,	0,
Mr Bernard TIXIER,Director until 30/05/2014		
Directors' fees	0,	NA
Other	0,	NA
Miss Valérie DUMENIL, Director		
Directors' fees	€10,000	€20,000
Other	0,	0,
Mr Jean FOURNIER, Director since 03/04/2015		
Directors' fees	NA	0,
Other	NA	0,
TOTAL	**€20,000**	**€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)	Value of options according to the method adopted for consolidated financial statements	Number of options granted during the period	Exercise price	Exercise period
None						

Table 5

Share subscription or purchase options exercised during the period by each executive corporate 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 granted during the period	Value of shares according to the method adopted for consolidated financial statements	Vesting 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	Number 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 (the beneficiary abandoned the balance of these options on 5 April 2016)
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 to:		
Mr Alain Dumenil	8,667,520 options	9,936,436 share purchase options
Starting point for exercising options	25 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	4,896,436 share options cancelled further to Mr Duménil's abandonment
Share subscription or purchase options remaining at the end of the period	-	-

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 and corporate officers	Employment contract		Supplementary pension plan		Compensation or benefits due or likely to be due for termination or change of		Compensation relating to a non-competition clause	
	yes	no	yes	no	yes	no	yes	no
Mr Alain DUMENIL Chairman of the Board of Directors		X		X		X		X
Mr Patrick ENGLER Managing Director and Director		X		X		X		X
Mr Philippe MAMEZ Director and Deputy Managing Director until 29 January 2016		X		X		X		X
Mr Jean FOURNIER Director since 03/04/2015		X		X		X		X
Miss Valérie DUMENIL Director		X		X		X		X
Mr Pierre BERNEAU Director, deceased in 2015		X		X		X		X

The directors' fees budget for FY 2016:

We propose paying your directors attendance fees totalling 150,000 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 2015 for a period of 18 months.

As this plan comes to an end in December 2016, a proposal will be put to this Meeting to set up a new share redemption plan cancelling and replacing the previous one.

Within regard to the authorization granted and the aims set by the General Shareholders' Meeting on 25 July 2006 (as extended by the General Shareholders' Meeting of 25 June 2015), a description of the programme was published on the AMF's web site on 21 August 2006 but the Company did not buy or sell any of its treasury shares in financial year 2015.

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

Redeemed shares registered in the company's name on 31/12/2015	
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 2015.

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

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

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

On 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 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 the sufficient number of shares to fulfil them.

The Board of Directors' meeting of 5 April 2016 duly noted Mr Alain Duménil's express and definitive abandonment of the balance of the options (4,896,436 options remain to date) awarded by the Board of Directors during its meeting on 28 August 2009 pursuant to the first resolution of the Combined Shareholders' Meeting of 21 March 2007.

16. CURRENT DIRECTORSHIPS

None of the Director's engagements expire at this meeting.

17. CURRENT STATUS OF STATUTORY AUDITORS' ENGAGEMENTS

None of the Statutory Auditors' engagements expire at this meeting.

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 2015 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 2016, 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 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 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 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 on the implementation this authorization;
- place all stock market orders and conclude all agreements particularly with a view to the updating of share purchase and sale registers according to current market regulations;
- complete all declarations, carry out all other formalities and, in general, do whatever is necessary.

19. AUTHORIZATION GRANTED TO THE BOARD OF DIRECTORS TO REDUCE THE SHARE CAPITAL BY CANCELLING TREASURY SHARES

The Extraordinary General Meeting of 25 June 2015 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 authorization was granted for a period of eighteen months and will expire in December 2016. This Meeting is therefore asked to renew this authorization for a further period of eighteen months.

20. 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 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.

21. 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.

22. 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);

As the Board of Directors has not availed itself of the authority vested in it by the General and Combined Shareholders' Meeting of 25 June 2015 to increase the capital in the period ending 31 December 2015, the supplementary report referred to in article L.225-129-5 of the Commercial Code is not required.

23. SHARE REDEMPTION PLANS

As required by law, we hereby report on the share redemption transactions made by the Company between 1st January 2015 and 31 December 2015, pursuant to the authority vested by the General Shareholders' Meeting in accordance with Article L.225-209 of the Commercial Code.

The General Shareholders' Meeting of ACANTHE DEVELOPPEMENT on 25 June 2015 authorized a share redemption plan in accordance with Article L.225-209 of the French Commercial Code.

As stated in point 14 of this report, no treasury shares were bought or sold during the period.

24. TABLE SUMMARIZING POWERS VESTED IN THE BOARD OF DIRECTORS WITH REGARD TO 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 25 June 2015 and the said powers will expire on 24 August 2017.

25. SUMMARY OF TRANSACTIONS COVERED BY ARTICLE L.621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE (ARTICLE 2 OF THE DECREE OF 2 MARCH 2006 AND ARTICLES 222-14 AND 223-26 OF THE GENERAL RULES OF THE AMF)

As no transactions have been carried out and/or brought to our attention during the previous 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 period 2015.

26. 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 awarded or exercised during the past financial year.

27. 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.

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 23of 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.

28. 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.

29. 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 the financial year ending on 31 December 2015 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 31/12/2015

Address		Type	Floor area
PARIS			
184, rue de Rivoli	PARIS 1st	Mixed-use building	2,284, m²
15, rue de la Banque	PARIS 2th	Office building	2,545, m²
47, rue Vieille du Temple	PARIS 4th	Private mansion	1,913, m²
6-8 Rue des Guillemites	PARIS 4th	Parking spaces	-
3-5, quai Malaquais	PARIS 6th	Residential	549, m²
2-4, rue de Lisbonne	PARIS 8th	Office building	2,526, m²
55, rue Pierre Charron	PARIS 8th	Office building	2,970, m²
18-20 rue de Berri	PARIS 8th	Parking spaces	0, m²
24, rue Georges Bizet	PARIS 16th	Office building	1,042, m²
TOTAL PARIS			**13,829, m²**

PROVINCES - FOREIGN COUNTRIES			
9, Avenue de l'Astronomie	Brussels	Town house with offices	3,255, m²
TOTAL PROVINCES AND ABROAD			**3,255, m²**

TOTAL ACANTHE	**17,085, 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 group's activity, environmental and social data covers all assets held by the company and its subsidiaries, as well as all its salaried staff. The figures are given for 2015, and by way of comparison for 2014.

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 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 2015, the group owned 8 properties, including a building in Brussels; four buildings were sold during the period.

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. 4 buildings are managed by a property manager, the others internally.

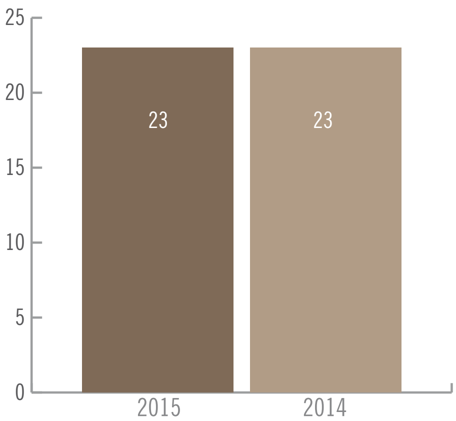
2- DISCLOSURES REQUIRED UNDER L.225-105-1 OF THE COMMERCIAL CODE

2.1- SOCIAL DATA

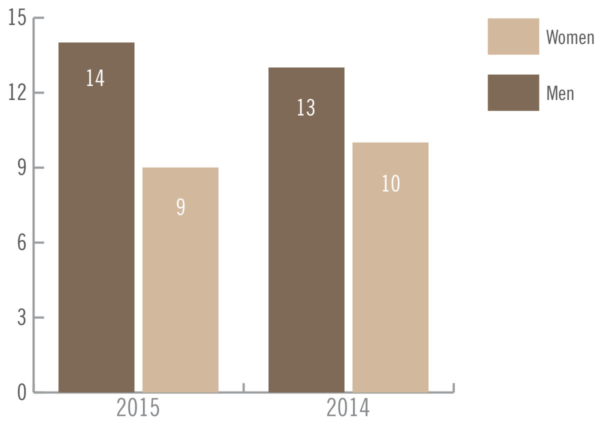
JOBS

A. TOTAL HEADCOUNT AT 31 DECEMBER AND BREAKDOWN OF THE WORKFORCE BY SEX, AGE AND BY GEOGRAPHICAL SEGMENT

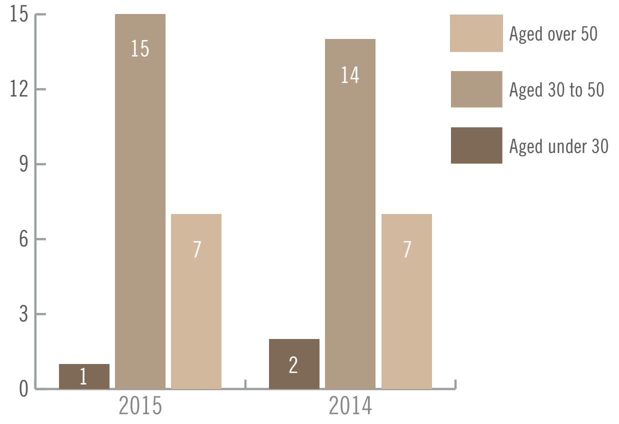
Total headcount



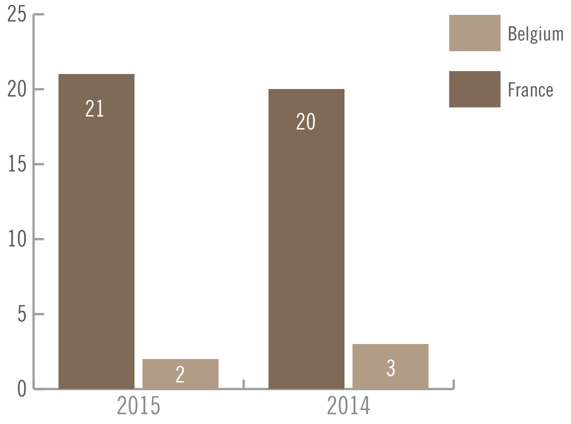
Breakdown by gender



Breakdown by age

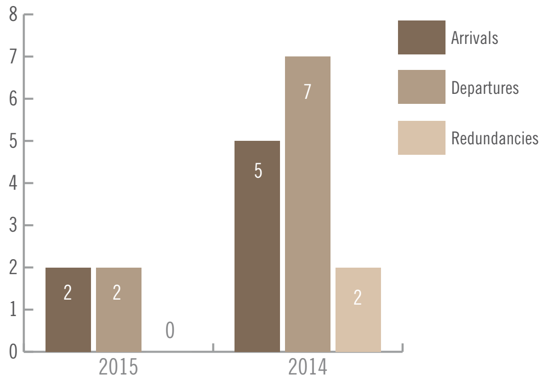


Geographical breakdown



B. HIRINGS AND LAY-OFFS

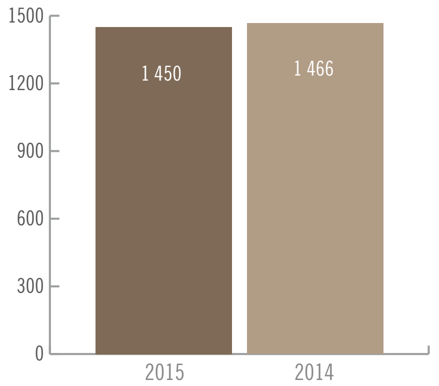
Arrivals/Departures



The net balance of staff arrivals and departures in 2015 is nil, so the staffing level remains unchanged.

C. TRENDS IN COMPENSATION PACKAGES

Gross compensation (in thousands of euros)



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

The slight reduction in gross pay is the result of:

- individual annual pay rises;
- the departure of one employee in Belgium in 2014, not replaced in 2015.

WORK ORGANIZATION

A. WORKING HOURS

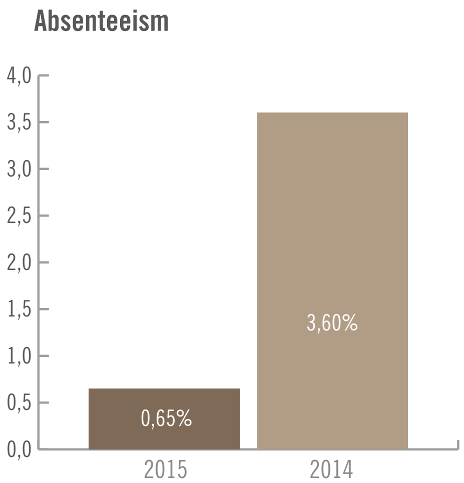
FRANCE

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

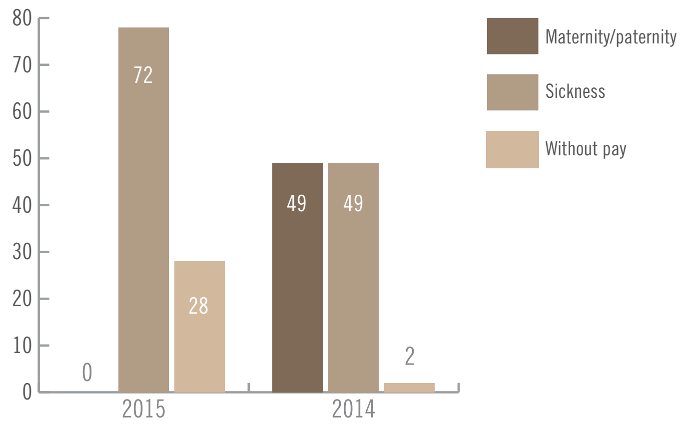


The percentage of absenteeism is the number of hours of absence out of the total number of paid hours, including hours of absence. This only concerns French employees, namely 91% of group employees.

Absenteeism in 2014 primarily included maternity leave and two employees taking prolonged or frequent sick leave.

Absenteeism in 2015 once again fell to a low level, consisting in short periods of sick leave taken by several employees.

Reasons for absenteeism break down as follows (% of hours of absence) :



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. REPORT ON COLLECTIVE AGREEMENTS

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

HEALTH AND SAFETY

A. HEALTH AND SAFETY CONDITIONS IN THE WORKPLACE

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 2015 or in 2014.

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

59 hours of training were attended in 2015, against 17 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)

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 profession.

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).

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 2015.

B. STAFF TRAINING AND INFORMATION IN MATTERS OF ENVIRONMENTAL PROTECTION

No relevant training was given in 2015.

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.

Apart from this point, the Group's companies did not pursue any particular policy concerning the circular economy.

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, 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 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 confronted with threats to biodiversity.

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

A. IN MATTERS OF 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 MAINTAINED WITH THE PEOPLE OR ORGANISATIONS INTERESTED IN THE COMPANY'S ACTIVITIES, IN PARTICULAR PROFESSIONAL INSERTION ASSOCIATIONS, EDUCATIONAL INSTITUTIONS, ENVIRONMENT DEFENCE ASSOCIATIONS, CONSUMER ASSOCIATIONS AND NEIGHBOURING POPULATIONS

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. ACCOUNT TAKEN OF SOCIAL AND ENVIRONMENTAL ISSUES 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 FACTORING IN 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.

In particular, a chief architect from the listed buildings department was engaged as architect in charge of the design and restoration works on the Amelot de Bisseuil building (a listed mansion). This particular project entails a commitment to abide by a great many administrative provisions binding on all parties involved both in social terms (qualification of the building trades) and in environmental terms (use of stone taken from a quarry near Paris approved for exploitation by the Prefecture with commitments to safety and site restoration among other things).

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.

These provisions were implemented in connection with the sales of the buildings made in 2015.

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), General Management selects the contractor according to the proposed deadline, price, services, materials, etc.).

As recalled above, the renovation of Hôtel Amelot was entrusted to a chief architect from the listed buildings department, who ensures due compliance with the administrative obligations inherent in this type of project.

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 TAKEN IN FAVOUR OF HUMAN RIGHTS

A. OTHER MEASURES TAKEN IN FAVOUR OF HUMAN RIGHTS

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

SAS CABINET DE SAINT FRONT
CSR AUDITS AND CONSULTING
CHARTERED ACCOUNTANTS
AUDITORS
JUDICIAL EXPERTISE

The report of the public accounting expert appointed as independent third-party body on corporate, environmental and social data included in the operating and financial review.

ACANTHE DEVELOPPEMENT
2, Rue de Bassano 75116 Paris

Period ending 31 December 2015

To the shareholders,

In our capacity as public accounting expert appointed as independent third-party body, accredited by COFRAC under number 3-1055 (the remit of which is available for consultation at www.cofrac.fr), we present our report on the consolidated corporate, environmental and social data concerning the period ending 31 December 2015 as presented in the operating and financial review (hereafter "CSR Information"), in pursuance of article L.225-102-1 of the Commercial Code.

The company's responsibility

It is up to the Board of Directors to draw up an operating and financial review that includes the CSR information 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, and takes into account the provisions of article L.822-11 if the Commercial Code. Furthermore, we have put in place a quality control system that includes documented policies and procedures aimed at ensuring compliance with ethical rules, professional standards and applicable statutory and regulatory provisions.

Responsibility of the public accounting professional

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 2 over 5 days between 26 November 2015 and 27 April 2016, including an audit of the registered office on 11 January 2016.

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

1. CSR data reporting certificate

in interviews with the managers concerned, 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 laid down in Article R.225-105-1 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.

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;

Conclusion

On the basis of our work, we hereby certify that the requisite CSR data is included 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 conducted interviews with those in charge of preparing the CSR Information, the departments tasked with collecting the information, and where applicable the persons responsible for internal control and risk management procedures, to verify the existence of a collection, compilation, processing and control process aimed at ensuring the completeness and consistency of CSR information, and to familiarize ourselves with the internal control and risk management procedures relating to the preparation of CSR information.

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 data: Energy, 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:

- with regard to 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 building in rue Vielle du Temple (Paris), which we selected on the basis of its location, characteristics and a risk analysis, we held interviews to ascertain due application of the procedures and implementation of detailed tests on the basis of sampling, consisting in checking calculations and reconciling the data with supporting documents. The sample we selected represents an average of 11% 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 these works, 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.

Done in Toulouse, 28 April 2016

The independent third-party body

SAS CABINET DE SAINT FRONT

Jacques de SAINT FRONT

Chairman

APPENDIX 3 - LIST OF OFFICES HELD BY CORPORATE OFFICERS

Mr Alain Dumenil, Chairman of the Board of Directors of your Company, held the following positions during all or part of the period ending 31 December 2015:

Chairman of the Board of Directors of: Acanthe Développement, Alliance Développement Capital SIIC – ADC SIIC, Gepar Holding ;

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

Director and Chairman of: Agefi, CC Management until 13 November 2015, CiCom, Dual Holding, Dual Real Estate Investment until 12 November 2015;

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

Executive committee member of: Ad Industrie;

CEO 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: Adimm Concept et Gestion since 25 June 2015, Smalto Switzerland.

Mr Philippe Mamez, Director of your Company and Executive Vice-President until 29 January 2016,, held the following positions during all or part of the period ending 31 December 2015:

Deputy Managing Director and board member of: Acanthe Développement until 29 January 2016, Maison d'Investissement MI 29, Eurobail;

Chairman of the Board of Directors of: Navigestion (liquidated in 2015);

Board Member of: Acanthe Développement, Compagnie Fermière de Gestion et de Participation – Cofegep;

CEO of: MEP Consultants, SCI Winwindaum.

Mr Patrick Engler, Director and Managing Director of your Company, held the following positions during all or part of the period ending 31 December 2015:

Chairman, Managing Director and Board Member of: Alliance Finance;

Managing Director and Board Member of: Acanthe Développement;

Board Member of: Alliance Développement Capital S.I.I.C - ADC SIIC, Ardor Capital SA, Cadanor, CiCom, Dual Holding, FIPP, Foncière 7 Investissement, Foncière Paris Nord, Gepar Holding since 29 June 2015, Smalto ;

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

General Manager of the companies: CC Management until 13 November 2015, Dual Real Estate Investment until 12 November 2015, Gepar Holding until 29 June 2015;

Manager of the company: Adimm Concept et Gestion until 29 June 2015;

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

Joint manager of: Adimm Concept et Gestion since 29 June 2015.

Ms Valérie DUMENIL, director of your Company, held the following positions during all or part of the period ending 31 December 2015

Board Member of: Acanthe Développement, Alliance Développement Capital S.I.I.C. – ADC SIIC, Ardor Capital SA, Cadanor, FIPP.

Mr Jean FOURNIER, director of your Company since April 3rd 2015, held the following positions during all or part of the period ending 31 December 2015

Board Member of: Acanthe Développement, Alliance Développement Capital S.I.I.C. – ADC SIIC, Linguistique & Intelligence Artificielle ;

CEO of: C.D.F.L.P. (delisted since 15 January 2016), F. Assurances, RCP-Finance (judicial liquidation since 15 October 2014), Sté Civile Immobilière du Bas Vernay.

Mr Pierre Berneau, director of your Company, held the following positions during all or part of the period ending 31 December 2015:

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

CEO of: Sinef.

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 2015						
Power vested to increase the capital through incorporation of reserves, profits or premiums	25 June 2015	24 August 2017	€100,000,000	NA	NA	€100,000,000
Power vested to increase the capital whilst maintaining the DPS	25 June 2015	24 August 2017	€100,000,000	NA	NA	€100,000,000
Power vested to increase the capital by removing the DPS	25 June 2015	24 August 2017	€100,000,000	NA	NA	€100,000,000
Power to increase the capital as payment for a share contribution	25 June 2015	24 August 2017	10% of the share capital	NA	NA	€100,000,000

APPENDIX 5 - THE BOARD CHAIRMAN'S REPORT ON INTERNAL CONTROL PROCEDURES

Dear Shareholders,

The Chairman of the Board has drawn up this report pursuant to 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 28 April 2016.

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 has 23 staff (22 full-time equivalent employees) and has neither the ramifications nor the organization of most 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 Dumenil, Chairman of the Board,

- Mr Philippe Mamez, director and Deputy Managing Director until 29 January 2016,

- Mr Patrick Engler, director and Managing Director,

- 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 14 April 2015 to attend the board meeting of 24 April 2015 approving the annual financial statements and by e-mail and letter dated 10 September 2015 for the board meeting of 24 September 2015 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 with the requested elements whenever possible.

Meetings are held at the head office. In 2015, the Board of Directors met eight 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 2015 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.

The following people attend Executive Committee meetings:

- The Chairman of the Board of Directors, Mr Alain Duménil,

- The Managing Director, Mr Patrick Engler,

- The Deputy Managing Director until 29 January 2016, 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.

Since 3 April 2015, the Accounts Committee's members are:

- Mr Patrick ENGLER, Chairman of the Committee,

- Monsieur Jean FOURNIER,

- Madame 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 2016, the Committee examined the annual and consolidated accounts for financial period 2015. 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 THE PROTECTION OF ASSETS

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 with the Company's management or with 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 DATA

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 27 of annual management report prepared by the Company's Board of Directors.

VII - SEPARATING/COMBINING THE POSITIONS OF CHAIRMAN OF THE BOARD AND MANAGING DIRECTOR

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 2015.

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 shared out amongst the directors according to different criteria.

First of all, Board members' attendance record 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 6 - AUDITORS 'S REPORT ON THE CHAIRMAN'S REPORT IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE L.225-235 OF THE COMMERCIAL CODE

PERIOD ENDING 31 DECEMBER 2015

ACANTHE DEVELOPPEMENT
European company
2, rue de Bassano
75116 Paris

To the shareholders,

In our capacity as Statutory Auditors of ACANTHE DEVELOPPEMENT and in pursuance of article L. 225-235 of the Commercial Code, we are pleased to present you our report on your company Chairman's report prepared in accordance with the provisions of article L. 225-37 of the Commercial Code for period ending 31 December 2015.

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 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 Commercial Code, it being understood that it is not our responsibility to check the accuracy of such information.

We have conducted our works according to the professional standards applicable 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 we noted in internal control governing the preparation and treatment of the accounting and financial reporting 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 Commercial Code.

Other disclosures

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

Paris and Neuilly-sur-Seine, 29 April 2016
The statutory auditors

EXCO Paris Ace
Arnaud DIEUMEGARD

Deloitte & Associés
Benoît PIMONT

APPENDIX 7 - 5-YEAR SUMMARY

SE ACANTHE DEVELOPPEMENT 31/12/2015

RESULTS (AND OTHER SALIENT FEATURES) OF THE COMPANY OVER THE PAST FIVE FINANCIAL YEARS

	31/12/2011	31/12/2012	31/12/2013	31/12/2014	31/12/2015	
Capital at the end of the period						
Share capital	16 416 399	17 206 397	19 312 608	19 991 141	19 991 141	
Number of ordinary shares	120 816 870	126 630 877	142 131 582	147 125 260	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)	2 191 588	2 191 440	4 288 127	2 575 933	2 400 861	
Earnings before tax, profit-sharing, depreciation and amortization	-8 166 584	-983 326	-825 643	-1 766 469	53 791 049	
Corporate income tax	0	0	0	0	1 671 526	
Worker profit-sharing	0	0	0	0	0	
Earnings after tax, profit-sharing, depreciation and amortization	-9 583 932	-1 856 574	-6 478 143	-5 313 316	44 329 944	
Distributed earnings	10 873 518,30	7 597 852,62	4 263 947,46	0,00	-	(1)
Earnings per share						
Earnings after tax, profit-sharing, before amortization expense and provisions	-0,07	-0,01	-0,01	-0,01	0,37	
Earnings after tax, profit-sharing, amortization expense and provisions	-0,08	-0,01	-0,05	-0,04	0,30	
Dividend due	0,09	0,06	0,03	0,00	0,39	(1)
Personnel						
Average employee headcount	3	3	4	4	4	
Payroll	295 196	276 436	464 061	508 377	520 879	
Employee benefits paid out (Social Security, community services)	127 067	119 780	190 003	239 374	244 740	

(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.

ANNUAL FINANCIAL STATEMENTS

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SE ACANTHE DEVELOPPEMENT
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BALANCE SHEET - ASSETS

	Period N 31/12/2015 (12 months)			Period N-1 31/12/2014 (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	3 650	893	2 757	589	2 168	368.10
Goodwill (1)	5 319 567	3 523 118	1 796 449	1 961 546	-165 097	-8.42
Other intangible assets	-	-	-	-	-	-
Advances and down payments	-	-	-	1 825	-1 825	-100.00
PROPERTY, PLANT AND EQUIPMENT (PP&E)						
Land	1 200 000	-	1 200 000	1 590 778	-390 778	-24.57
Buildings	289 050	94 288	194 762	3 012 337	-2 817 575	-93.53
Industrial plant, machinery and equipment	-	-	-	-	-	-
Other PP&E	52 735	47 010	5 725	7 137	-1 412	-19.78
Construction work in progress	-	-	-	-	-	-
Advances and down payments	-	-	-	-	-	-
LONG-TERM INVESTMENTS (2)						
Equity-method interests	-	-	-	-	-	-
Other controlling interests	228 140 795	1 299 461	226 841 334	227 457 930	-616 596	-0.27
Advances to subsidiaries	45 028 347	2 116 586	42 911 761	41 428 538	1 483 223	3.58
Other capitalized securities	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Other long-term investments	12 506	-	12 506	191 562	-179 056	-93.47
TOTAL II	**280 046 649**	**7 081 356**	**272 965 294**	**275 652 243**	-2 686 949	**-0.97**
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	74 822	-	74 822	25 913	48 909	188.74
ACCOUNTS RECEIVABLE (3)						
Trade notes and accounts receivable	1 905 725	-	1 905 725	1 787 983	117 742	6.59
Other receivables	44 950 885	-	44 950 885	2 521 798	42 429 087	NS
Subscribed capital called and unpaid	-	-	-	-	-	-
Marketable securities	22 800	-	22 800	3 871 171	-3 848 371	-99.41
Cash assets	79 128 819	-	79 128 819	73 912	79 054 907	NS
ADJUSTMENT ACCOUNTS						
Prepaid expenses (3)	51 367	-	51 367	47 101	4 265	9.06
TOTAL III	**126 134 417**	-	**126 134 417**	**8 327 878**	117 806 539	**NS**
Expenses capitalized, to be amortized (IV) Loan redemption premiums (V) Unrealized exchange losses (VI)	-	-	-	-	-	-
GRAND TOTAL (I+II+III+IV+V+VI)	**406 181 067**	**7 081 356**	**399 099 711**	**283 980 121**	**115 119 590**	**40.54**

(1) including lease renewal *1 434 753*
(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	
	31/12/2015 (12 months)	31/12/2014 (12 months)	Euros	%
EQUITY				
Capital (including paid-up: 19 991 141)	19 991 141	19 991 141	-	-
Share and merger premium	55 849 120	55 849 120	-	-
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	-24 114 300	20 903 523	-45 017 822	-215.36
NET PROFIT OR LOSS FOR THE PERIOD	44 329 944	-5 313 316	49 643 260	934.32
Capital grants	-	-	-	-
Regulated provisions	-	-	-	-
TOTAL I	**142 693 655**	**138 068 218**	**4 625 437**	**3.35**
OTHER EQUITY CAPITAL				
Income from issued equity securities	-	-	-	-
Conditional advances	-	-	-	-
TOTAL II	-	-	-	-
PROVISIONS				
Provisions for risks	95 930	94 850	1 079	1.14
Provisions for charges	14 709 662	8 847 844	5 861 817	66.25
TOTAL III	**14 805 591**	**8 942 695**	**5 862 897**	**65.56**
LIABILITIES (1)				
FINANCIAL DEBTS				
Convertible bond issues	-	-	-	-
Other bond issues	-	-	-	-
Loans with lending institutions	-	1 081 359	-1 081 181	-100.00
Bank overdrafts	418	178	239	134.32
Loans and miscellaneous financial debts	233 503 093	134 521 188	98 981 906	73.58
Advances and down payments received on orders	13 532	119 286	-105 754	-88.66
OPERATING DEBTS				
Trade notes payable and accounts payable	950 689	820 199	130 490	15.91
Tax and social security liabilities	5 486 401	415 792	5 070 609	NS
Liabilities on fixed assets and related accounts	-	-	-	-
Other liabilities	1 646 332	11 385	1 634 946	NS
ADJUSTMENT ACCOUNTS				
Prepaid income (1)	-	-	-	-
TOTAL IV	**241 600 465**	**136 969 208**	**104 631 256**	**76.39**
Unrealized exchange gains (**V**)	-	-	-	-
GRAND TOTAL (I+II+III+IV+V)	**399 099 711**	**283 980 121**	**115 119 590**	**40.54**

(1) Accrued income and liabilities *8 083 838* *1 391 172*

SE ACANTHE DEVELOPPEMENT
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INCOME STATEMENT

	Period N 31/12/2015 (12 months)			Period N-1 31/12/2014 (12 months)	Difference N / N-1	
	France	Export	TOTAL		Euros	%
OPERATING REVENUE (1)						
Sales of goods	-	-	-	-	-	-
Output sold goods	-	-	-	-	-	-
Output sold services	2 400 861	-	2 400 861	2 575 933	-175 072	-6.80
NET SALES	**2 400 861**	**-**	**2 400 861**	**2 575 933**	**-175 072**	**-6.80**
Production held as inventory			-	-	-	-
Self-constructed assets			-	-	-	-
Operating grants			-	-	-	-
Reversed impairment, provisions (and amortization) and expense transfers			6 078	7 661	-1 582	-20.66
Other income			8 803 423	4 650	8 798 773	NS
TOTAL OPERATING REVENUE (I)			**11 210 362**	**2 588 244**	**8 622 118**	**333.13**
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 *			2 694 125	2 901 183	-207 058	-7.14
Taxes and comparable payments			168 119	155 759	12 361	7.94
Wages and salaries			520 879	508 377	12 502	2.46
Social security contributions			244 740	239 374	5 366	2.24
Amortization and depreciation expenses						
On fixed assets: amortization expenses			194 942	353 192	-158 250	-44.81
On fixed assets: depreciation expenses			-	-	-	-
On current assets: depreciation provisions			-	-	-	-
Depreciation provisions			8 800 000	-	8 800 000	-
Other expenses			235 922	141 501	94 422	66.73
TOTAL OPERATING EXPENSES (II)			**12 858 728**	**4 299 385**	**8 559 343**	**199.08**
1 - OPERATING INCOME (I-II)			**-1 648 366**	**-1 711 142**	**62 776**	**3.67**
SHARE OF NET INCOME FROM JOINT VENTURES						
Profit allocated ou loss transferred (**III**)			41 210 502	171 320	41 039 182	NS
Loss allocated or profit transferred (**IV**)			-	-	-	-
INVESTMENT INCOME						
Income from shareholdings (3)			370 064	362 811	7 253	2.00
Income from other investments and receivables on non-current assets (3)			-	-	-	-
Other interest and comparable income (3)			422 446	406 154	16 291	4.01
Reversed impairment, provisions and expense transfers			-	-	-	-
Foreign exchange gains			-	-	-	-
Net income from sales of marketable securities			909	6 481	-5 573	-85.98
TOTAL V			**793 418**	**775 446**	**17 972**	**2.32**
FINANCIAL EXPENSES						
Amortization, depreciation and provisions			1 732 820	123 789	1 609 031	NS
Interest and comparable expenses (4)			1 563 988	1 353 319	210 668	15.57
Foreign exchange losses			-	-	-	-
Net expenses on sales of marketable securities			227	-	227	-
TOTAL VI			**3 297 036**	**1 477 109**	**1 819 927**	**123.21**
2 - FINANCIAL INCOME (V-VI)			**-2 503 617**	**-701 662**	**-1 801 955**	**-256.81**
3 - PRE-TAX INCOME (LOSS) (I-II+III-IV+V-VI)			**37 058 518**	**-2 241 484**	**39 300 003**	**NS**

SE ACANTHE DEVELOPPEMENT
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INCOME STATEMENT

	Period N 31/12/2015 (12 months)	Period N-1 31/12/2014 (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	10 900 339	-	10 900 339	-
Reversed impairment, provisions and expense transfers	3 260 644	-	3 260 644	-
TOTAL VII	**14 160 983**	-	**14 160 983**	-
NON-RECURRING EXPENSES				
Non-recurring expenses on operating activities	1 589 389	384	1 589 005	NS
Non-recurring expenses on investing activities	3 306 182	-	3 306 182	-
Amortization, depreciation and provisions	322 461	3 071 448	-2 748 987	-89.50
TOTAL VIII	5 218 032	3 071 832	2 146 200	69.87
4 - TOTAL NON-RECURRING ITEMS (VII-VIII)	**8 942 951**	**3 071 832-**	**12 014 783**	**391.13**
Employee profit-sharing (IX)	-	-	-	-
Corporate income tax (X)	1 671 526	-	1 671 526	-
TOTAL INCOME (I+III+V+VII)	67 375 265	3 535 010	63 840 255	NS
TOTAL EXPENSES (II+IV+VI+VIII+IX+X)	23 045 321	8 848 326	14 196 996	160.45
5 - PROFIT OR LOSS (TOTAL INCOME - TOTAL EXPENSES)	**44 329 944**	**-5 313 316**	**49 643 260**	**934.32**

(1) Including income from prior periods.		
(2) Including expenses from prior periods		
** Including:*		
Equipment lease payments		*8 240*
Property lease payments		
(3) Including income from affiliates	*792 374*	*768 964*
(4) Including interest paid to affiliates	*1 505 280*	*1 311 831*

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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

1.1 DISTRIBUTION OF DIVIDENDS

On 25 June 2015, the Annual Ordinary and Extraordinary General Meeting decided to allocate the loss of (€5,313,315.93) to unappropriated retained earnings, which totalled €20,903,522.85 on 31 December 2014, resulting in distributable income of €15,590,206.92, allocated in full to unappropriated retained earnings.

For financial year 2014 the company was under no obligation to distribute its earnings within the framework of the REIT tax system.

On 12 August 2015 the Board of Directors decided to pay an interim dividend of €0.27 per share for financial year 2015, making a total distribution of €39,723,820.20.

This decision followed the distribution by company VENUS of an interim dividend of €270 per partnership share held, ACANTHE DEVELOPPEMENT holding 152,491 of this subsidiary's 156,663 shares.

1.2 DISPOSAL OF CAPITAL ASSETS

During the period, the building at 26 rue d'Athènes (Paris 9th) was sold for €10,900,000.

The loan that financed this building was paid off in advance at the time of this sale.

NOTE 2. ACCOUNTING POLICIES, STANDARDS AND METHODS

2.1 GENERAL POINTS

The annual financial statements for period ending 31 December 2015 are prepared in accordance with the provisions of the Commercial Code, the uniform code of accounts as described in ANC regulation 2014-03 and generally accepted accounting practice in France.

2.2 BASES OF VALUATION, JUDGEMENT AND USE OF ESTIMATES

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

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 geographical position, type and use of buildings, and 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 2015 to 31 December 2015.

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) 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 the distribution of:

- 95% of the profits generated by 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 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at their acquisition cost or their transfer value.

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

Carcass	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 their 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 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 147,125,260. Earnings per share are thus €0.3013.

Diluted earnings per share are the same as basic earnings per share, as the recognition of purchase options, the exercise price of which (€1.24) is higher than the share's average market price during the period (€0.396), would have an anti-dilutive (or accretive) effect.

The Board of Directors' meeting of 5 April 2016 duly noted Mr Alain Duménil's express and definitive abandonment of the balance of the options (4,896,436 options remaining to date) awarded by the Board of Directors during its meeting of 28 August 2009 pursuant to the first resolution of the Combined Shareholders' Meeting of 21 March 2007.

So there is no longer any future dilution risk if the share price appreciates in the future.

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

4.1 CAPITAL ASSETS

(In thousands of euros)

	Capital assets				Amortization and depreciation				Net
	Gross value at 01/01/15	Increase	Decrease	Gross value at 31/12/15	Amort. at 01/01/15	Increase	Decrease	Amort. at 31/12/15	31/12/15
Intangible assets									
Software	13	2	12	4	11	1	11	1	3
Lease renewal (1)	4 958	-	-	4 958	3 358	165	-	3 523	1 435
Merger loss (1)	362	-	-	362	-	-	-	-	362
Property, Plant and Equipment									
Land	1 591	-	391	1 200	-	-	-	-	1 200
Buildings	2 798	-	2 798	-	509	-	509	-	-
Fixtures, fittings and equipment	1 642	122	1 475	289	919	25	849	94	195
Vehicles	-	-	-	-	-	-	-	-	-
Office & IT equpmt	50	2	-	53	43	4	-	47	6
Constr. work in progress	-	-	-	-	-	-	-	-	-
Long-term investments									
Equity interests	228 141	-	-	228 141	683	617	-	1 299	226 841
Loans to subsidiaries	42 430	2 598	-	45 028	1 002	1 115	-	2 117	42 912
Other LT invvest., Loans	191	-	179	12	-	-	-	-	12
TOTAL	**282 177**	**2 725**	**4 855**	**280 047**	**6 525**	**1 927**	**1 370**	**7 082**	**272 965**

(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.

The building at 26 rue d'Athènes (Paris 9th) was sold on 29 December 2015. Its residual net carrying amount on the date of the sale was €3,305,000.

• Property, Plant and Equipment

These items include: 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

At 31 December 2015, 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	Dividendes - Acompte sur résultat	Dividends paid to the company during the period
A: subsidiaries at least 50%											
SA VELO	1	-1 100	100,00%	624	-	1 044	-	-	-46	-	-
SA BALDAVINE	131	13	100,00%	4 625	4 625	24 794	12 980	1 300	23	-	289
SNC VENUS	224 811	16 391	97,34%	217 719	217 719	-	-	2 500	34 661	-42 299	-
FINPLAT	31	-1 440	100,00%	-	-	1 131	-	-	-14	-	-
SAS BASSANO DVT	33 301	213	15,01%	5 172	4 496	-	-	921	-3 568	-	81
TRENUBEL	31	-1 437	99,92%	-	-	2 433	-	-	-35	-	-
ECHELLE RIVOLI	1	-	99,90%	1	1	11 775	-	857	-139	-	-
B: subsidiaries, less than 10%											
			TOTALS	228 141	226 841	41 177	12 980	5 578	30 881	-42 299	370

Subsidiary BASSANO DEVELOPPEMENT, 15.01% owned, is the freeholder of the Royal Garden Hotel at 218/220 Rue du Faubourg Saint Honoré (Paris 8th)

ACANTHE DEVELOPPEMENT also has a current account totalling €3,851,000 with lower-tier subsidiary 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 31/12/15	At 31/12/14	Change
Capitalized receivables			
Loans to subsidiaries and affiliates	45 028	42 430	2 598
Other long-term investments	13	192	-179
Current assets			
Trade receivables	1 906	1 788	118
State and local authorities	4 053	654	3 399
Group & Associates	-	-	-
Sundry debtors	40 898	1 867	39 030
Prepaid expenses	51	47	4
TOTALS	**91 949**	**46 978**	**44 970**

The change in «Loans to subsidiaries and affiliates» is explained by the increase in advances made to subsidiaries. This item, with a gross value of €42,028,000, is written down by €2,117,000. The writedowns concern advances to subsidiaries FINPLAT and VELO.

The changes in “Other investments” is accounted for by the repayment of the returnable deposit further to the sale of 2 Rue de Bassano by lower-tier subsidiary SC BASNO.

«State and local authorities» includes VAT receivables (€3,382,000) further to a tax dispute (see note 6), VAT receivables (€625,000), a carry-back demand (€44,000) and accrued income of €2,000 from the Treasury.

“Sundry debtors” comprises €25,784,000 of dividends payable by subsidiary VENUS (the payable dividend on the 95,496 shares that the Commercial Court of Paris ordered to be placed in escrow – note 6.2), escrow funds of €1,700,000 further to a dispute between the Company and the former shareholders of a subsidiary (note 6.2), €2,802,000 of funds advanced to notaries (including the sum of €2,699,000 for the first demand guarantee placed in escrow in connection with the lease arranged by ACANTHE DEVELOPPEMENT for premises in Paris 16th, 2 rue de Bassano), receivable indemnities of €10,560,000 including tax (see below) and sundry receivables (€52,000).

The sum of €2,699,000 in escrow was replaced at the beginning of 2016 with a first demand guarantee issue by Société Générale

The receivable indemnities relate to the lease signed by ACANTHE DEVELOPPEMENT for renting the building at 2 rue de Bassano in Paris. This building, which was owned by the group’s subsidiaries BASNO and FONCIERE DU ROCHER, was leased by ACANTHE DEVELOPPEMENT and by various affiliates. It was sold on December 2015, subject to termination of the existing leases and to ACANTHE DEVELOPPEMENT taking out a fixed 12-year lease on the whole building for a rent of €2,699,000, this rent per square metre being higher than the rent per square metre specified in the previous leases. In order to enable its lower-tier subsidiaries to sell the building under the desired terms and conditions, ACANTHE DEVELOPPEMENT agreed to take out the said lease subject to being paid compensation for the additional updated carrying charge it will incur for the duration of the lease. Under the new lease, the rent that ACANTHE DEVELOPPEMENT will pay for the floor area it occupies personally will be higher than the previous rent, and furthermore the rents it will collect from its sub-lessees (the former lessees of the building, on the same terms as previously) will be lower than the rent it will pay for the same floor areas. The quid pro quo for this indemnity owed by the subsidiaries is a provision for charges of the same amount that will be reversed and adjusted over the 12-year term of the lease.

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	45 028	42 912	-	42 912
Loans	-	-	-	-
Other	13	13	-	13
Circulating assets				
Customers	1 906	1 906	1 906	-
State and local authorities	4 053	4 053	4 053	-
Group & Associates	-	-	-	-
Sundry debtors	40 898	40 898	40 898	-
Prepaid expenses	51	51	51	-
TOTALS	**91 949**	**89 832**	**46 908**	**42 925**

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 euros)

Securities	Number	Gross carrying amount	Net carrying amount
Own shares	71 532	23	23
TOTALS	71 532	23	23

4.4 EQUITY

(In thousands of euros)

	Capital	Share premiums	Legal	Other reserves	Carried forward	Net income	Total
At 31/12/14	19 991	55 849	1 500	45 138	20 903	-5 313	138 068
Appropriation of income (loss)	-	-	-	-	-5 313	5 313	-
Dividends	-	-	-	-	-	-39 724	-39 724
Increase in capital through reinvestment of dividends	-	-	-	-	19	-	19
2015 net income	-	-	-	-	-	44 330	44 330
	19 991	55 849	1 500	45 138	15 609	4 606	142 693

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

- an interim dividend of €39,724,000,
- and a share dividend on treasury shares generate a €19,000 increase in equity,
- the period showed a profit of €44,330,000.

Share capital components

At 31 December 2015, the share capital comprises 147,125,260 fully paid-up ordinary single-voting shares.

4.5 LIABILITIES

Change in liabilities

(In thousands of euros)

Liabilities	At 31/12/15	At 31/12/14	Change
Bank loans and financial liabilities	-	1 081	-1 081
Sundry borrowings and debts	266	156	110
Advances and down payments received	14	119	-105
Trade accounts payable	951	820	130
Tax and social security liabilities	5 486	416	5 071
Current accounts (incl. SNC Venus €233 million)	233 237	134 365	98 872
Other liabilities	1 646	11	1 635
TOTALS	**241 600**	**136 969**	**104 632**

The change in «Bank borrowings and liabilities» is explained by the full repayment of the €1,081,000 loan further to the sale of the building at 26 rue d'Athènes.

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

«Advances and down payments received» comprises the balances of customers in credit further to the repayment of charges in favour of the lessees.

The change in «Suppliers» relates to the year-end invoicing of our consultants' fees for 2015.

«Tax and social security liabilities» primarily comprises €2,077,000 of payable VAT and €3,260,000 of outstanding tax, the balance being accrued payroll costs.

The change in «current accounts» primarily concerns cash flows relating to the sales of the four buildings during the period and cash advances from subsidiaries having cash surpluses.

«Other liabilities» primarily comprise a €1,633,000 debt to a former subsidiary, which has left the Group.

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	-	-	-	-
Sundry borrowings and debts	266	-	266	-
Trade accounts payable	951	951	-	-
Tax and social security liabilities	5 486	5 486	-	-
Current accounts	233 237	-	233 237	-
Other liabilities	1 646	1 646	-	-
TOTALS	**241 587**	**8 084**	**233 503**	**-**

4.6 ACCRUED PAYABLES AND ACCRUED INCOME

(In thousands of euros)

Créances réalisables	31/12/15	31/12/14	Chg.	**Dettes**	31/12/15	31/12/14	Chg.
Financial				**Financial**			
Accrued interest on cur.act. receivables	422	406	16	Accrued interest on cur.act. liabilities	1 468	1 312	156
Accrued interest on term deposits	-	-	-	Accrued interest on loans	-	6	-6
	-	-	-	Accrued interest	-	-	-
Operating Loans				**Operating Loans**			
Trade receivables	1 889	1 787	102	Trade payables	630	644	-14
Sundry int.	-	-	--	Tax and social security liabilities	55	50	5
Other receivables	14	2	12	Unbilled discounts granted	3	11	-9
Unbilled discounts received	-	-	-	Sundry accrued expenses	24	-	24
Sundry accrued income	-	-	-				
TOTAL	**2 326**	**2 195**	**130**	**TOTAL**	**2 180**	**2 024**	**156**

4.7 PROVISIONS

(In thousands of euros)

	Amount at 31/12/14	Accretion	Writedown		Amount at 31/12/15
			used	not used	
For disputes	-	-	-	-	-
For tax adjustment	8 847	322	3 261	-	5 909
For risks	95	3	-	-	98
For expenses	-	8 800	-	-	8 800
For equity interests	683	617	-	-	1 299
For current accounts	1 001	1 115	-	-	2 117
On treasury shares	-	-	-	-	-
TOTAL	**10 627**	**10 858**	**3 261**	**-**	**18 224**

- A provision of €8,800,000 for charges for renting the building at 2 rue de Bassano in Paris. This provision is offset by the receivable indemnities (see note 4.2).
- Further to the decision of the ECHR (European Court of Human Rights), a portion of the provisions for tax risks was reversed (€3,261,000), €1,589,000 of which was recognized as non-recurring expenses and €1,672,000 as corporation tax. The interest on arrears was updated for €322,000 (see note 6.1).
- A reversal of a provision for risks (€3,000) was recognized for subsidiary VELO during the period.
- A provision for equity interests (€617,000) was recognized on subsidiary SAS BASSANO DEVELOPPEMENT.
- Two impairment provisions for the current accounts were recognized for a total of €1,115,000. The subsidiaries concerned are VELO (€42,000) et FINPLAT (€1,073,000).

4.8 PREPAID EXPENSES

These primarily consist of subscription and insurance costs (€51,000 compared with €47,000 in 2014).

4.9 AFFILIATED COMPANIES

(In thousands of euros)

BALANCE SHEET	31/12/15	31/12/14	Chg.	INCOME STATEMENT	31/12/15	31/12/14	Chg.
Equity interests	228 141	228 141	-	Fees	-328	-320	-8
Prov. for equity interests	-1 299	-683	-617	Interest on other loans	-	-	-
				Interest expenses on cur.act	-1 505	-1 312	-193
Merger loss	362	362	-	Reinvoicing of staff	-127	-115	-12
Loans to subsidiaries and affiliates	44 606	42 024	2 583	property rentals	-715	-716	1
int. on loans to subs. and aff.	422	406	16	Rebillable expenses	-270	-280	10
Prov. for current accounts	-2 117	-1 001	-1 115	Share of book loss - Subsidiaries	-	-	-
Provisions for contingencies	-98	-95	-3	Share of book profit - Subsidiaries	41 211	171	41 039
Current account in credit	-231 769	-133 053	-98 716	Prov. for contingencies	-3	-37	34
Interest on current account	-1 468	-1 312	-156	Works rebilled	-	315	-315
Unbilled receivables	1 853	1 787	66	Income from current accounts	422	406	16
Customers	2	1	1	income from participating interests	370	363	7
Deposits received	-266	-44	-222	Reinvoicing of sundry expenses	-9	-33	23
Deposits paid	-	180	-180	Head office costs rebilled	1 547	1 506	41
Invoices not yet received	-152	-179	26	Taxable rents	196	174	22
Unbillled credit note	12	-	12	Rebillable expenses	77	69	8
Shares	-3	-1	-1	Provision for current accounts	-1 115	-54	-1 062
Provision for shares	23	23	-	Provision for equity interests	-617	-33	-584
Sundry debtors	25 784	-	25 784	Other income-Compensation	8 800	-	8 800
TOTAL	**64 032**	**136 555**	**-72 523**	**TOTAL**	**47 933**	**104**	**47 828**

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

• Change in Revenue

(In thousands of euros)

Income	At 31/12/15	At 31/12/14	change
Rental income	644	622	22
Income from rebillable expenses	200	131	69
Income from other activities	1 557	1 823	-266
Revenue	**2 401**	**2 576**	**-175**

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 more particularly accounted for by a new lease signed with a company for part of the premises in the building in Avenue d'Astronomie in Brussels (€17,000). The increase in income form reinvoiced charges is accounted for by the works carried out on the building in Rue d'Athènes (€53,000).

The decrease in income from ancillary operations is notably explained by the discontinuance of reinvoicing the works to a subsidiary (compared with €315,000 of reinvoicing in 2014), which is partially offset by the reinvoicing of head office costs, up by €42,000.

"Other income" totals €8,803,000. This primarily comprises indemnities negotiated further to the fixed-term 12-year lease taken out on the building in rue de Bassano in Paris (see note 4.2).

• Operating expenses

Operating expenses represented for the period €12,859,000 compared with €4,299,000 last year.

This rise of €8,559,000 is essentially due to:

- a provision for additional future rental charges (+€8,800,000). This provision is offset by indemnities negotiated further to the fixed-term 12-year lease taken out on the building in rue de Bassano in Paris, recognized under "Other income" for the same amount,
- the discontinuation of expenses incurred on behalf of a subsidiary (and also the discontinuance of reinvoicing, see above), resulting in a €315,000 decrease in expenses,
- +€53,000 of reinvoiced works on the building in rue d'Athènes,
- the increase in «Wages and salaries and social security contributions» (+€18,000).
- the decrease in amortization expenses further to the sale of the building in rue d'Athènes (-€159,000).

• Share of net income from joint ventures

The profit of €41,211,000 from conduit entities transferred comprises in particular an advance payment of €41,173,000 on the 2015 profit for subsidiary VENUS SNC further to the sale of the building in Rue François 1er.

• Net financial income

This year, net financial income shows a loss of €2,504,000 and breaks down as follows:
- +€370,000 of dividends received from BALDAVINE and BASSANO DEVELOPPEMENT
- +€422,000 of interest on current accounts,
- -€1,505,000 of interest expenses on current accounts,
- A provision of -€42,000 for impairment on the current VELO account,
- A provision of -€1,073 for impairment on the current VELO account,
- A provision of -€617,000 for BASSANO DEVELOPPEMENT shares,
- A provision for risks and contingencies of -€3,000 on VELO securities,
- And other financial income and expenses totalling -€58,000 net.

At 31 December 2014, net financial income showed a loss of -€702,000. It broke down as follows:
- €363,000 of dividends received from company BALDAVINE,
- +€406,000 of interest on current accounts,
- -€1,312,000 of interest expenses on current accounts,
- A provision of -€54,000 for impairment on the current VELO account,
- A provision of -€33,000 for BASSANO DEVELOPPEMENT shares,
- A provision for risks and contingencies of -€37,000 on VELO securities,
- And other financial income and expenses totalling -€35,000 net.

• Non-recurring items

This year non-recurring items showed a profit of €8,943,000 compared with a loss of €3,072 in 2014. This profit is essentially due to the sale of the building in Rue d'Athènes, which generated a net profit of +€7,595,000, the reversal of the €3,261,000 provision for tax adjustment, penalties of -€1,589,000 for tax adjustment and provisions -€322,000 for tax adjustment.

• Corporate income tax

€1,672,000 of tax was recognized further to a tax adjustment for which all recourse has been exhausted. The impact on the period is nil due to the reversal of the provision of €1,672,000 (see note on non-recurring items)

The period showed a profit of €44,330,000.

NOTE 5. OFF-BALANCE SHEET COMMITMENTS

5.1 COMMITMENTS GIVEN

ACANTHE DEVELOPPEMENT has granted collateral totalling €20,158,000 to the banks that financed buildings owned by its subsidiaries. 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 HYPOTHEKENBANK	20/05/2011	19/05/2021	4 675	99,98%
SCI ECHELLE RIVOLI	ACANTHE DEVELOPPEMENT	MUNCHENER HYPOTHEKENBANK	18/11/2013	17/11/2020	999	99,9%

5.2 COMMITMENTS RECEIVED

None

5.3 RENTALS INVOICED BY THE SUPPLIERS

ACANTHE DEVELOPPEMENT signed a fixed-term lease for 12 years to rent the building at 2 rue Bassano in Paris 16th, which the Group sold at the end of December 2015 (see note 4.2).

The minimum future payments payable under this signed and firm operating lease are presented below in aggregate and for each of the following periods:

In thousands of euros	Total	Due in one year at the most	Maturing in between one and 5 years	Maturing in over 5 years
Rent to be paid	32 388	2 699	10 796	18 893
	32 388	**2 699**	**10 796**	**18 893**

The table lists the estimated scheduled payments of rent based on the lease continuing to its term.

The Group does not use all the building's floor area. Subleases have been arranged and sub-lessees are being sought for the vacant areas. The rent from these subleases will lower the cost of the lease.

NOTE 6. DISPUTES

6.1 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 €6.99 million (excluding €0.85 million of interest and €3.68 million of surcharges).

In consideration of the information below, the arguments put forward by CMS Bureau Francis Lefebvre lawyers and arguments based on legal precedents, the Company considers that it should win most of these cases, which justifies the absence of recognized provisions **apart from those recognized in cases that resulted in adverse decisions rendered by the Administrative Court of Appeal or the Council of State**.

1/ Parent/daughter company regime

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.

ACANTHE DEVELOPPEMENT has exhausted all possibilities of review and, despite the importance and seriousness of its arguments, has not managed to obtain an exemption or reduction of the disputed tax.

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 lodged on 4 March 2015 before the Administrative Court of Appeal of Paris to challenge the ruling on this point. The case is currently being heard by this Court.

At 31 December 2013, the company had 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.

At 30 June 2015, further the decision of the ECHR, provisions of €3.26 million relating to 2002 and 2003 were reversed and the debt was recognized for the same amount.

The recognized provisions therefore amount to €5.91 million in total.

2/ Other reasons for tax reassessment

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.

It should be noted that to guarantee these reassessments a preferential Treasury claim of €8,255,000 was filed against the Company. This should be lifted in 2016. The statutory mortgage of €9,080,000 that had been taken out on the building in rue d'Athènes was withdrawn by the Treasury in return for a payment of €3,382,000 by ACANTHE DEVELOPPEMENT.

6.2 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, jointly and severally with companies FIG and VENUS, to pay 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 jointly and severally to pay €100,000 each in respect of article 700 of the Code of Civil Procedure.

ACANTHE DEVELOPPEMENT paid Mr Barthes and Mr Noyer in full further to this decision.

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.

An appeal on points of law has been lodged against this judgement of the Paris Court of Appeal ruling. The proceedings are still ongoing.

b/ Sums to be placed under compulsory administration:

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) placed under compulsory administration 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 placed under compulsory administration 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.

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

In a judgement dated 24 September 2015, the Court of Appeal of Paris dismiss all ACANTHE DEVELOPPEMENT's claims, considering that it had lodged an appeal in law against the ruling of 27 February 2014, with the result that this ruling was not final.

ACANTHE DEVELOPPEMENT has lodged an appeal in law.

The sum of €138 million (value of the VENUS shares) and the sum of €1.7 million placed under compulsory administration 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 (opened on 6 January 2011) 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 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.

Transaction

Further to an application dated 7 September 2015, Maître GORRIAS, liquidator of SAS FRANCE IMMOBILIER GROUP (FIG), has lodged an appeal for approval of a settlement with the bankruptcy judge, according to the provisions of articles L642-24 and R642-41 of the Commercial Code and articles 2044 et seq of the Civil Code.

Under the terms of this settlement, ongoing civil actions concerning these collective proceedings would be stopped (in particular FIG's action to set aside for the doubtful period; ruling of 27 February 2014) in return for a voluntary contribution to the liabilities of the judicial liquidation of FIG company.

The planned Settlement Agreement submitted to the bankruptcy judge for approval provides for the repayment of at least 40% of the claims of creditors other than intercompany creditors.

The liquidator has indeed received a proposal for payment of 3,825,172 euros from ACANTHE DEVELOPPEMENT, TAMPICO and VENUS, and Messrs Mamez and Bensimon by way of full and final lump-sum compensation.

The legal costs that form part of the proposed compensation have not yet been definitively fixed, but ACANTHE DEVELOPPEMENT has agreed to contribute to legal costs and lawyer's fees and has undertake to pat the liquidator 500,000 euros as part payment thereof.

An order of the bankruptcy judge dated 26 February 2016 and notified on 1st March 2016 has authorized SCP BTSG, liquidator of company FIG, to sign a draft agreement providing for Messrs Mamez and Bensimon and ACANTHE DEVELOPPEMENT, TAMPICO and VENUS paying a total amount of €4,325,172 that, after payment of legal costs and the estimated fees of the custodian pendente lite, would be immediately distributed equally among the registered creditors, apart from a debt in escrow; pending the final outcome of the procedure concerning the identity of the holder of the said debt in escrow.

This order is currently the subject of an appeal that will be examined by the Commercial Court of Paris on 23 May 2016.

When the draft agreement is signed by SCP BTSG, liquidator of company FIG, it will be referred to the Commercial Court of Paris for approval.

NOTE 7. OTHER DISCLOSURES

The company employed one manager and three staff at 31 December 2015.
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 31/12/14	year's deficits	Charged in the year - Carry-back-	at 31/12/15
Ordinary deficits	17 708	4 591	-	22 299
Long-term loss in value	-	-	-	-
TOTALS	**17 708**	**4 591**	**-**	**22 299**

The period's revenue broken down into operating income and non-recurring items
(In thousands of euros)

Income	2015	Alternative minimum tax	Corporation tax at 33.33%	Corporation tax at 16.50%	**Total**
Operating income	-1 648	-	-	-	-1 648
Intercompany transactions	41 211	-	-	-	41 211
Financial income (loss)	-2 504	-	-	-	-2 504
Non-recurring items	8 943	-	-	-	8 943
Corporation tax	-1 672	-	-	-	-1 672
TOTALS	**44 330**	**-**	**-**	**-**	**44 330**

NOTE 8. POST-BALANCE SHEET EVENTS

Developments in the FIG dispute:

An order of the bankruptcy judge dated 26 February 2016 authorized FIG's liquidator to sign a draft agreement that would bring ongoing civil actions concerning these collective proceedings to an end (in particular FIG's action to set aside for the doubtful period; ruling of 27 February 2014) in return for a voluntary contribution to the liabilities of the judicial liquidation of FIG company.

This order is currently the subject of an appeal that will be examined by the Commercial Court of Paris on 23 May 2016.

When the draft agreement is signed by SCP BTSG, liquidator of company FIG, it will be referred to the Commercial Court of Paris for approval.

Other reserves:

The Board of Directors' meeting of 5 April 2016 duly noted Mr Alain Duménil's express and definitive abandonment of the balance of the options (4,896,436 options remaining to date) awarded by the Board of Directors during its meeting of 28 August 2009 pursuant to the first resolution of the Combined Shareholders' Meeting of 21 March 2007.

CONSOLIDATED FINANCIAL STATEMENTS

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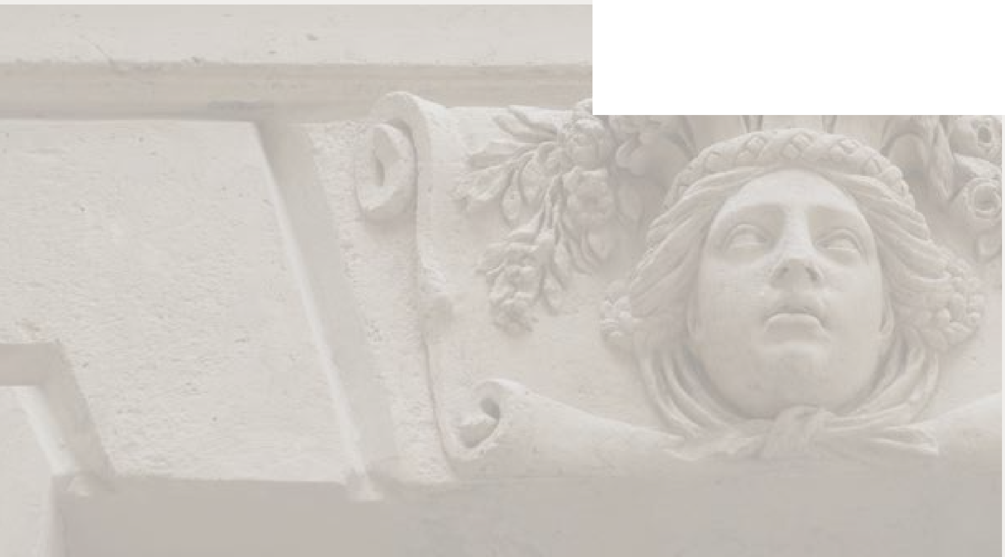

ACANTHE DEVELOPPEMENT

CONSOLIDATED BALANCE SHEET Consolidated financial statements at 31 December 2015

(thousands of euros)	31/12/15	31/12/14
ASSETS		
Investment properties	180 982	288 293
Intangible assets in progress	-	-
Tangible assets	88	6 040
Conditions of acquisition	-	-
Tangible assets	8	9
Financial assets	4 538	5 464
Total non-current assets	**185 615**	**299 806**
Property inventory		470
Trade notes and accounts receivable	2 575	2 985
Other receivables	12 023	6 751
Other current assets	64	135
Current financial assets	685	685
Cash and cash equivalents	82 701	5 133
Assets held for sale	-	-
Total current assets	**98 048**	**16 160**
TOTAL ASSETS	**283 663**	**315 966**

(thousands of euros)	31/12/15	31/12/14
LIABILITIES		
Capital	19 991	19 991
Reserves	127 870	167 980
Net consolidated income	44 029	1 533
Equity attributed to the owners	**191 890**	**189 504**
Reserves attributable to non-controlling interests	12 989	12 820
Income attributable to non-controlling interests	935	168
Total Equity	**205 815**	**202 492**
Non-current financial liabilities	43 656	90 898
Contingency and loss provisions	21 314	11 294
Deferred tax liabilities	-	-
Total non-current liabilities	**64 970**	**102 192**
Current financial liabilities	1 800	3 887
Deposits and guarantees	1 465	1 857
Suppliers	2 573	1 846
Tax and social security liabilities	4 150	1 212
Other liabilities	2 816	2 404
Other current liabilities	76	75
Total current liabilities	**12 879**	**11 281**
Total debt	**77 849**	**113 474**
TOTAL LIABILITIES	**283 663**	**315 966**

ACANTHE DEVELOPPEMENT

STATEMENT OF NET INCOME AND OTHER COMPREHENSIVE INCOME

Consolidated financial statements at 31 December 2015

(thousands of euros)	31/12/15	31/12/14
Rents	8 021	9 249
Rebilled occupancy expenses	1 884	1 699
Total occupancy expenses	(3 165)	(2 785)
Net income from property	**6 741**	**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	(1 545)	(1 461)
Other overhead costs	(1 923)	(2 188)
Other income and expenses	(2 687)	(2 576)
Change in value of investment property	21 150	7 443
Revenue from disposals of investment properties	-	-
Change in value of investment property (depreciation)	-	-
Depreciation and amortization	(13 671)	(5 092)
Reversals of amortization expenses and provisions	3 878	1 655
Operating income before disposals	**11 943**	**5 944**
Income from disposals of investment properties	39 583	-
Income from disposals of subsidiaries	(1 552)	-
Operating profit	**49 974**	**5 944**
- Cash and cash equivalents	20	8
- Cost of gross financial debt	(3 444)	(3 162)
Cost of net financial debt	**(3 424)**	**(3 155)**
Other financial income and charges	86	(27)
Income or loss before tax	**46 636**	**2 762**
Tax on profits	(1 672)	(1 061)
Income net of tax on divested operations	-	-
Net income or loss for the period	**44 964**	**1 701**
attributable to:		
Non-controlling interests	935	168
Group owners	44 029	1 533
Earnings per share		
Basic earnings per share (in €)	0,2993	0,0107
Diluted earnings per share (€)	0,2993	0,0107
Earnings per share on continuing operations		
Basic earnings per share (in €)	0,2993	0,0107
Diluted earnings per share (€)	0,2993	0,0107
Net income or loss for the period	**44 964**	**1 701**
Other items of comprehensive income		
Items subsequently reclassified as net profit or loss	-	-
Revalued financial assets available for sale	(614)	(35)
Tax relating to reclassified items	-	-
Items not subsequently reclassified as net profit or loss	-	-
Revaluation of capital assets	-	43
Actuarial gains and losses on severance benefits	(78)	24
Tax relating to non-reclassified items	-	-
Total gains and losses recognized as equity	**(692)**	**32**
Comprehensive income Total for the period	**44 272**	**1 733**
attributable to:		
Group owners	43 337	1 564
Non-controlling interests	935	169

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 01/01/2014	**19 313**	**82 157**		**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**
Capital transactions	-	-	-	-	-	-	-
Capital reduction	-	-	-	-	-	-	-
Share-based transactions	-	-	-	-	-	-	-
Treasury share transactions	-	-	-	-	-	-	-
Dividends *reinvested in shares*	-	-	-	-	-	-	-
Dividends	-	-	-	-40 831	**-40 831**	-	**-40 831**
Foreign exchange adjustments	-	-	-	-	-	-	-
Net income or loss for the period	-	-	-	44 029	**44 029**	**935**	**44 965**
Gains and losses recognized directly in equity (1)	-	-	-	-692	**-692**	-	**-692**
Net income and gains and losses recognized directly as equity	**-**	**-**	**-**	**43 337**	**43 337**	**935**	**44 272**
Change in reporting scope	-	-	-	**-119**	**-119**	-	**-119**
Shareholders' equity at 31/12/2015	**19 991**	**83 426**	**-23**	**133 708**	**191 890**	**13 924**	**205 815**

(1) Gains and losses recognized directly in equity

Actuarial gains/losses on the pension provision	-78
JV Adjustment Bassano Développement securities	-614
	-692

STATEMENT OF CHANGES IN CASH FLOW (1,000S OF EUROS)

		31/12/15	31/12/14
Cash flows from continuing operations			
Net consolidated group		44 964	1 701
Derecognition of expenses and income with no impact on cash flow			
Depreciation and provisions		9 793	3 438
Change in the fair value of properties		(21 150)	(7 443)
Bonus shares and share options		-	-
Other IFRS restatements		(42)	121
Other unpaid income and expenses		-	-
Capital gains/losses		(43 720)	1
Impact of changes in reporting scope		712	-
Badwill		-	-
Equity method companies' share of income (loss)		-	-
Cash flows from operations after cost of net financial debt and tax		**(9 442)**	**(2 182)**
Cost of net debt		-	-
Taxes (including deferred tax)		-	-
Cash flows from operations before cost of net financial debt and tax	A	(9 442)	(2 182)
Taxes paid	B	-	-
Activity-based changes in working capital requirements	C	(638)	1 292
Changes in working capital requirements relating to divested operations	D	-	-
Net cash flow generated by operations	E=A+B+C+D	**(10 080)**	**(890)**
Cash flow relating to investing activities			
Acquisitions of property, plant and equipment (PP&E)		(2 297)	(1 428)
Disposals of PP&E		180 328	1
Acquisitions of long-term investments		57	-
Repayments of long-term investments		-	3
Impact of changes in scope (other than discontinued activities)		-	-
Changes in loans and advance payments granted		-	-
Other flows relating to investing activities		(392)	(76)
Changes in investment cash flows from divested operations		-	-
Net cash flow from investing activities	F	**177 696**	**(1 500)**
Net cash flow relating to financing activities			
Capital increase		-	-
Paid by parent company shareholders		-	-
Paid by minority shareholders in consolidated companies		-	-
Dividends paid out		(40 831)	(2 316)
Acquisition or disposal of treasury shares		-	(23)
Receipts relating to new loans		-	6 500
Loans reimbursed		(49 375)	(4 677)
Net interest paid		-	-
Impact of changes in reporting scope		-	-
Other flows relating to financing activities		210	-
Change in financing cash flow from divested operations		(54)	-
Net cash flow relating to financing activities	G	**(90 050)**	**(516)**
Changes in cash flow	E+F+G	**77 569**	**(2 903)**
Changes in cash flow		**77 569**	**(2 903)**
Opening cash balance		-	-
Cash assets		1 284	1 039
Bank overdrafts (1)		-	-
Short-term investments		3 849	6 998
		5 133	**8 037**
Closing cash balance			
Cash assets		82 701	1 284
Bank overdrafts (1)		-	-
Short-term investments		-	3 849
		82 701	**5 133**

(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 2015, the Annual Ordinary and Extraordinary General Meeting decided to allocate the loss of (€5,313,315.93) to unappropriated retained earnings, which totalled €20,903,522,85 on 31 December 2014, resulting in distributable income of €15,590,206.92, allocated in full to unappropriated retained earnings.

For financial year 2014 the company was under no obligation to distribute its earnings within the framework of the REIT tax system.

On 12 August 2015 the Board of Directors decided to pay an interim dividend of €0.27 per share for financial year 2015, making a total distribution of €39,723,820.20.

This decision follows the sale of the property at 17 rue François 1er in Paris 8th.

1.2. DISPOSAL OF CAPITAL ASSETS

Four properties were sold during the period. Firstly, on 20 July 2015, the jointly-owned lots at 17 rue François 1er, Paris 8th, for a gross amount of €85.4 million, then on 29 December 2015, three other properties for a total gross selling price of €95 million:

- The building at 2 rue de Bassano (Paris 16th) and the car parks at 14 rue de Bassano and 47 rue de Chaillot (Paris 16th);

- building at 7 Rue de Surène in Paris 8th.

- building at 26 Rue d'Athènes in Paris 9th.

The loans that had financed these sold buildings were redeemed in advance at the time of these sales.

NOTE 2. ACCOUNTING POLICIES AND METHODS

ACANTHE DEVELOPPEMENT, a European company (public limited company) having its head office at 2, Rue Bassano in Paris 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 in the consolidated financial statements are drawn up at the above balance sheet date (31 December) and cover the same 12-month period, with one exception (SCI BIZET 24), which is included in the comparative financial statements at 31 December 2014. SCI BIZET 24 was incorporated during the course of 2014 and its 2014 accounting year was one of 8 months.

The consolidated financial statements were approved by the Board of Directors on 28 April 2016.

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 at 31 December 2015 (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 2014, with the exception of the following standards and amendments thereto, applying compulsorily or in advance from 1st January 2015:

- IAS 19 amended "Defined Benefit Plans: Employee Contributions";

- Annual improvements to the IFRS (cycle 2010-2012);

- Annual improvements to the IFRS (cycle 2011-2013);

These amendments to standards have not led to any modification of the consolidated financial statements.

IFRS 15 on Revenue from Contracts with Customers, which will apply from 1st January 2018, constitutes a major normative change in the definition of revenue.

However, this new standard will not apply to leases covered by IAS 17 – Leases; and leases make up most of the Group's revenue, so its companies will hardly be affected by this new standard.

IFRS 9 - Financial Instruments, which will apply from 1st January 2018, constitutes another major normative change. This standard defines inter alia the classification, measurement and impairment of financial assets.

The new impairment model, based on expected loss, will use more forecast data that at present and will accelerate the recognition of impairment risks.

The Group has not opted for early adoption of the standards and interpretations that were not yet mandatory on 1st January 2015,

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, yield, the vacancy rate, the comparative value if available, future building works, 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 IAS 19, based on a model developed by the Group;
- provisions estimated on the basis of the type of litigation, judgements 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.

At 31 December 2015, 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 2015. 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 group 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).

All the Group's assets at 31 December 2015 are classified as “investment buildings”,

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 to sell 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 at 31 December 2015, 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 2015, and factor in outstanding renovation work, the marketability 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 (Barthes de Ruyther report)

The valuation criteria set out in the Charte de l'Expertise en Evaluation immobilière determine commercial value excluding transfer expenses and duties. 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 marketability 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 rates of return adopted depend on a number of parameters:

- the long-term cost of resources (investors generally adopt the French OAT TEC 10 index),
- the geographical position 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 appraisals 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 property.

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 properties, predominantly measured by comparison, comes under level 2, whereas the fair value of other properties (offices, commercial premises, miscellaneous premises etc.) 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	26 612	Comparison method	Residential : 1,50 à 3,75%	-	-	3 050
Offices/Commercial premises	3	154 370	Comparison method	Offices : 4,25 à 6% Commercial : 3,75 à 4,25%	3,54 to 5,39 %	8 672	-

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 was presented under Property, Plant and Equipment until the date of sale of this building. 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. At 31 December 2015, one parking space is still used by the Group and is not classified as investment property.

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 is calculated on a straight-line basis and estimated useful life for the following assets:

- 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 at initial recognition designated as being at fair value through profit or loss;
- those that the entity designates as available for sale;
- those that come under the heading 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 at initial recognition designated as being at fair value through profit or loss;
- 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 at 31 December 2014 and 2015, the changes in fair value of the said instruments a re recognized in 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 opted for the SIIC (real estate investment company) tax regime in 2005. For this reason, profits in the property sector are exempt from corporation, other items of income remaining taxable.

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

IAS 19 specifies the methods for recognizing employee benefits. 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 offered 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 involve 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 being reclassified subsequently 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

Rental income is recognized on a straight-line basis over the entire duration of the lease; as such, the impact of rent exemptions or progressive rent clauses is spread 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.

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

		31/12/2015			31/12/2014		
Form	Company	% holding	% control	Consolidation method	% holding	% control	Consolidation method
Parent company							
SE	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
SCI	BIZET 24 (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	CHARRON (1)	97,34%	100%	FC	97,34%	100%	FC
SC	SC 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
SCI	HOTEL AMELOT	100%	100%	FC	100%	100%	FC
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	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
EURL	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
Left the scope of consolidation during the period:							
SAS	FONCIERE ROMAINE	-	-	-	100%	100%	FC
SCI	SCI FRANCOIS VII (1)	-	-	-	97,34%	100%	FC
SA	IMOGEST	-	-	-	100%	100%	FC
SAS	SFIF	-	-	-	100%	100%	FC

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 25 fully consolidated companies, 10 of which 25 are non-trading companies.

3.2. CHANGES IN REPORTING SCOPE

Merger of companies SCI FRANCOIS VII and SCI FONCIERE DU 17 RUE FRANCOIS 1er

On 5 February 2015, SCI FRANCOIS VII was taken over by SCI FONCIERE DU 17 RUE FRANCOIS 1er, both subsidiaries of SNC VENUS.

The purpose of this simplified administrative structure was to aggregate all the jointly-owned lots in the building in rue François 1er under a single entity in order to facilitate their sale.

As the acquiring company acquired all the assets, liabilities and commitments of the acquired company, this internal transaction thus has no effect on the consolidated financial statements.

Sale of IMOGEST and FONCIERE ROMAINE

All SA IMOGEST shares held by FONCIERE ROMAINE were sold on 10 September 2015 to a non-group English company for €750,000.

The company had no specific operating activities but held all the share capital of company SFIF.

The latter owned two properties:

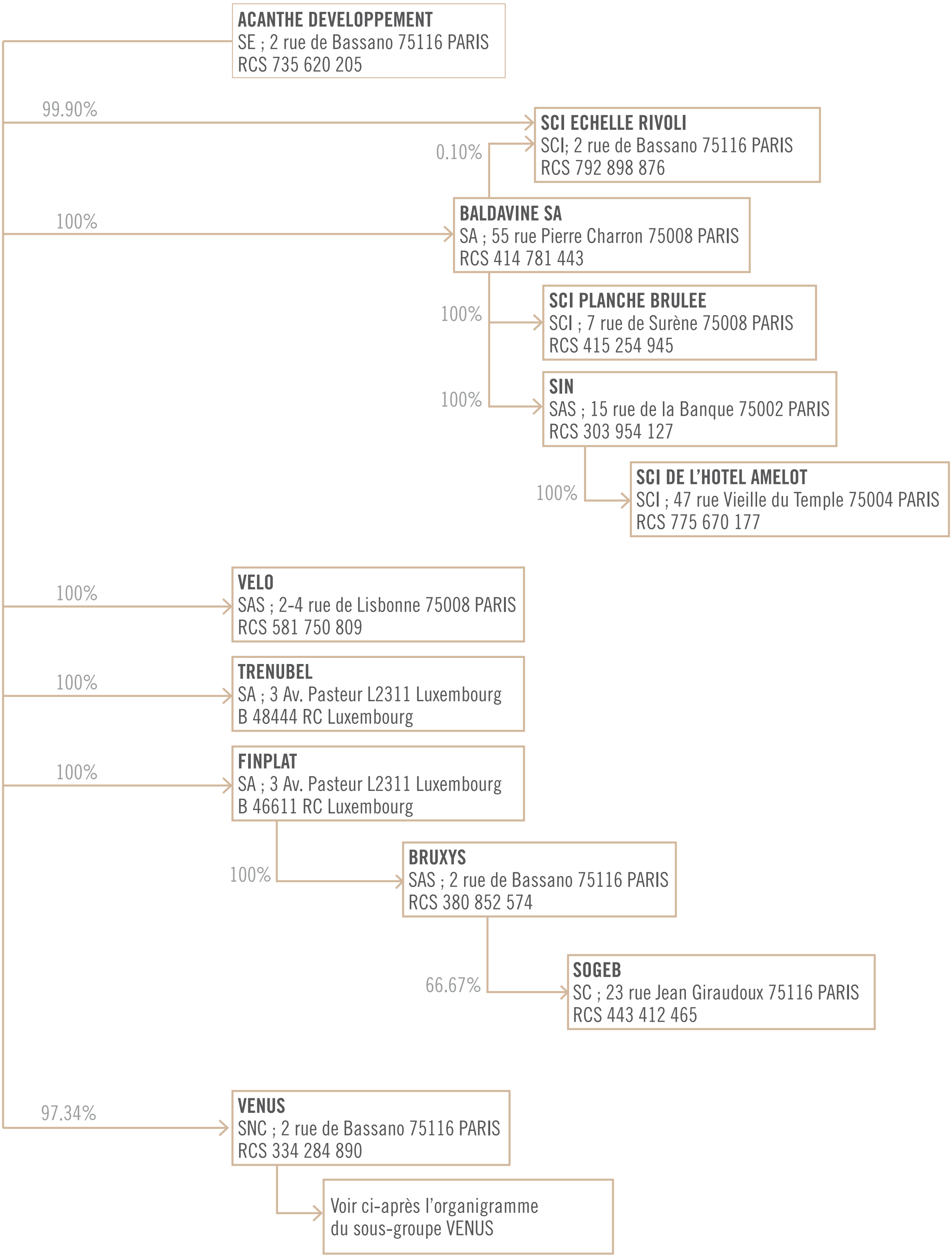
-A flat in Ajaccio, hitherto recognized in inventories in the consolidated financial statements;

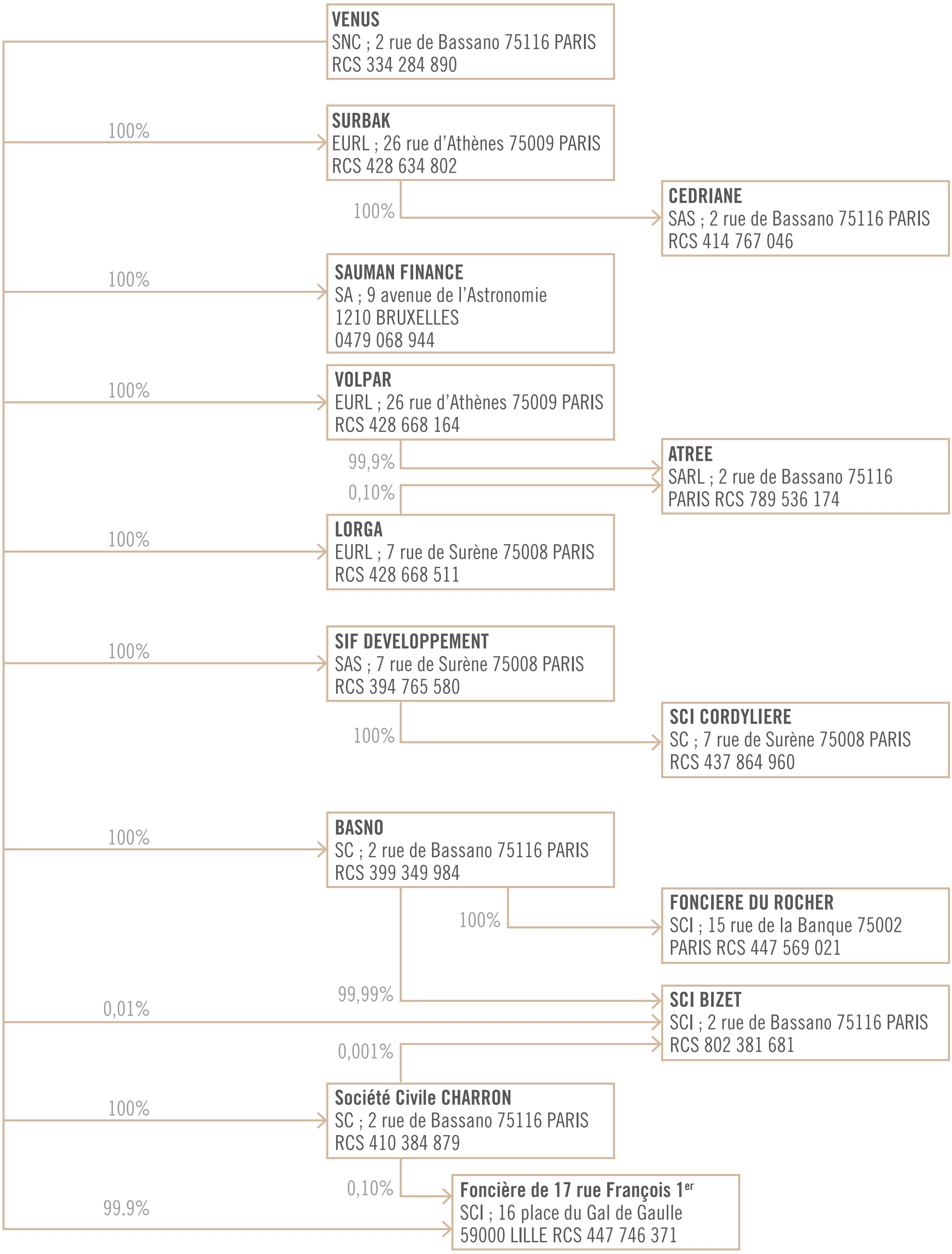
- A plot of land in Villeneuve d'Ascq, classified as an investment property.

Lastly, on 2 December 2015 BRUXYS and ACANTHE DEVELOPPEMENT sold all the share capital in FONCIERE ROMAINE to a non-group Dutch company for one euro for each of the vendors. The company no longer had and operating activities at the time of the sale.

3.3. ORGANIZATION CHART

The percentage stated for each subsidiary is the ownership interest




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 ; 9 avenue de l'Astronomie
1210 BRUXELLES
0479 068 944
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%
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. DISCLOSURES: BALANCE SHEET

4.1. NON-CURRENT NON-FINANCIAL ASSETS

4.1.1. CHANGE IN VALUE OF INVESTMENT PROPERTY

At 31 December 2015:

The appraised value of investment property excluding fees at 31 December 2015 totals €180,982,000.

In 1,000s of euros	Net carrying amount 31/12/2014	Capitalizations (New acquisitions) (1)	Capitalizations (expenses capitalized) (2)	Disposals (3)	Change in fair value (4)	Reclassifications (5)	Value at 31/12/2015
Investment properties (IAS 40)	288 293	127	2 105	-130 543	21 150	-150	180 982

(1) Acquisition of a garage on Quai Malaquais in Paris 6th,

(2) Capitalized expenses primarily concern the works on the buildings in Paris rue Vieille du Temple (€1,578,000) and rue François 1er (€322,000),

(3) The sold buildings are located in Paris 8th rue François 1er and rue de Surène, in Paris 9th rue d'Athènes and in Paris 16th rue Bassano; the fair value of these buildings at 31 December 2014 was respectively €65.0 million, €11.9 million, €7.7 million and €46.0 million,

(4) There were increases in fair value mainly for the building in Rue François er (€11 million), the building in Rue Vieille du Temple (€2 million), the building in Rue de la Banque (€3 million), the building in Rue Charron (€3.2 million) and the one in rue Bizet (1.1 million),

(5) The change in reporting scope concerns the plot of land in Villeneuve d'Ascq (59).

At 31 December 2014:

The appraised value of investment property excluding fees at 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 commercial use of the building in Rue de Surène in Paris (€869,000), and 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.

4.1.2. CHANGE IN THE VALUE OF TANGIBLE ASSETS OTHER THAN INVESTMENT PROPERTIES

As of 31 December 2015 :

In 1,000s of euros	Gross value 31/12/2014	Acquisitions	Disposals	Changes in scope	Revaluation surplus	Account transfer	Gross value 31/12/2015
Land	683	-	-683	-	-	-	-
Buildings & Fixtures	6 148	55	-6 148	-	-	-	55
Tangible assets	295	2	-	-	-	-	297
TOTAL	**7 126**	**57**	**-6 831**	**-**	**-**	**-**	**352**

The administrative premises used by the company on the 3rd floor of the building in Paris 16th at 2 rue de Bassano were included in the sale made during the period (see § 1.2).

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 under IAS 16§39.

4.1.3. CHANGE IN AMORTIZATION AND DEPRECIATION OF TANGIBLE ASSETS OTHER THAN INVESTMENT PROPERTY

As of 31 December 2015 :

In 1,000s of euros	31/12/2014	Allowances	Change in reporting scope	Reversal further to sale and disposal	Revaluation surplus	Account transfer	31/12/2015
Buildings & Fixtures	842	-	-	-842	-	-	-
Tangible assets	245	19	-	-	-	-	264
TOTAL	**1 087**	**19**	**-**	**-842**	**-**	**-**	**264**

The reversed amortization on “Buildings, fixtures and fittings” relates to the sale of the building in Paris 16th at 2 rue de Bassano (see § 1.2).

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**

4.1.4. CHANGE IN THE NET VALUE OF INTANGIBLE ASSETS

As of 31 December 2015 :

In 1,000s of euros	Net value 31/12/14	Acquisitions	Change in reporting scope	Amortization and depreciation	Disposal	Net value 31/12/15
Intangible assets	9	2	-	-3	-	8
TOTAL	**9**	**2**	**-**	**-3**	**-**	**8**

Au 31 décembre 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.

4.2. PROPERTY INVENTORY

As of 31 December 2015 :

In 1,000s of euros	31/12/2014	Acquisitions	Change inventory	Change in reporting scope	Depreciation	31/12/2015
Property inventory	470	-	-	-470	-	-
TOTAL	**470**	**-**	**-**	**-470**	**-**	**-**

The flat in Ajaccio was recognized in inventories. It was held by company SFIF. The latter was derecognized further to the sale of its parent company IMOGEST during the period (see § 3.2).

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 terrace and balconies in Ajaccio (Corsica), which was renovated in the prior period. This inventory, measured at cost (€475,000) was depreciated by €5,000 in 2014.

4.3. FINANCIAL ASSETS

Financial assets are broken down into the following categories as specified by IAS 39:

	31/12/2015									
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	-	-	42	4 496	4 538	42	4 496	-	4 538	3
Trade notes and accounts receivable	-	-	2 575	-	2 575	2 575	-	-	2 575	N/A
Other receivables	-	-	12 023	-	12 023	12 023	-	-	12 023	N/A
Other current assets	-	-	64	-	64	64	-	-	64	N/A
Current financial assets	685	-	-	-	685	685	-	-	685	3
Cash and cash equivalents	82 701	-	-	-	82 701	82 701	-	-	82 701	1

	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

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

At 31 December 2015 :

Financial assets in 1,000s of euros	31/12/2014	Increases	Decreases	Change in reporting scope	31/12/2015	Maturity		
						Up to 1 year	1 to 5 years	Over 5 years
Pledged term deposits (1)	210	-	210	-	-	-	-	-
Financial assets available for sale (2)	5 111	-	615	-	4 496	-	4 496	-
Deposits (working capital) (3)	19	-	1	-	18	18	-	-
Loans	-	-	-	-	-	-	-	-
Trading financial assets	-	-	-	-	-	-	-	-
Other (4)	125	2	104	-	23	23	-	-
TOTAL	**5 464**	**-**	**930**	**-**	**4 538**	**42**	**4 496**	**-**

(1) The term deposit was pledged to DEUTSCHE PFANDBRIEFBANK for €210,000 as collateral for the repayment of the loan it granted to company BASNO. It was redeemed in advance following the sale of the building.

(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 Faubourg St Honoré) for €4,496,000, depreciated by €615,000 according to the share of the revalued net position of this company; this depreciation is offset in equity.

(3) Deposits (working capital) include sums paid to the managing agents of the properties.

(4) this item among other things includes the €14,000 deposit for the air-conditioning company occupying one of the Group's buildings. This item also includes a derivative instrument with a zero value.

In 1,000s of euros	31/12/2015	
	Loss posted in equity	Loss transferred from equity to profit or loss
Financial assets available for sale	-615	-

Derivatives at 31/12/2015

Instruments	maturity	Notional at 31/12/2015 In 1,000s of euros	Valuation at 31/12/2014 In 1,000s of euros Assets	Valuation at 31/12/2015 In 1,000s of euros Assets	Change in valuation In 1,000s of euros
CAP swap (3.65% guaranteed rate)	30/06/2016	12 980	1	-	-1
TOTAL		**12 980**	**1**	**-**	**-1**

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 Faubourg 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 in 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 (€89,000 at 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**

4.3.2. TRADE AND OTHER RECEIVABLES

As of 31 December 2015 :

In 1,000s of euros	31/12/2015					
				Maturity		
	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	2 672	98	2 575	2 575	-	-
Other receivables	12 023	-	12 023	9 923	2 100	-
TOTAL	**14 695**	**98**	**14 598**	**12 498**	**2 100**	**-**

Other receivables at 31 December 2015 primarily include:

- €2,388,000 of VAT receivables,
- A €3,382,000 claim on the Treasury further to a tax dispute (see § 9.3.1),
- €3,006,000 advanced to notaries, including the 1st demand guarantee escrow fund (€2,699,000), in connection with the lease taken out by ACANTHE DEVELOPPEMENT for premises in Paris 16th 2 rue de Bassano, and for notarially recorded instruments offset against "unbilled payables",
- €305,000 for building managers, who mostly repaid at the beginning of 2015,
- €397,000 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: this is 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)
- Carry-backs totalling €45,000.

Net income and expenses recognized in profit or loss at amortized cost on current receivables are as follows:

In 1,000s of euros	31/12/2015
	Net expense recognized in profit or loss
Receivables	-73

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.

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	-
TOTAL	**10 044**	**308**	**9 736**	**6 580**	**3 156**	**-**

Other receivables at 31 December 2014 primarily include:

- €1,379,000 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: this is 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.

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 2015.

These bonds yield 3% and mature on 24 July 2018.

4.3.4. 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.

4.3.5. CASH AND CASH EQUIVALENTS

In 1,000s of euros	31/12/2015	31/12/2015
MONEY MARKET FUNDS	-	3 849
Cash assets	82 701	1 284
TOTAL FINANCIAL ASSETS FOR TRADING	**82 701**	**5 133**

4.4. EQUITY

At 31 December 2015, the share capital is made up of 147,125,260 shares for a total amount 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 31/12/2015			At 31/12/2014			At 31/12/2013		
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.DUMENIL	6 058 269	4,12%	4,12%	9 971 908	6.78%	6.78%	155 386	0.11%	0.11%
Rodra Investissement	71 887 619	48,86%	48,89%	71 947 619	48.90%	48.93%	71 942 393	50.62%	50.62%
Foncière 7 Investissements	855 000	0,58%	0,58%	855 000	0.58%	0.58%	-	-	-
Kentana	303 165	0,21%	0,21%	303 165	0.21%	0.21%	-	-	-
ADC SIIC	0	0,00%	0,00%	2 000 000	1.36%	1.36%	-	-	-
COFINCO	2 000 000	1,36%	1,36%	-	-	-	-	-	-
Acanthe Group									
Acanthe Développement	71 532	0,05%	0,00%	71 532	0.05%	0.00%	1 532	0.00%	0.00%
Subtotal for Alain Duménil and controlled companies (including the Acanthe Group)	**81 175 585**	**55,17%**	**55,15%**	**85 149 224**	**57.88%**	**57.85%**	**72 099 311**	**50.73%**	**50.73%**
PUBLIC									
Public	65 949 675	44,83%	44,85%	61 976 036	42.12%	42.15%	70 032 271	49.27%	49.27%
TOTAL	**147 125 260**	**100.00%**	**100.00%**	**147 125 260**	**100.00%**	**100.00%**	**142 131 582**	**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 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

In financial year 2015, the share capital remained unchanged at 19,991,141 euros, represented by 147,125,260 shares.

4.4.5. DISTRIBUTIONS

On 12 August 2015, the General Shareholders' Meeting decided to distribute a dividend of €0.27 per share, with the option of payment in shares. This generates a reduction of €39,724,000 in shareholders' equity. Payment of dividends generated a cash outflow of the same amount.

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.

At 31 December 2015, 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 2015 (€0.396), 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.

The Board of Directors' meeting of 5 April 2016 duly noted Mr Alain Duménil's express and definitive abandonment of the balance of the options (4,896,436 options remain to date) awarded by the Board of Directors during its meeting on 28 August 2009.

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	52 K€	884 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 note 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.

An agreement between company SOGEB represented by Selarl FHB, company BRUXYS and Mr Bergougnan dated 9 February 2016 definitively settled these disputes . The transactions relating to this settlement are explained in detail in note 9.3.2.

4.5. PROVISION FOR RISKS AND CONTINGENCIES

In thousands of euros	31/12/2015	31/12/2014
Contingency and loss provisions		
Provision for tax risks (1)	7 791	10 662
Provision for litigation (2)	4 325	398
Provision for severance benefits (3)	8 800	-
Provision for severance benefits (4)	398	234
TOTAL	**21 314**	**11 294**

Contingency and loss provisions include:

(1) €7,791,000 for tax risks, €5,910,000 of which concerns ACANTHE DEVELOPPEMENT disputes, and €1,881,000 of which concerns SIF DEVELOPPEMENT disputes, as explained in §9.3.1. All these disputes are covered by provisions, even though not all forms of recourse have been exhausted: some of the disputes covered by provisions have gone to appeal, and others have been referred for appeal to the European Court of Human Rights.

(2) At closing, provisions for litigation comprise two provisions totalling €4,325,000 and concern disputes with minority shareholders of company FIG (see §9.3.4). The two provisions listed at 2014 closing were reversed in financial year 2015, including the €316,000 provision concerning the dispute with Mr Noyer

(3) A provision of €8,800,000 for charges for renting the building at 2 rue de Bassano in Paris. This building, which was owned by the group's subsidiaries BASNO and FONCIERE DU ROCHER, was leased by ACANTHE DEVELOPPEMENT and by various affiliates. It was sold on December 2015, subject to termination of the existing leases and to ACANTHE DEVELOPPEMENT taking out a fixed 12-year lease on the whole building for a rent of €2,699,000, this rent per square metre being higher than the rent per square metre specified in the previous leases. In order to enable its lower-tier subsidiaries to sell the building under the desired terms and conditions, ACANTHE DEVELOPPEMENT agreed to take out the said lease subject to being paid compensation for the additional updated carrying charge it will incur for the duration of the lease. Under the new lease, the rent that ACANTHE DEVELOPPEMENT will pay for the floor area it occupies personally will be higher than the previous rent, and furthermore the rents it will collect from its sub-lessees (the former lessees of the building, on the same terms as previously) will be lower than the rent it will pay for the same floor areas. The quid pro quo for this indemnity owed by the subsidiaries is a provision for charges of the same amount that will be reversed and adjusted over the 12-year term of the lease.

(4) The variables making up this provision are presented in § 9.8.

4.6. FINANCIAL LIABILITIES

4.6.1. ITEMIZED CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Liabilities - In thousands of euros	31/12/2015	31/12/2014
Non-current liabilities		
Loans and debts with credit institutions > 1 year	43 656	90 898
Other loans and debts > 1 year	-	-
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**43 656**	**90 898**
Current liabilities		
Loans and debts with credit institutions < 1 year	1 578	3 481
Bank overdrafts	1	-
Accrued interest	221	406
TOTAL CURRENT FINANCIAL LIABILITIES	**1 800**	**3 887**

TOTAL FINANCIAL LIABILITIES	**45 456**	**94 785**
Cash flow	82 701	5 133
NET DEBT	**-37 245**	**89 652**

The table below presents the cash flow needed to extinguish loans from banking institutions (scheduled capital repayments and future interest), the natures interest rates, their timing 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
184 rue de Rivoli	Munchener Hypotenkenbank	FIXED RATE	NA	nov-2020	3,500%	166	494	2 652	9 503	12 815	12 658
24 rue Bizet	Munchener Hypotenkenbank	FIXED RATE	NA	june-2022	2,867%	88	261	1 348	5 830	7 526	7 325
55 rue Charron	ING Lease	FIXED RATE	NA	nov-2023	6,550%	354	1 062	5 910	13 194	20 520	19 842
	Fixed rate subtotal					**607**	**1 817**	**9 911**	**28 526**	**40 861**	-
2-4 rue de Lisbonne	Munchener Hypotenkenbank	EURIBOR 3 M+1,85%	Trim	may-2021	2,141%	181	551	3 123	10 273	14 127	14 073
3-5 quai Malaquais	Deutsche Pfandbriefbank	EURIBOR 3 M+0.90%	Trim	oct-2019	0,878%	2	193	575	-	770	768
	Euribor subtotal					**183**	**744**	**3 697**	**10 273**	**14 897**	-
	GRAND TOTAL					**790**	**2 561**	**13 608**	**38 799**	**55 758**	**54 666**

The financial liabilities itemized in the above table were measured at amortized cost under the effective interest method. For fair value measurement, the balance sheet amount of non-current financial liabilities would have been different for fixed rates.

Four loans were redeemed in advance further to the sale of the buildings financed by these loans (see § 1.2). At opening, the capital balance of these four loans was €47,980,000.

Exposure to variable 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	45 456	222	45 233	54 666	3
Deposits and guarantees	1 465	1 465	-	1 465	N/A
Trade accounts payable	2 573	2 573	-	2 573	N/A
Tax and social security liabilities	4 150	4 150	-	4 150	N/A
Other liabilities	2 816	2 816	-	2 816	N/A
Other current liabilities	76	76	-	76	N/A
TOTAL	**56 536**	**11 302**	**45 233**	**65 746**	-

With regard to overdrafts, trade payables, deposits and guarantees and tax and social security liabilities, most of which are short-term liabilities, the balance sheet values are stated at cost, which is virtually identical to their fair value.

4.7. SCHEDULE OF DEBTS

At 31 December 2015 :

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	45 456	1 800	7 182	36 473
Deposits and guarantees	1 465	1 465	-	-
Trade accounts payable	2 573	2 573	-	-
Tax and social security liabilities	4 150	4 150	-	-
Other liabilities	2 816	2 816	-	-
Other current liabilities	76	76	-	-
TOTAL	**56 536**	**12 880**	**7 182**	**36 473**

Accrued interest, included in borrowings and financial liabilities, totals €221,000.

«Tax and social security liabilities» includes:

- €422,000 of payroll expenses,
- €435,000 of VAT liabilities (payable or calculated),
- €3,260,000 of outstanding corporation tax,
- €33,000 of sundry taxes.

«Other liabilities» primarily include:

- €1,634,000 of debts to former subsidiaries derecognized by the Group,
- €730,000 of debts to a lessee,
- Customers in credit for €92,000 (mainly early customer payments and advances of occupancy expenses to customers at the end of their lease)
- €91,000 of unbilled credit notes, corresponding to lessees' expense accounting.

At 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	-	-
TOTAL	**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 expenses to customers at the end of their lease)
- €87,000 of unbilled credit notes, corresponding to lessees' expense accounting,
- A lease cancellation fee of €1,800000; 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.

NOTE 5. DISCLOSURES: INCOME STATEMENT

5.1. NET INCOME FROM PROPERTIES

Net income from properties includes all revenue and costs directly related to operating the buildings.

In thousands of euros	31/12/2015	31/12/2014
Rents	8 021	9 249
Rebilled occupancy expenses	1 884	1 699
Total occupancy expenses	(3 165)	(2 785)
Net income from properties	**6 740**	**8 163**

2015 revenue is up 9.5% compared with 2014.

This significant reduction in revenue is primarily due to the change in the Group's reporting scope. Four properties were sold in 2015: the buildings at 17 rue François 1er (Paris 8th), 7 rue de Surène (Paris 8th), 26 rue d'Athènes (Paris 9th) and 2 rue de Bassano (Paris 16th).

The building in rue François 1er had generated nearly €2,500,000 of revenue in 2014. Sold in July, it only generated €1,660,000 of revenue in 2015.

As the three other properties were sold at the end of December, the impact of their derecognition is minimal in terms of revenue.

The buildings in rue Pierre Charron (Paris 8th), rue de Lisbonne (Paris 8th) and rue de Rivoli (Paris 1er) also recorded reductions in revenue, respectively -€243,000, -€141,000, and -€124,000. These reductions are due to departures of lessees.

As these buildings are ideally located in the central business district, takers will undoubtedly be found quickly for these vacant premises.

For the building in rue de Rivoli, the Group is seeking to obtain change of use to commercial for certain vacant residential properties. Negotiations are ongoing.

Since June 2014 the building in rue Georges Bizet has been fully occupied by a law firm, which has had a positive impact on the year's revenue (+€235,000) over a full year, unlike 2014.

Changes in rents on a like-for-like basis, regarding buildings already owned by the group at the previous closing, are:

	31/12/2015	31/12/2014	Change	Changes in %
Change in rents on a like-for-like basis	5 801	5 996	- 195	-3,25%

The effect of overall index-linking of rents on a like-for-like basis at 31 December 2015 is 0.36%.

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	31/12/2015	31/12/2014
Payroll expenses	(1 545)	(1 461)
Other overhead costs	(1 923)	(2 188)
Other income and expenses	(2 687)	(2 576)
Change in value of investment property	21 150	7 443
Other amortization expenses and provisions	(13 671)	(5 092)
Reversals of other amortization expenses and provisions	3 878	1 655
Operating expenses	**5 202**	**(2 219)**
Operating income before disposals	**11 943**	**5 944**
Income (loss) from disposals of investment properties	39 583	-
Income from disposals of subsidiaries	(1 552)	-
OPERATING INCOME	**49 974**	**5 944**

Operating profit before disposals was up €5,999,000 compared with 2014. The main trends in o are:

The €21,150,000 change in the fair value of investment property in 2015 against an increase of €7,443,000 in 2014, a positive variation of €13,707,000. The main changes in fair value are itemized in note 4.1.1.

Amortization expenses and provisions totalled -€13,671,000 as of 31 December 2015 against -€5,092,000 on 31 December 2014, a variation of -€8,579,000.

The period's amortization expense and provisions break down as follows:

- Amortization €29,000,
- Tax risks. €388,000,
- Additional rental finance charges . . . . €8,800,000 (see note 4.5 (3)),
- Property-related disputes and disputes with minority shareholders . . . €4,325,000 (see note 9.3.4 on the FIG dispute),
- Pension. €86,000,
- Depreciation of inventories and customers €42,000,

Reversed provisions totalled €3,878,000 in 2015. They relate to:

- Property-related disputes with minority groups €398,000,
- Tax risks. . . . . €3,261,000,as part of the risk of tax adjustment of ACANTHE DEVELOPPEMENT was confirmed, a tax expense of €1,672,000 and penalties (recognized under «Other expenses») of €1,589,000 were recognized and offset this reversal;
- Depreciation of customers. . . . . €219,000.

Sales of investment properties totalled €39,583,000 at 31 December 2015. This represents the proceeds of the sales of the following buildings:

- The building at 2 rue de Bassano (Paris 16th) and the car parks at 14 rue de Bassano and 47 rue de Chaillot (Paris 16th),
- building at 7 Rue de Surène in Paris 8th,
- building at 17 Rue François 1er in Paris 8th.
- building at 26 Rue d'Athènes in Paris 9th.

The sales of the subsidiaries resulted in a loss of -€1,552,000. This represents the transfer of contributions to consolidated reserves of the sold entities and the 2015 results of these entities.

5.3. NET INCOME (LOSS)

In thousands of euros	31/12/2015	31/12/2014
Operating income	**49 974**	**5 944**
Cash flow and cash equivalents	20	8
Cost of gross financial debt	(3 444)	(3 162)
Cost of net financial debt	**(3 424)**	**(3 154)**
Other financial income and charges	86	(27)
Income or loss before tax	**46 636**	**2 762**
Negative goodwill	-	-
Income tax expense	(1 672)	(1 061)
Résultat net from discontinued operations	-	-
Net income	**44 964**	**1 701**
Group owners	44 029	1 614
Non-controlling interests	935	88

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 (-€2,549,000 in 2015 against -€2,895,000 in 2014), as are the costs of derivatives (-€44,000 in 2015 against €267,000 in 2014) (see note 4.6.1). The increase in the cost of financial debt is accounted for by the specific advance redemption costs of the loan (cancellation of the differences in the effective interest rate €156,000 and prepayment fee of €695,000) financing the four buildings sold during the period.

Income taxes include €1,672,00 for a tax reassessment of ACANTHE DEVELOPPEMENT relating to financial year 2003, this charge is covered by a provision reversal (see note 5.2).

5.4. VERIFICATION OF TAX EXPENSE

In thousands of euros	31/12/2015	31/12/2014
Net consolidated income	**44 964**	**1 701**
Corporation income tax	2	2
Income or loss before tax	**44 966**	**1 703**
French tax rate	33,33%	33,33%
Theoretical tax charge or income	**-14 989**	**-568**
Restatement of foreign company accounts	-159	-170
Other restatements and mismatches	-1 918	-2 334
Non-taxable income (SIIC regime)	18 131	3 694
Allocation: creation of unused deficits	-1 067	-624
Tax charge or income	**-2**	**-2**

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 of the Group's revenue is generated in the real estate sector in the Eurozone.

The Group's assets (investment properties and inventory) as of 31 December 2015 represented a total floor area of 17,085 m², against 24,269 m² compared with the prior period, and break down as follows:

Breakdown by type		
in m²	31-Dec-15	31-Dec-14
Offices	11 703 m²	15 842 m²
Residential	1 996 m²	2 171 m²
Commercial premises	1 473 m²	4 170 m²
Sundry (1)	1 913 m²	2 082 m²
TOTAL	**17 085 m²**	**24 269 m²**

Geographical breakdown		
% based on m²	31-Dec-15	31-Dec-14
Paris	81%	87%
Paris region (outside Paris) (2)	-	-
Provinces	-	1%
Abroad (3)	19%	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	173 982
Paris region	-
Provinces	-
Foreign	7 000
	180 982
Other non-chargeable assets (b)	102 681
TOTAL ASSETS	**283 663**

(a) details of real estate assets
Investment property 180 982

(b) These are not real estate assets

As of 31 December 2015 :

Income statement by business segment at 31 December 2015

(in 1,000s of euros)	Offices	Commercial premises	Hotels	Residential	Not chargeable	TOTAL
Rents	4 870	2 460	-	691	-	**8 021**
Rebilled occupancy expenses	1 325	434	-	125	-	**1 884**
Total occupancy expenses	(1 909)	(803)	-	(248)	(205)	**(3 165)**
Net income from properties	**4 286**	**2 091**	**-**	**568**	**(205)**	**6 740**
Income from property development	-	-	-	-	-	**-**
Expenses on property development	-	-	-	-	-	**-**
Changes in property inventory	-	-	-	-	-	**-**
Net income from property development	**-**	**-**	**-**	**-**	**-**	**-**
Income from other activities	-	-	-	-	-	**-**
Payroll expenses (1)	(1 091)	(203)	-	(128)	(123)	**(1 545)**
Other overhead costs (2)	(1 357)	(253)	-	(160)	(153)	**(1 923)**
Other income and expenses	(2 196)	(249)	-	(127)	(115)	**(2 687)**
Change in value of investment property (3)	17 929	1 050	-	199	1 972	**21 150**
Other amortization expenses and provisions (4)	(12 350)	(585)	-	(374)	(362)	**(13 671)**
Reversal of other amortization and provisions (5)	2 833	502	-	277	266	**3 878**
Income (loss) from disposals of investment properties	(17 551)	57 134	-	-	-	**39 583**
Cash flow income	-	-	-	-	(1 552)	**(1 552)**
Cost of gross financial debt	14	3	-	2	1	**20**
Other financial income and charges	(2 432)	(452)	-	(286)	(274)	**(3 444)**
Profit (loss) before tax	61	11	-	7	7	**86**
Corporation income tax	**(11 854)**	**59 049**	**-**	**(22)**	**(538)**	**46 636**
Income from disposals of subsidiaries	-	-	-	-	(1 672)	**(1 672)**
Net income	**(11 854)**	**59 049**	**-**	**(22)**	**(2 210)**	**44 964**

(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 additional rental charges, allowances for the Paris Court of Appeal order dated 24 February 2014 and allowances for tax risks.
(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 2015

In 1,000s of euros	Offices	Commercial premises	Hotels	Residential	Not chargeable	TOTAL
ASSETS						
Investment properties	103 877	17 263	-	26 612	33 230	**180 982**
Tangible assets Bassano QP administrative offices	-	-	-	-	-	**0**
Property inventory	-	-	-	-	-	**0**
Buildings held for sale	-	-	-	-	-	**0**
LIABILITIES						
Non-current financial liabilities	32 375	-	-	11 280	-	**43 656**
Current financial liabilities	1 113	-	-	465	223	**1 800**

Acquisitions of sector-based assets valued at 31 December 2015

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 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 (5)	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 2015 :

Income statement by geographical segment at 31 December 2015

(in 1,000s €)	Paris	The Paris region (outside Paris)	Provinces	Foreign	Non-chargeable	TOTAL
Rents	7 935	-	-	86	-	**8 021**
Rebilled occupancy expenses	1 846	-	-	38	-	**1 884**
Total occupancy expenses	(2 941)	-	-	(224)	-	**(3 165)**
Net income from properties	**6 840**	**-**	**-**	**(100)**	**-**	**6 740**
Income from property development	-	-	-	-	-	**-**
Expenses on property development	-	-	-	-	-	**-**
Changes in property inventory	-	-	-	-	-	**-**
Net income from property development	**-**	**-**	**-**	**-**	**-**	**-**
Income from other activities	-	-	-	-	-	**-**
Payroll expenses (1)	(1 336)	-	-	(209)	-	**(1 545)**
Other overhead costs (2)	(1 663)	-	-	(260)	-	**(1 923)**
Other income and expenses	(2 405)	-	-	(282)	-	**(2 687)**
Change in value of investment property	20 712	-	-	438	-	**21 150**
Other amortization expenses and provisions (3)	-	-	-	-	(13 671)	**(13 671)**
Reversal of other amortization and provisions (4)	150	-	-	468	3 260	**3 878**
Income (loss) from disposals of investment properties	39 583	-	-	-	-	**39 583**
Cash flow income	-	-	-	-	(1 552)	**(1 552)**
Cost of gross financial debt	17	-	-	3	-	**20**
Other financial income and charges	(2 978)	-	-	(466)	-	**(3 444)**
Profit (loss) before tax	75	-	-	11	-	**86**
Corporation income tax	**58 995**	-	-	**(397)**	**(11 963)**	**46 636**
Income from disposals of subsidiaries	-	-	-	-	(1 672)	**(1 672)**
Net income	**58 995**	-	-	**(397)**	**(13 635)**	**44 964**

(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 and administrative expenses.
(3) Non-chargeable provisions concern allowances for additional rental charges, allowances for the Paris Court of Appeal order dated 24 February 2014 and allowances for tax risks.
(4) Reversed provisions not chargeable primarily include reversed provisions for tax risks.

Balance sheet data by geographical segment at 31 December 2015

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	-	-	-	-	-	**0**
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 2015

In 1,000s of euros	Paris	The Paris region (outside Paris)	Provinces	Foreign	Non-chargeable	TOTAL
Investment properties	-	-	-	-	-	**-**

The liability items are bank overdrafts and related items.

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 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) 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 liability items are bank overdrafts and related items.

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)	31/12/2015	31/12/2014
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)	31/12/2015	31/12/2014
Commitments received in specific transactions	-	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	31/12/2014	31/12/2015	at less than 1 year	1 to 5 years	over 5 years
Sureties and independent guarantees granted to financial institutions	62 295	20 158	853	3 520	15 785
Registered mortgages on properties purchased 1.2 times the amount of the outstanding loan	113 894	54 643	1 964	8 870	43 809
Collateral for commercial rents	94 912	45 536	1 636	7 392	36 508

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
BALDAVINE	ACANTHE DEVELOPPEMENT AND VELO	MUNCHENER HYPOTHEKENBANK	20/05/2011	19/05/2021	repayment	4 676	100%
SCI ECHELLE RIVOLI	ACANTHE DEVELOPPEMENT AND BALDAVINE	MUNCHENER HYPOTHEKENBANK	18/11/2013	17/11/2020	repayment	1 000	100%
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	31/12/2015	31/12/2014
Pledged fixed term deposits and interest-bearing accounts in favour of banks	-	210

Lien released on early repayment of the loan.

Other commitments

Loan agreements specify that borrowing companies have to meet a number of ratios:

		Ratios		
		ICR	DSCR	LTV
BALDAVINE	MUNCHENER HYPOTHEKENBANK	≥ 145%	≥ 101%	≤ 80%
ECHELLE RIVOLI	MUNCHENER HYPOTHEKENBANK	-	> 105%	≤ 60%
SCI BIZET 24	MUNCHENER HYPOTHEKENBANK	-	-	≤ 65% (1)

(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.

A commitment to maintain the shareholdings was given for the loan taken out by SC CHARRON with ING LEASE France,

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 €753,000.

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 at 31 December 2015 In 2016 these should be reduced by €8,€947,000 according to the outcomes of the disputes (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	31/12/2015	31/12/2014
Registered mortgages on buildings (1)	13 876	22 956

The mortgage amounts break down as follows:

In thousands of euros	total at 31/12/15	at less than 1 year	1 to 5 years	over 5 years
Mortgages	13 876	0	13 876	0

(1) Including €13,876,000 for buildings formerly owned by 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.

Following planning permission granted to renovate the building at 47 rue Vieille du Temple in Paris 4th, commitments to carry out the works were given. The cost of the works for which the Group has given commitments totals €790,000 excluding tax at 31 December 2015. To this amount should be added acquisition cost of commercial use for the requisite areas (€1,583,000 excluding tax and down payments).

7.3.2. COMMITMENTS GIVEN

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 2015 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 the «investment property» in the consolidated financial statements and measure the market value of its assets.

The economic climate [1]

Management resolutely considers that the fair value of its buildings must be estimated with the greatest rigour. Due to the uncertain economic environment, the corporate property market remains a safe investment for investors and therefore requires all

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(1) Insee

the more care in valuing such assets, which are the main component of the Group's business and earnings.

Although GDP grew by 1.1% in 2015 (against 0.4% in 2014), the main economic indicators are still very mixed: A virtually unchanged unemployment rate of 10.3% (0.1% down on 2014), a trade balance that has negatively impacted on growth (0.5 points) whereas in parallel total French production increased by 1.4% compared with 2014 and household consumption increased by 1.4% in 2015 (albeit on the decline in the 4th quarter of 2015 following the attacks of 13 November and very warm weather), a growth trend that was confirmed in the 1st quarter of 2016.

In 2015, France failed to take sufficient advantage of internal measures taken previously in favour of companies (Competitiveness and Employment tax credit) or that are being taken belatedly (reform of the Labour Code, training for the unemployed). It still faces the same structural problems: further reducing its deficit while at the same time not stifling existing growth, and increasingly contending with a great deal of social discontent (farmers, public sector workers, youth) in 2016, a pre-election year.

The average of French GDP growth forecasts is 1.5% for 2016, including 0.8% that is expected to result from the combined falls in the price of oil, in the euro and in interest rates (OFCE figures). Uncertainties surrounding the global economy (slowdown in China and other BRIC countries, a highly unstable Middle East, the difficulties of oil-exporting countries, including the United States) will inevitably affect the European economy and thus the French economy, a eurozone that certain economists regard in spite of everything as the only real source of growth in 2016. In its latest economic report (March 2016), INSEE notes the rise in corporate investments and envisages a fall in unemployment.

To support economic activity, the European Central Bank has extended its quantitative easing plan announced on 22 January 2015. Its massive public debt purchase programme, aimed at restoring market confidence, reviving growth in the eurozone and stabilizing inflation at 2%, will continue until March 2017. A number of analysts have pointed out the ineffectiveness of this policy for the real economy and regard as dangerous the amount of ready cash available, fearing the emergence of speculative bubbles in various sectors. That notwithstanding, the markets are still very dependent on these very low interest rates (10-year treasury bonds at 0.5% in March 2016) or even negative rates for the short-term Euribor (Euribor 1 month and 1 year at -0.4% in March 2016). Accordingly, mortgages too are offered at very low rates supporting the housing market.

In 2015 the financial markets went through a period of turbulence despite the very low rates and even more liquidities than in 2014. A record year on the mergers and acquisitions market, with some 4,600 billion dollars (Thomson Reuters figures), the big deals are greater in number: +54% for deals in excess of 5 billion dollars. They are guided by a variety of interests, such as winning market shares, technological adaptation or rationalization of production equipment. But they are also a sign of restored confidence.

Torn between good and bad news, investors who invest their liquid assets on equity markets penalize companies exposed to emerging countries and oil prices and have turned towards sectors like aeronautics (the fall in the euro) or the automotive industry. Albeit attractive with its monetary facilities, the French stock market is highly volatile: the CAC 40 is still far below the 5,200 mark it reached in April 2015, ending at 4,677 points at the end of last year and already under the 4,500 mark in March 2016. So as in 2014 investors still prefer to bank on property in these uncertain times.

The corporate property market in 2015 (2) (3)

- The investment market:

2015 was the second best year for the business property market in France, just behind the record year of 2007: 24.8 billion euros against 23.8 billion euros in 2014, which itself was the 3rd best year. It has grown by 4.2%. This exceptional activity generated 17.3 billion euros in the second half of 2015, more than 10 billion euros of which in the 4th quarter of 2015.

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(2) Figures taken from the February 2016 survey by Cushman & Wakfield: "Investment Market Update France Q4 2015"

(3) Figures taken from the January 2016 survey by Cushman & Wakfield: "Annual Business Survey France 2016"

An analysis of deals reveals a market still driven by big transactions, in excess of 100 million. There were 80 such investments, against 54 in 2014. They alone make up 65% of investments, against 68% last year, whereas deals over 200 million euros now only make up 34% of investments, against 47% in 2014. For the record, 2014 saw three deals in excess of one billion, against only one in 2015 (Gecina's 1.24 billion euro acquisition of two assets in the Ivanhoé Cambridge portfolio).

Deals continue to be advantaged by refinancing rates close to zero, investor aversion to stock market volatility and prudential asset allocation obligations. French insurers, real estate firms and private funds represent 60% of investments (66% in 2014), while North-American investors represent 18% (12% in 2014): France is the 3rd largest European market in terms of volumes invested.

Most transactions concerned office space: 70% of investments in 2015 against 61% in 2014. The proportion of office space in overall investments has increased sharply at the expense of investments in retail outlets, 5.2 billion euros against 7.7 billion in 2014, a year that saw five major deals.

Apart from Gecina's acquisition of tower T1&B at La Défense occupied by Engie (ex GDF Suez) and PSA's head office, avenue de la Grande Armée in Paris, emblematic deals in office blocks in 2015 included the sale of the GE Kensington portfolio to Blackstone (700 million euros), Ecowest at Levallois Perret acquired by Adia (477 million euros), Amundi's head office in boulevard Pasteur in Paris 15 acquired by Primonial Reim (308 million euros) or even the former head office of La Française in boulevard Haussmann, acquired by one of Axa's funds (undisclosed price).

Ile-de-France still enjoys the best part of investments. Thanks to its vast and diverse real estate base, the region is still attractive for funds and other players such as the registered offices of foreign and French multinationals, tourism, economic dynamism despite the crisis. The region alone represents 77% of investments in France in 2015, totalling 19,3 billion euros against 17 billion in 2014.

The proportion of investments in office space in Ile-de-France is growing, up from 77% of capital employed in 2014 to 83% in 2015. Also noteworthy is the revival of the sale-off-plan market, which alone represents 2.7 billion euros of investments (have of which in "dry run" operations).

Inner Paris, in particular the central business district, again attracted investors seeking safe investments and drew in 6.2 billion euros, 1.9 billion of which for the central business district (same volume as in 2014). This strong appeal of emblematic properties resulted in a fall in the yield from "prime" properties, down from 4% in 2014 for the best service-sector assets in Paris's central business district to 3.25%.

Faced with limited supply and falling rates of return, investors again banked on the main redeveloped areas in the outskirts of the capital (Clichy-Batignolles and the North-East). The area wets of inner Paris (Boulogne-Billancourt, Levallois-Perret) is also much in demand, with 4.5 billion euros invested there against 2.7 billion euros in 2014.

In 2016 the investment market will be bolstered by the availability of cash (the European Central Bank's programme extended to March 2017) and low rates. As the financial markets lack investment alternatives, property should continue to be favoured by investors, all the more constrained by asset allocation regulations like insurance companies.

Growing since 2012, the commercial property investment market in France appears to be bearish: 5,2 billion euros invested in France against 7.7 billion in 2014. This downturn should be put into perspective: in 2014, five major deals generated 4.5 billion euros of capital. Only one major deal exceeded 500 million euros in 2015. The level of investments in 2015 was 53% higher than the average level of investments over the past ten years, proving the appeal of this area, which is becoming more balanced in terms of deal size, with over double the number of deals greater than 100 million euros (1.7 billion euros in 2015 against 800 million euros in 2014).

The types of properties investors are seeking are still well-known avenues and major retail parks in the provinces (smaller than in 2014 with high appreciation potential).

Shopping streets for their part represent a total of 2 billion euros, against 1.5 billion euros invested in 2014. Avenues like the Champs-Elysées (sale of 49-53 " L'ATELIER RENAULT" and " HÄAGEN-DAZS" for roughly 300 million euros), avenue Montaigne (sale of the Céline boutique), rue du Faubourg Saint Honoré (sale of the flagship Roberto Cavalli store) but also the Marais and Saint-Germain-des-Prés quarters, are still safe investments for leading luxury brands with networks of prestigious boutiques.

The «prime» yield on stores in France fell to 3% at end 2015, down 0.5% on 2014. For the Champs-Elysées or rue du Faubourg Saint- Honoré, this rate even fell below 3%. The yield from shopping centres was 4% against 4.5% at the end of 2014.

- The rentals market in Ile-de-France and Paris (4) :

In 2015, demand met in Ile-de-France totalled 2,2 million m² in floor area, up 17% on 2014. However this level is still below that of 2006-2007 (2.8 million m²) and 2011-2012 (2.5 million m²). The activity was one again sustained by the capital, which represents 43% of investment floor area, 949,000 m², close to its 2006 record with 1 million m².

The year was marked by a small number of transactions in excess of 5,000 m²: 56 in 2015, under the ten-year average for this type of deal, an average of 69 deals. This trend goes hand in hand with lower investment volumes than previously by these big deals: 713,600 m² invested, 16% down on 2014. This benefits deals in spaces under 1,000 m², which total 764,100 m² and represent 35% of sales, the highest level for 15 years.

Apart from inner Paris, regional investment demand is increasing sharply in the southern crescent (Boulogne-Billancourt, Issy-les -Moulineaux, Meudon, Sèvres, St-Cloud): 293,000 m² against 153,000 m² in 2014. Three flagship deals represent nearly one third of deals in this area (SNCF, Accord, OECD).

The La Défense area saw a decrease in investment space (141,000 m² in 2015, 41% down on 2014) in the absence of major deals, as had been the case in 2014.

For the same reasons, the inner suburbs saw a falloff in deals (183,000 m² in 2015, 22% down on 2014).

For the second year running, inner Paris saw a rise in investments: +15% compared with 2014 (+11% in 2014 compared with 2013). All geographical areas was a rise in the number of deals, in particular the North-East (25% more area than in 2014). The central business district, the driving force behind the Paris market, is up 18% with deals representing 447,200 m².

Unlike 2014, there were fewer major deals in the past year (down 10%). This fall was offset by deals in small and medium-size properties (under 1,000 m² and between 1,000 m² and 5,000 m²), which are more in demand.

We note in particular the number of new builds delivered in 2015, which represent 1.1 million m² in Ile-de-France, nearly 390,000 m² of which in the capital, 60% of which in the south of Paris.

The central business district once again proved its great appeal and continued its turnaround that started in 2014, ending 2015 with a 4th quarter of high volumes. Retailers like Sandro (3,000 m²) or Zadig and Voltaire France (2,900 m²) have gained a foothold in this area, which also attracts players in the Net Economy like Blablacar (9,500 m², Cloud Paris 2), and which has retained its luxury brands (Chanel at 39-41 Rue Cambon).

This excellent performance by the capital is reflected in the vacancy rate, 4.6% for Paris and 4.4% for the central business district. This has slightly impacted on the headline rents of "prime" properties, which are up 3%, between €730 per m² per annum and €800 per m² per annum for an average "1st hand" rent of €650 per m² per annum. The contraction of supply is reflected in rent exemptions and other accompanying measure for new leaseholders, limited to between 10% and 18% of leases. So 2016 may well be a bullish year.

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(4) Figures taken from the January 2016 survey by Cushman & Wakfield: "Property Times Ile-de-France Q4 2015", "Property Times Paris Q4 2015", "Property Times Paris QCA Q4 2015"

With no fewer than 15 ongoing building projects representing 175,000 m² (including La Samaritaine, 20,000 m²), investors are showing confidence in the central business district. These deliveries should benefit the available spaces in the area in 2016.

The retail rental market is driven by high demand, sustained by new entrants (Nyx) and recent retail chains (Harmont & Blainequant, Pandora). The retail chains confirm the 2014 trend by continuing to develop self-run boutiques, thereby enabling long-established brands in totally different industries (Le Creuset, Asics) to offer a real customer experience.

In Paris, the luxury industry was still the driving force behind the area, but it is no longer the only one: pop-up stores but also the pure players (Spartoo) and concept restaurants are looking for "prime" locations. This creates some tension on rental values (rarity, the inadequacy of available surfaces or regulatory constraints), factors that drive certain players beyond the most sought-after avenues like rue du Faubourg Saint-Honoré. Some other districts already in vogue are benefiting, like the Marais with many planned openings, or the left bank with the long-awaited delivery of the covered market of Saint-Germain-des-Prés at the end of 2016. Other areas like the Champs-Elysées are attracting interest despite having the highest prices in the capital, with the buyout in May 2015 of the well-known discotheque The Queen for 70 million euros (source: Financial Times), leading one to expect the arrival of a global brand on the world's most beautiful avenue. Finally, merger operations (like Darty) could have an influence, with trade-offs that should free up some space. But market pressures are expected to persist, with every higher demand at high prices.

Retailers are also keeping a close eye on the impact of the Macron bill, which increases the number of permitted Sunday openings and creates international tourist areas in Paris and in certain large provincial cities. The central business district, but also the left bank with Le Bon Marché, are still awaiting the outcome of collective agreements (department stores, FNAC) to create other activities and boost their earning power.

The high-end residential property market in 2015 [(5)]

2015 contrasts strongly with 2014 and 2013: Paris has once again become a capital much sought-after by an international clientele, up from 10th to 7th place in the league table of cities targeted by such investors. The relative stagnation of prices compared with other world capitals (New-York, Hong-Kong, London and Geneva) has not escaped this clientele capable of making swift trade-offs with their assets. Interest rates and the strong dollar against the euro are decisive factors, the Paris market being considered very reasonable compared with other cities (average price slightly up by 3%).

To prove this return of foreigners to the Paris market, the Barnes network reports a surge in deals on exceptional properties worth more than 10 million euros, up from 5 to 17 in 2015. Properties under 2 million euros also saw a significant increase in sales, +38% in 2015. However one sector remains depressed, that of family homes, in which the mainly French buyers are disadvantaged by dwindling purchasing power.

Among the foreign clientele, mainly American, investors from the Middle East are making a comeback.

2016 should confirm this good performance and be reflected in the prices of deals.

- The Group's assets:

Apart from buildings undergoing renovations (rue Vieille du Temple), the occupancy ratio of the ACANTHE DEVELOPPEMENT Group's properties is 63%. On the same basis, the ratio rises to 79% for its Paris-based assets.

In 2015 the Group acquired a garage on Quai Malaquais in Paris 6th.

In the same year it sold buildings in François 1er and rue de Surène (Paris 8th), rue d'Athènes (Paris 9th) and rue de Bassano (Paris 16th).

As in previous periods, expert appraisals were conducted on 31 December 2015 based on the criteria set out in the «Charte de l'Expertise en Evaluation Immobilière» (French property appraisal charter) and applied by all listed property companies.

Properties that are subject to preliminary contracts of sale without key conditions precedent are valued at their net selling price.

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(5) Barnes International Luxury Real Estate: press release of 21 January 2016 published in Les Echos

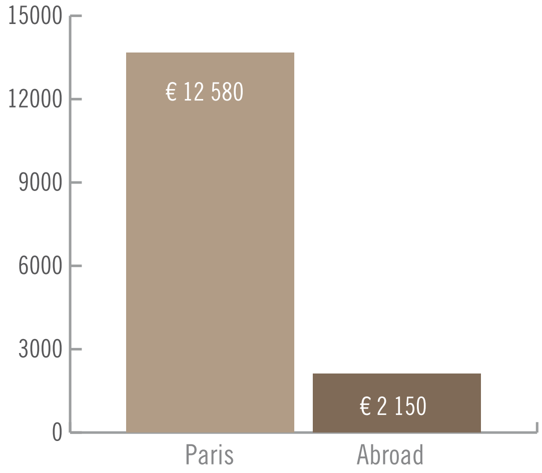
The group's assets are estimated at €180,980,000. They include €103,875,000 of office space, €17,263,000 of commercial premises, €26,612,000 of residential buildings, plus €33,230,000 for a building which will be converted into offices, commercial premises and possibly residential units and car parks.

The floor areas break down into 11,703 m² of office space, 1,473 m² of commercial premises and 1,996 m² of residential units.

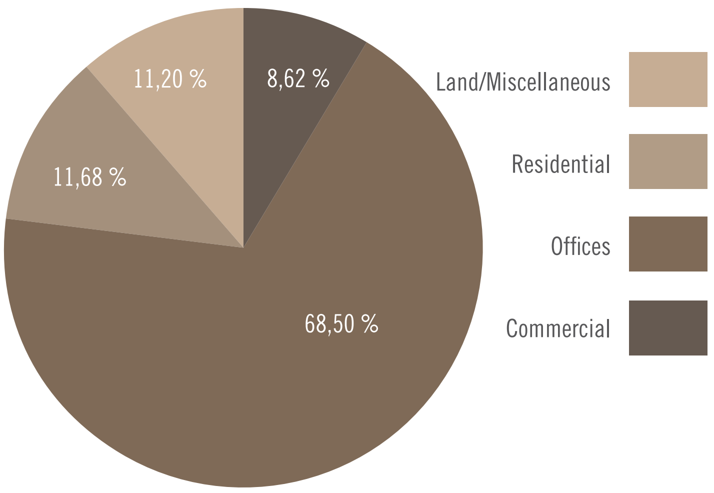
Non-attributable floor areas total 1,913 m², the area of the building undergoing structural works.

On a like-for-like basis, the expert appraisals of the ACANTHE DEVELOPPEMENT group's assets showed an increase of 13.25% against 31 December 2014.

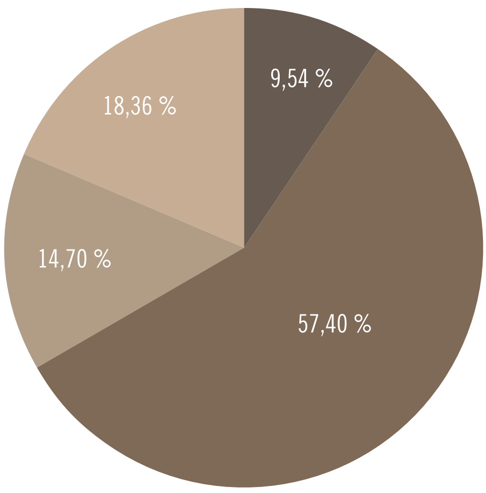
These expert appraisals show the following average values per m²:



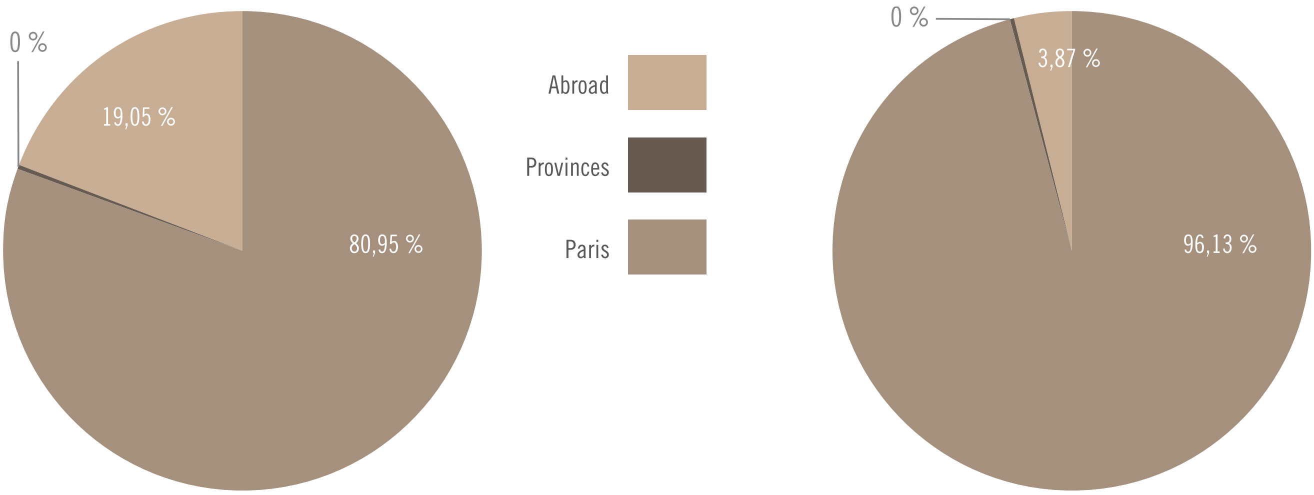
Nature of assets in m²



Nature of assets in value



Breakdown of assets by m² **Breakdown of assets by value**



Accordingly the Group's net position stands at €191,890,000. 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 2015:

	In 1,000s of euros
Consolidated shareholders' equity	191,890
Treasury shares:	23
Capital gain on treasury shares	70
Adjusted Net Asset Value at 31/12/2015	**191,983**
Number of shares 31/12/2015	**147 125 260**

- ANAV: €1.3049 per share

Dilutive instruments are not included at 31 December 2015. 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 at 31 December 2015: €0.44).

It should be noted a Board meeting on 5 April 2016 duly noted Mr Alain Duménil's express and definitive abandonment of the balance of the options .

By way of comparison, the Adjusted Net Asset Value at 31 December 2014 was as follows:

	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 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 at 31 December 2014: €0.34).

9.2. TAX POSITION

In the ACANTHE DEVELOPPEMENT group, FONCIERE ROMAINE was the parent company of a tax consolidation group that included two other companies. FONCIERE ROMAINE has been sold and derecognized by the ACANTHE DEVELOPPEMENT group, including the companies it owned.

The Group's fiscal deficits relate to the taxable portion of taxable income (non-SIIC).

en K€	31/12/2015	31/12/2014
Déficits reportables	47 963	52 435
TOTAL	**47 963**	**52 435**

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).

In consideration of the information presented below, the arguments put forward by CMS Bureau Francis Lefebvre lawyers and arguments based on legal precedents, the Company considers that it should win most of these cases, which justifies the absence of recognized provisions apart from those recognized in cases that resulted in adverse decisions rendered by the Administrative Court of Appeal or the Council of State.

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.

ACANTHE DEVELOPPEMENT has exhausted all possibilities of review and, despite the importance and seriousness of its arguments, has not managed to obtain an exemption or reduction of the disputed tax.

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 with the Administrative Court of Appeal of Paris to challenge the ruling on this point. The case is currently being heard by this Court.

At 31 December 2013, the company had 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.

At 30 June 2015, further the decision of the ECHR, provisions of €3.26 million relating to 2002 and 2003 were reversed and the debt was recognized for the same amount.

The recognized provisions therefore amount to €5.91 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 €1.4 million (principal and interest on arrears) and €0.2 million (surcharge), making a total amount of €1.6 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 on 24 August 2015 it filed an appeal with the ECHR to have 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.

- 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 €0.24 million (principal) and €0.08 million (interest on arrears), making a total amount of €0.32 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.

Furthermore, on 27 March 2015 the Administrative Court of Appeal handed down an adverse decision concerning the challenge of the property capital gains. In April 2015, continuing to contest the corresponding additional tax assessments, the company lodged an appeal in law before the Council of State, which is currently being investigated.

The hearing took place on 10 March 2016 and the Council of State's decision is expected in the coming weeks.

- VOLPAR

The tax authorities have also sent another group subsidiary a proposed adjustment (€0.51 million of principal and €0.02 million 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.

An appeal regarding corporation tax was lodged before the Administrative Court of Appeal of Paris on 16 April 2016. The latter totally discharged the additional tax payable by the company in an order dated 2 February 2016.

The deadline for a possible appeal by the Administration before the Council of State has not yet expired.

No provision has been recognized in this respect.

9.3.2. MINORITY GROUP SOGEB'S SHARES

For the record, two proceedings were ongoing:

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 SOGEB's general shareholders' meeting of 15 January 2009 deciding on a capital increase, as well as the resolution the same company's general shareholders' meeting of 16 March 2009 that had recorded the realization of the capital increase, annulled the resolution of the same company's general shareholders' meeting of 30 March 2009 concerning the modification of its corporate purpose, and annulled the resolutions of the same company's general shareholders' general meetings of 21 June 2010, 23 June 2011 and 10 July 2012 concerning the appropriation of earnings.

This judgment declared inadmissible the claims of minority shareholder Mr Bergougnan for damages against successive managers and reversed the sentences of three successive managers to pay the minority shareholder a total of €100,000 in proportion to their terms of office for his personal loss.

Finally, this judgement ordered the dissolution of the Company.

Selarl FHB-Facques Hess Bourbouloux was appointed administrator to proceed with liquidation operations.

An order of the Final Court of Appeal on 8 July 2015 dismissed company BRUXYS's appeal against the order of 22 January 2013.

On 18 March 2014 Selarl FHB filed an asset-freezing order with two banks where BRUXYS (a, ACANTHE DEVELOPPEMENT subsidiary holding 2/3rds of SOGEB's equity) has an account, as well as an asset-freezing order on FONCIERE ROMAINE shares, owned by BRUXYS.

On 10 April 2014 SOGEB, represented by Selarl FHB, summoned BRUXYS before the Commercial Court of Paris with a view to having it ordered to pay €19,145,851.82 in respect of partners' current accounts.

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.

An agreement between company SOGEB represented by Selarl FHB, company BRUXYS and Mr Bergougnan dated 9 February 2016 definitively settled these disputes .

Under this agreement, €2,500,000 of Mr Bergougnan's current account of roughly €6.23 million was paid by SOGEB by means of sums previously paid to it by BRUXYS; the balance by means of the sale of BRUXYS, paying by order and on behalf of SOGEB 871 bonds issued by CEDRIANE, a simplified joint stock with capital of €232,789.62, listed in the Trade & Companies Register of Paris under number 414 767 046, each with a par value of €4,280, numbered 1 to 871.

The term of the debenture loan is 5 years starting on 3 April 2015 and ending on 2 April 2020.

For the duration of the loan, the bonds bear 2% interest per annum and per bond obligation for a full year, payable annually on 30 April.

The bonds are redeemable in fifths on 30 April of every year.

In addition, Mr Bergougnan received a cheque for €2,391.68 in payment of the balance due on sums partially paid in bonds and a cheque for €202,165.21 in respect of various expense accounts, damages et al.

Duly authorized by a decision of its Board of Directors on 4 December 2015, ACANTHE DEVELOPPEMENT gave Mr Bergougnan a guarantee of payment of the 871 bonds transferred to him.

Accordingly, SOGEB withdrew from the proceedings brought by its liquidator against BRUXYS and discharged the preventive attachment of the FONCIERE ROMAINE shares.

Mr Bergougnan for his part withdrew all claims filed with the Commercial Court of Paris, as did SOGEB. In addition he withdrew from the proceeding he had brought before the Regional Court of Paris both against SOGEB and against LAILA TWO.

Please note that at the general shareholders' meeting of 9 February 2016, convened exceptionally by the liquidator, after approving the accounts, SOGEB's shareholders unanimously decided to reduce the company's share capital by €514,400, by buying back the shares held by BRUXYS and withdrawal of the latter, for the price of €617,466.81 (€514,400 from the share capital, the balance of €103,066.81 from unappropriated retained earnings, all this paid by way of pro tanto compensation for sums still owed to SOGEB by BRUXYS). So SOGEB is no longer part of the ACANTHE DEVELOPPEMENT Group.

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. A decision will be handed down during the course of 2016.

As company DUTHEIL is placed in judicial liquidation, we have declared our claim as per the amount stated in our submitted documents, namely a total of €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, jointly and severally with companies FIG and VENUS, to pay 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 jointly and severally to pay €100,000 each in respect of article 700 of the Code of Civil Procedure.

ACANTHE DEVELOPPEMENT paid Mr Barthes and Mr Noyer in full further to this decision.

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.

An appeal on points of law has been lodged against this judgement of the Paris Court of Appeal ruling. The proceedings are still ongoing.

b/ Sums to be placed under compulsory administration:

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) placed under compulsory administration 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 placed under compulsory administration 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.

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

In a judgement dated 24 September 2015, the Court of Appeal of Paris dismiss all ACANTHE DEVELOPPEMENT's claims, considering that it had lodged an appeal in law against the ruling of 27 February 2014, with the result that this ruling was not final.

ACANTHE DEVELOPPEMENT has lodged an appeal in law.

The sum of €138 million (value of the VENUS shares) and the sum of €1.7 million placed under compulsory administration 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 procedure (initiated on 6 January 2011)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 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.

Transaction

Further to an application dated 7 September 2015, Maître Gorrias, liquidator of SAS FRANCE IMMOBILIER GROUP (FIG), has lodged an appeal for approval of a settlement with the bankruptcy judge, according to the provisions of articles L642-24 and R642-41 of the Commercial Code and articles 2044 et seq of the Civil Code.

Under the terms of this settlement, ongoing civil actions concerning these collective proceedings would be stopped (in particular FIG's action to set aside for the doubtful period; ruling of 27 February 2014) in return for a voluntary contribution to the liabilities of the judicial liquidation of FIG company.

The planned Settlement Agreement submitted to the bankruptcy judge for approval provides for the repayment of at least 40% of the claims of creditors other than intercompany creditors.

The liquidator has indeed received a proposal for payment of 3,825,172 euros from ACANTHE DEVELOPPEMENT, TAMPICO and VENUS, and Messrs Mamez and Bensimon by way of full and final lump-sum compensation.

The legal costs that form part of the proposed compensation have not yet been definitively fixed, but ACANTHE DEVELOPPEMENT has agreed to contribute to legal costs and lawyer's fees and has undertake to pat the liquidator 500,000 euros as part payment thereof.

An order of the bankruptcy judge dated 26 February 2016 and notified on 1st March 2016 has authorized SCP BTSG, liquidator of company FIG, to sign a draft agreement providing for Messrs Mamez and Bensimon and ACANTHE DEVELOPPEMENT, TAMPICO and VENUS paying a total amount of €4,325,172 that, after payment of legal costs and the estimated fees of the custodian pendente lite, would be immediately distributed equally among the registered creditors, apart from a debt in escrow; pending the final outcome of the procedure concerning the identity of the holder of the said debt in escrow.

This order is currently the subject of an appeal that will be examined by the Commercial Court of Paris on 23 May 2016.

When the draft agreement is signed by SCP BTSG, liquidator of company FIG, it will be referred to the Commercial Court of Paris for approval.

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 Dumenil.

Current related transactions were as follows:

a/ 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	Actionnaire de référence d'ACANTHE DEVELOPPEMENT	-	-200
Employee leasing agreement	ARDOR CAPITAL	Actionnaire de référence d'ACANTHE DEVELOPPEMENT	50	56

(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/ Subsidiaries:

All the transactions between ACANTHE DÉVELOPPEMENT Group companies (including €3,328,000 of interest on current accounts, €1,191,000 of salaries and €2,074,000 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	263	220
Rents and occupancy expenses	ADC SIIC	Shared executives/ board members	-	160
Security deposit	ADC SIIC	Shared executives/ board members	-29	-
Employee leasing agreement	DUAL HOLDING	Shared executives/ board members	17	56
Management fees	MEP	Shared executives	-14	-128
Rents and occupancy expenses	FIPP	Shared executives	-	148
Employee leasing agreement	FIPP	Shared executives	288	257
Payroll expenses	FIPP	Shared executives	-62	-52
Security deposit	FIPP	Shared executives	-28	-
Employee leasing agreement	SMALTO	Shared executives/ board members	297	969
Security deposit	SMALTO	Shared executives/ board members	-173	-
Employee leasing agreement	SMALTO	Shared executives/ board members	11	6
Bonds	SMALTO	Shared executives/ board members	685	20
Sundry receivables	EK BOUTIQUES	Shared indirect shareholder	-730	-730
Employee leasing agreement	INGEFIN	Shared indirect shareholder	131	109
Employee leasing agreement	FONCIERE 7 INVESTISSEMENT	Shared executives/ board members	4	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	28	23
Rents and occupancy expenses	AD INDUSTRIE	Shared executives/ board members	132	178
Security deposit	AD INDUSTRIE	Shared executives/ board members	-32	-
Equity interests (3)	BASSANO DEVELOPPEMENT	Shared executives/ board members	4 496	81

(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 are not accompanied by any specific guarantees.

g/ other related parties: None.

9.5. HEADCOUNT

The Group's headcount excluding employees in buildings is as follows:

Category	31/12/2015	31/12/2014
Executives	9,5	9,5
Non-executives	11,5	11,5
TOTAL	**21**	**21**

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 €486,000:

a) Short-term benefits €448,000
b) Post-employment benefits €37,000
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 apportioned to the directors as follows:

Mr Alain Dumenil	€47,000
Mr Patrick Engler:	€73,000
Miss Valérie Duménil:	€20,000

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.

At 31 December 2015, 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 at 31 December 2015 (0.44 euros).

The Board of Directors' meeting of 5 April 2016 duly noted Mr Alain Duménil's express and definitive abandonment of the balance of the options (4,896,436 options remain to date) awarded by the Board of Directors during its meeting on 28 August 2009.

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: 1.21 % (average bond yield for 1st half of 2015: +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 mortality tables for years 2011 to 2013.

At 31 December 2015, the provision stood at €398,000 against €234,000 on 31 December 2014.

The entire change is recognized in profit or loss.

in thousands of euros	31/12/2015	31/12/2014
Provision for severance benefits	-234	-239
Changes		
Expensed in the period	-86	-19
Actuarial gains and losses (Other comprehensive income)	-78	24
Provision for severance benefits at closing	**-398**	**-234**

The provision for retirement benefits has increased significantly this year, reflecting both the ageing of the workforce and its greater length of service, the increase in the wages bill and more particularly the great stability of the workforce, as there was no staff turnover at all in the large “40-55 year-old” category.

9.9. EARNINGS PER SHARE

Basic earnings per share stood at -€0.2918 on 31 December 2015 (for a weighted average number of 147,125,260 shares).

Diluted earnings per share are the same as basic earnings per share, as the recognition of purchase options as described in note 9.7, the exercise price of which (€1.24) is higher than the share’s average market price during the period (€0.396), would have an anti-dilutive (or accretive) effect.

The Board of Directors’ meeting of 5 April 2016 duly noted Mr Alain Duménil’s express and definitive abandonment of the balance of the options (4,896,436 options remaining to date) awarded by the Board of Directors during its meeting of 28 August 2009 pursuant to the first resolution of the Combined Shareholders’ Meeting of 21 March 2007.

So there is no longer any future dilution risk if the share price appreciates in the future.

Numerator Group net profit at 31 December 2014 (in 1,000s €)	44 029	
Denominator Weighted-average number of shares before dilutive effect	147 125 260	
Group net profit per undiluted share (in euros)		**0.2993 €**

9.10. DISCLOSURES OF RENTALS AT 31 DECEMBER 2015

Rentals invoiced to Group customers

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	17 282	3 931	10 985	2 366
	17 282	**3 931**	**10 985**	**2 366**

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 rental payments for period 2015.

A general description of the recognition methods for leasing contracts is provided in note 2.17.

Rentals invoiced by the Group’s suppliers

ACANTHE DEVELOPPEMENT signed a fixed-term lease for 12 years to rent the building at 2 rue Bassano in Paris 16th, which the Group sold at the end of December 2015.

The minimum future payments payable under this signed and firm operating lease are presented below in aggregate and for each of the following periods:

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
Rents payable	32 388	2 699	10 796	18 893
	32 388	**2 699**	**10 796**	**18 893**

The table lists the estimated scheduled payments of rent based on the lease continuing to its term.

The Group does not use all the building's floor area. Subleases have been arranged and sub-lessees are being sought for the vacant areas. The rent from these subleases will lower the cost of the lease.

A general description of the recognition methods for leasing contracts is provided in note 2.17.

9.11. KEY EVENTS SINCE 31 DECEMBER 2015

Change in reporting scope:

At the general shareholders' meeting of 9 February 2016, convened exceptionally by the liquidator, after approving the accounts, SOGEB's shareholders unanimously decided to reduce the company's share capital by €514,400, by buying back the shares held by BRUXYS and withdrawal of the latter, for the price of €617,466.81 (€514,400 from the share capital, the balance of €103,066.81 from unappropriated retained earnings, all this paid by way of pro tanto compensation for sums still owed to SOGEB by BRUXYS). So SOGEB is no longer part of the ACANTHE DEVELOPPEMENT Group.

After this transaction, BRUXYS was also sold: it was sold on 15 April 2016 for one euro.

Developments in the FIG dispute:

An order of the bankruptcy judge dated 26 February 2016 authorized FIG's liquidator to sign a draft agreement that would bring ongoing civil actions concerning these collective proceedings to an end (in particular FIG's action to set aside for the doubtful period; ruling of 27 February 2014) in return for a voluntary contribution to the liabilities of the judicial liquidation of FIG company.

This order is currently the subject of an appeal that will be examined by the Commercial Court of Paris on 23 May 2016.

When the draft agreement is signed by SCP BTSG, liquidator of company FIG, it will be referred to the Commercial Court of Paris for approval.

Preliminary contract of sale:

A preliminary contract of sale for the building in rue de Lisbonne was signed on 15 April 2016 for €35.9 million.

Other reserves:

The Board of Directors' meeting of 5 April 2016 duly noted Mr Alain Duménil's express and definitive abandonment of the balance of the options (4,896,436 options remain to date) awarded by the Board of Directors during its meeting on 28 August 2009 pursuant to the first resolution of the Combined Shareholders' Meeting of 21 March 2007.

No other significant developments have occurred since 31 December 2015 that have not been disclosed heretofore.

AUDITORS' REPORT

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AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

PERIOD ENDING 31 DECEMBER 2015

To the shareholders,

Further to our engagement by your general shareholders' meeting, we hereby submit our report for period ending 31 December 2015, 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 isour 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 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, and that the said notes provide 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 theopinion 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, 29 April 2016
The statutory auditors

EXCO Paris ACE
Arnaud DIEUMEGARD

Deloitte & Associés
Benoît PIMONT

AUDITOR'S REPORT ON THE ON THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

PERIOD ENDING 31 DECEMBER 2015

To the shareholders,

Further to our engagement by your general shareholders' meeting, we hereby submit our report for period ending 31 December 2015, 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 financial statements

We have conducted our audit according to the professional standards applicable in France ; these standards require us to provide reasonable assurance that the annual financial statements do not contain any significant 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 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 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, 29 April 2016
The statutory auditors

EXCO Paris ACE
Arnaud DIEUMEGARD

Deloitte & Associés
Benoît PIMONT

AUDITORS' SPECIAL REPORT ON THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS AND REGULATED COMMITMENTS

GENERAL SHAREHOLDERS' MEETING APPROVING THE ACCOUNTS FOR FINANCIAL YEAR ENDING 31 DECEMBER 2015

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, on the basis of the information provided, of the essential characteristics and 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 ascertain the existence of any other agreements and commitments. Under the terms of article R.225-31 of the Commercial Code, you are required to determine whether the agreements are appropriate and should be approved.

Furthermore, and where applicable it is our duty apprise you of the information provided for by article R.225-31 of the Commercial Code regarding the performance, during the past financial year, of agreements 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- The Board of Directors meeting on 3 April 2015 approved the second clause amending the temporary staff leasing agreement signed on 1st March 2013 by the Company and four of its subsidiaries, Basno, non-trading company Charron, Sauman Finance and Vénus in favour of Alliance Développement Capital S.I.I.C – ADC S.I.I.C, subject to reinvoicing, extending the initial contract for another 12-month period, which ends on 27 March 2016.
Persons concerned: Mr Alain Dumenil, the Company's Chairman of the Board of Directors, is also Chairman of the Board of Directors and Chief Executive Officer of ADC S.I.I.C, Mr Patrick Engler, a Director and the Chief Executive Officer of the company, Miss Valérie Dumenil and Mr Jean Fournier, Directors, are also Directors of company ADC S.I.I.C. Mr Pierre Berneau, deceased, was a Director of both companies.
The reason why the agreement benefits the company: The company and its subsidiaries have well-staffed support services, a management team and fields workers, which it puts at the disposal of ADC S.I.I.C for a consideration.
Amount: For financial year 2015, the company and its subsidiaries invoiced ADC S.I.I.C €220,100 in total.

2- The Board of Directors' meeting of 15 September 2015 approved the signing of a commercial lease with companies Basno and Foncière du Rocher, stipulating the following essential conditions:
Description of the premises: a property complex in Paris (16th district), 2 rue de Bassano, 26 rue George Bizet, 2-3-4 et 5 Passage D 16 Commun, 15 car parks in Paris (16th district), 14 rue de Bassano and 5 car parks in Paris (16th district), 47 rue de Chaillot; for a total usable area of 3,402 m²;
Term: 12 firm consecutive years
Planned occupancy: exclusively office space, on the understanding that a small area may on occasion be used as a workshop, showroom and newsagent's.
Subletting: permitted up to a maximum of 70% for the benefit of companies directly or indirectly controlled by Mr Alain Dumenil or third-party companies
Security deposit: 12 months' rent excluding tax and service charges
Annual rent: two millions six hundred and ninety-nine thousand and fifty euros (2,699,050 euros) excluding tax and service charges.
The lease contract was signed on 29 December 2015
Persons concerned: Basno and Foncière du Rocher are lower-tier subsidiaries of the company.
The reason why the agreement benefits the company: This commercial lease was an essential condition acquisition of the building at 2 rue de Bassano -75116 Paris by the buyer, and also enables the Company and its subsidiaries to remain in the premises.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL SHAREHOLDERS' MEETING

Agreements and commitments approved during prior periods and still in force in the current period

Pursuant to article R.225-30 of the Commercial Code, we have been informed that the following agreements, already approved by the general shareholders' meeting in prior periods, continued during the past financial year.

1- The Board of Directors' meeting of 5 February 2014 approved the temporary staff 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.2013.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 take on three additional staff and it extends the contract for a further 12 months, namely until 27 March 2015.
Amount: 230,000 euros
Persons concerned: Mr Alain Dumenil, the Company's Chairman of the Board of Directors, is also Chairman of the Board of Directors and Chief Executive Officer of ADC S.I.I.C, Mr Patrick Engler, a Director and the Chief Executive Officer of the company, Miss Valérie Dumenil and Mr Jean Fournier, Directors, are also Directors of company ADC S.I.I.C. Mr Pierre Berneau, deceased, was a Director of both companies.
The reason why the agreement benefits the company: The company and its subsidiaries have well-staffed support services, a management team and fields workers, which it puts at the disposal of ADC S.I.I.C for a consideration.

2- Further to a Board meeting on 26 July 2013, the Company approved the signing of a clause amending the service contract signed on 1st September 2005 with MEP Consultants, extending the said contract and amending the 1st clause of the said contract, the terms and conditions of which henceforth specified assistance and consulting in negotiations with financial partners, optimizing financial debt, supervision of the asset management team, monitoring acquisitions and disposals of buildings, and a monthly fee of 10,000 euros excluding tax. This contract expired on 29 January 2016.
Amount: 128,000 euros
Person concerned: Philippe Mamez, Executive Vice-President until 29 February 2016 and manager of MEP Consultants.
The reason why the agreement benefits the company: The contract enabled the company to benefit from the property expertise of Philippe Mamez.

3- A Board meeting on 23 April 2013 authorized the Company to be party to the loan agreement for 28,000,000 euros granted by Deutsche Hypothekenbank to Foncière du 17 Rue Francois 1er and SCI François VII, concerning the refinancing of the building at 39 avenue Montaigne and 17 rue François 1er - 75008 Paris, and to grant the bank an independent first demand payment guarantee for a period of 7 years. Company SCI François VII was taken over by company Foncière du 17 Rue François 1er on 20 February 2015. The loan was repaid on 20 July 2015.
Persons concerned: Foncière du 17 Rue François 1er is a lower-tier subsidiary of the Company.
The reason why the agreement benefits the company: The independent first demand payment guarantee granted by the company enabled its subsidiaries to secure the loan.

4- 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.
The reason why the agreement benefits the company: The surety granted by the company enabled its subsidiary to secure the loan.

5- Further to a Board meeting on 22 March 2011, the Company gave an undertaking 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 SIIC, which contributed the building at 7 rue Surène - 75008 Paris, and the related loan to Venus. The loan was repaid on 29 December 2015
Person concerned: Agreement between Acanthe Développement and Vénus, a subsidiary of Acanthe Développement.
The reason why the agreement benefits the company: The surety bond and undertaking not to sell the shares granted by company enabled its subsidiary to secure the loan.

6- Further to a Board meeting on 6 July 2010, the company stood as first-call guarantor for ANTHURIUM, 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.
Person concerned: Agreement between Acanthe Développement and Lorga, a subsidiary of Acanthe Développement.
The reason why the agreement benefits the company: The guarantee granted by the company enabled its subsidiary to complete the sale of a building.

7- 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 first-call guarantor free of charge for 21,000,000 euros for the same transaction.
The loan was repaid on 29 December 2015.
Person concerned: Agreement between Acanthe Développement and BASNO, a subsidiary of Acanthe Développement.
The reason why the agreement benefits the company: The guarantee and co-surety granted by the company enabled its subsidiary to secure the loan.

Paris and Neuilly-sur-Seine, 29 April 2016
The statutory auditors

EXCO Paris ACE
Arnaud DIEUMEGARD

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Benoît PIMONT

ACANTHE DEVELOPPEMENT

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June 2016 - Photos : Acanthe Développement, Christian Murtin, Thierry Lewenberg-sturm - Design : www.ideephare.com