COMPAGNIE
FONCIÈRE
INTERNATIONALE

ANNUAL REPORT 2009

(Financial Year Ended 31 December 2009)

CFI-Compagnie Foncière Internationale

72, Rue du Faubourg Saint-Honoré

75008 PARIS

542 033 295 R.C.S. PARIS

TEL. : 33(0)1 40 07 81 03 – FAX : 01 40 07 85 12 – www.cfi-france.com.

Board of Directors

M. Alain BENON - *Chairman*

M. Cyril BENOIT

M. Daniel RIGNY

M. Emmanuel RODOCANACHI

M. Vincent ROUGET

Mme Catherine SEJOURNANT

Statutory Auditors

A.C.E. Auditeurs et Conseils d'Entreprise :

Represented by Mr. Emmanuel CHARRIER – *Entitled*

ERNST & YOUNG Audit:

Represented by Mr. Christian MOUILLON and Mrs. Nathalie CORDEBAR– *Entitled*

AUDITEX

Represented by Mr. Olivier BREILLOT – *Substitute*

Mr. Arnaud DIEUMGARD - *Substitute*

Management

M. Alain BENON - *Chairman and Chief Executive Officer*

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Board of Directors' Report

To the Combined Ordinary and Extraordinary Meeting of Shareholders

Held on 31 March 2010

For the year ended 31 December 2009

Dear shareholders,

Pleased find below CFI-Compagnie Foncière Internationale's annual report, the purpose of which is to:

- report on the Company's activity for the period from 12 February 2009 to 31 December 2009,
- submit for your approval the financial statements for the aforementioned accounting period,
- present the resolutions on which you are requested to vote at this Combined Ordinary and Extraordinary Meeting of Shareholders on 31 March 2010.

I. - THE COMPANY

I.1 - The property market

The real estate downturn which started to affect the commercial property market from the fourth quarter of 2007 continued to develop, the impact of the recession (2.3% contraction in France) and its consequences for employment exacerbating the effects of the financial crisis.

Further decline in property transaction volumes

In the French property investment market, transaction volumes declined by a further 40% in 2009, to €7.6 billion, with the bulk of this decrease experienced in the first half of the year, while the second half, and particularly the last quarter of 2009 saw an increased level of activity on the back of improved liquidity.

In such a market environment, French property markets experienced a clear "flight to quality", highlighted by investors' primary focus on:

- core office assets located in the CBD[1] and secured by long-term leases.

- shopping centres, a resilient asset class which saw a sharp increase in investment volumes in 2009: €1.9 billion compared with €1.1 billion in 2008.

[1] Central Business District, i.e Western Paris, Neuilly and la Défense

In line with this trend, transactions in the retail parks segment, forward sales (in state of future completion) and investments in secondary or tertiary property assets most exposed to leasing risk declined significantly.

Finally, the sharp contraction in economic activity in the first half of the year adversely impacted investment volumes in the industrial and logistics assets classes.

Due to the scarcity of bank financing, the market was primarily led by equity investors in the first half of the year – French institutional investors including insurance companies, German funds and private individuals – resulting in another key feature of 2009: the predominance of small and medium-sized transactions of between €15 million and €50 million in most cases.

Deterioration in the rental market

Office take-up fell by 24% to 1.8 million square metres, with large leasing transactions and pre-lettings suffering the largest decline. This deterioration in the rental market, which was contained in 2008, was a major feature of the financial year.

Rising unemployment, restructuring actions implemented by corporates and a substantial increase in deliveries of new buildings[2] drove up vacancy rates, which reached 6.8% in the Paris Ile de France region, but with significant discrepancies among sub-markets: 6.2% for Paris-Centre West and 4.5% for La Défense vs. 10.1% for the Western Crescent.

In this lessee's market, numerous corporates wishing to avoid a costly or disruptive move sought to renegotiate their leases, mostly entered into prior to the crisis and adversely impacted by the cumulative growth in the Construction Cost Index (*ICC*) in recent years. Owners generally responded to these lease renegotiations with a contained decrease in headline rental values and/or significant tenant incentive measures, seeking in return to counterbalance these measures by concessions on the fixed term of the renewed leases. These adjustments reached significant levels in 2009 and affected all market segments.

Except for dominant shopping centres and prime city centre retail locations, this trend no longer spared the retail asset class. Even though the retail property market has held up fairly well so far, two and a half years after the onset of the financial crisis, a number of retailers started to face challenging financial situation, notably in ready-to-wear fashion, which translated into a decrease in rental values for non-prime retail locations.

The combination of these factors drove down rental values: although not to the extent seen in London, Madrid and Barcelona, the correction in the office asset class was nevertheless substantial, including for prime location assets: a decline of around 10% over 2009 for Paris CBD headline rental values.

[2] At 1 January 2010, the supply of immediately available office premises stood at 3.6 million square metres, up 32% year-on-year.

Continued adjustment in property market values

In this environment, the correction in market values initiated in 2008 continued in 2009, as evidenced by listed property companies' appraisal values which declined by between 10% and 12% in the six months to 30 June 2009, followed by a more benign correction of 3% to 5% in the second half of the year.

This trend reflects the combined effect of a further increase in yields as well as the decrease in rental values and indices (the ICC index lost 5.77% in the third quarter following a decline of 4.10% the previous quarter), which had fuelled cash flow growth and cushioned the discounts until 2008 and early 2009.

All commercial property segments were affected by this correction: it is estimated that market values for top-quality assets in terms of location, general condition, functionalities or occupancy rate declined by between 8% and 15% while warehouses, business premises and logistics centres fell by around 10%.

Further downside potential likely exists for secondary assets which suffer from deliveries of new developments and therefore become even more exposed to leasing risk.

Gradual easing in the financing market

The gradual improvement in the financing market since mid-2009 is another key trend for the financial year: cheaper cost of financing with interest rates at historical lows; gradual improvement in bank debt availability in terms of amount of individual risks assumed by financial institutions, margins or amortisation criteria requested, rather than in terms of type of assets financed or equity requirements.

The ability to raise bank financing thus remains a discriminating factor, as much for the actual transactions - investment size, location and cash flow certainty being decisive - as for the players themselves, depending on the strength of their balance sheet and their financial coverage ratios.

Conversely, if the sharp rise in the share prices of listed property companies observed since March 2009 continues, payments in shares may facilitate mergers and acquisitions in the listed property sector.

2010: a year of convalescence?

The uptick in transactions and the few other positive signs seen in the fourth quarter of 2009 hint that new market conditions are being integrated by market players and that bank financing is starting to recover. In addition, a substantial amount of capital remains to be invested in the property sector.

Despite these positive trends, one should not overlook the macroeconomic reality of what looks set to be a sluggish recovery in 2010, with GDP growth forecast at 1.4% in France, which will not be enough to curb rising unemployment.

In this context, the property market will probably experience a period of convalescence in 2010 with levels of activity – in both investments and take-up - quite possibly matching those of 2009, and mixed performances depending on the degree of resilience shown by the various asset classes and products: a further correction or stabilisation, as the case may be, pending real signs of recovery.

I.2 – Strategy

Positioning

CFI-Compagnie Foncière Internationale's strategy is to invest, whether directly or indirectly, across all market segments of commercial real estate, predominantly focusing on large transactions:

- that offer value-add real estate potential through restructuring or substantial re-development, or

- are likely to generate an attractive risk-adjusted returns on the basis of secure, long-term cash flows,

as part of a strategy which aims to identify investment opportunities that meet its criteria.

Financial approach and property expertise:

To implement this strategy, CFI combines financial and real estate expertise. CFI has access to a pool of resources combining different skills including merger and acquisitions, capital markets or private equity, as well as real estate investment and asset management.

Acquisitions

As a new player in the market, the Company devotes most of its resources to pursuing new acquisition opportunities, as part of an investment targeted strategy focused on three major factors:

- provide appropriate structuring solutions to satisfy vendors' needs (or partners' when supporting the development of a Group),
- structure each transaction to optimise both parties interests,
- secure execution, through raising both equity and bank debt, including on deals of significant size.

CFI is currently active in the market, relying on professional advisers and brokers as well as its internal network of relationships and knowledge of the French property market

It has examined a number of potential investments that meet its criteria and completed its first transaction in February 2009: the acquisition of twelve cinema properties leased to UGC Ciné Cité, for a total cost of €153 million.

I.3 - <u>Activity and significant events</u>

<u>I.3.1 Election for status as public property company under the SIIC tax regime after a shortened accounting period to 11 February 2009</u>

The Board of Directors convened an Extraordinary General Meeting on 10 February 2009 whereby it was resolved to shorten the accounting period then under way to 11 February 2009.

As a result of this decision, together with the sale by the Company's majority shareholder of around 38% of its shares, the Company fulfilled all the conditions necessary to elect, with effect from 12 February 2009, for the status of public property company under the SIIC tax regime as defined by Articles 208C et seq. of the General Tax Code (*Code Général des Impôts – CGI*). The Company's subsidiary CFI-Image also opted for this regime with effect from the same date.

This status will enhance the Company's ability to seize acquisition opportunities in the best possible conditions for all shareholders and as the case may be, for its counterparts.

1.3.2 First acquisition: a portfolio of properties used as multiplex cinemas and leased to UGC Ciné Cité

On 23 December 2008, the Company signed an undertaking to sell with CNP-Assurances for the acquisition by the Company of a portfolio of eleven properties used as multiplex cinemas and leased to UGC Ciné Cité. The properties are located in Paris and large French regional cities.

The undertaking to sell contained several conditions precedent, which were subsequently satisfied, enabling CFI-Image, which was substituted for its parent company named in the undertaking to sell, to proceed with the acquisition on 13 February 2009. This transaction was followed by the acquisition of a finance lease (*credit-bail*) for the Lille city centre multiplex cinema from UGC Ciné Cité.

The purchased assets generate an annual rental income of c. €12.8 million on a full year basis for 2009, under 12-year firm investor-type leases signed with UGC Ciné Cité.

The investment, with a total transaction cost of €153 million, was funded through a €98 million mortgage loan provided by a consortium of French banks, a €25.5 million bond issuance which, under some circumstances, provides access to the share capital of CFI-Image, with the balance satisfied out of equity contributions.

On 13 February 2009, completion date for the acquisition, CFI-Compagnie Foncière Internationale contributed €28.1 million in equity to CFI-Image through the subscription of two separate capital increases. The capital of CFI-Image is held by CFI (95%) and UGC Ciné Cité (5%). The two shareholders of CFI-Image have signed an agreement pertaining to the liquidity of their investment, which includes standard clauses providing for pre-emptive rights, tag and drag along rights and purchase options (see Note 2 to the interim consolidated financial statements).

In the second quarter, the Company repaid the €5.8 million bridge loan structured to fund the value added tax due by CFI-Image upon closing of the investment.

On 26 June 2009, CFI-Image elected for the early exercise of the purchase option embedded in the finance lease for the UGC Ciné Cité cinema complex in the Lille city centre. As a result, the Company has now full outright ownership of the twelve cinema properties purchased in February 2009.

I.3.3 Delegation of powers to the Board of Directors in the matter of financial authorisations

The Combined Ordinary and Extraordinary General Meeting of 28 May 2009 has renewed the authorisations already given to the Board of Directors by the Extraordinary General Meeting of 18 December 2007. These authorisations relate to the issue of ordinary shares and/or securities giving access to the capital or to the allocation of debt securities, with or without the application of preferential subscription rights, in accordance with the various circumstances provided for by law, including as remuneration for contributions in kind in the form of securities and for public share exchanges at the Company's initiative.

The authorisations were granted for a period of 26 months and, barring exception, within the limit of a ceiling of €300 million when involving the issue of ordinary shares and/or securities giving access to the capital and a ceiling of €500 million when involving the issue of debt securities.

I.3.4. Strengthening of the Company's corporate governance - Share Management Contract

The adherence in December 2008 to the recommendations issued by the French Association of Private Companies (*Association Française des Entreprises Privées - AFEP*) and by the French Confederation of Business Enterprises (*Mouvement des Entreprises de France - MEDEF*) relating to the remuneration of the directors and officers of listed companies and then the deliberations of the Board of Directors on 23 January 2009 and of the Combined Ordinary and Extraordinary General Meeting on 16 March 2009, marked another important step in strengthening the Company's corporate governance.

The Board of Directors has amended its internal regulations to bring them into line with the Code and approved the regulations governing both of its Board committees. During the aforementioned General Assembly, the shareholders furthermore resolved to reduce the term of office for Board members to four years and to renew the mandates of all Board members for periods of either four or two years, as applicable, in order to harmonise future Board rotations.

In a meeting held after the Combined Ordinary and Extraordinary Meeting of Shareholders, the Board of Directors decided not to separate the offices of Chairman and Chief Executive Officer, and renewed the appointment of Mr Alain Benon as Chairman and Chief Executive Officer with the same remuneration and confirmed the composition of the Board committees.

The Company is now in a position to fully implement the recommendations of the new Code of governance issued by AFEP and MEDEF, save for two recommendations relating to the proportion of independent board members and calculation of the variable component of the CEO's compensation (See page 76: Report of the Chairman on Corporate Governance and Internal Audit)

Moreover, in light of the results achieved in 2008 when the Company entered into a share liquidity management agreement with CA-Cheuvreux to act as market-maker for its shares in the secondary market, the General Meeting of 16 March 2009 resolved to renew this agreement.

I.4 –Events after the balance sheet date

NONE

II. - ASSETS

II.1- Key data

The twelve cinema properties in portfolio account for a total:

- Area:	74,202 square meters
- Number of screens:	132
-Number of seats:	27,418
- Number of paying visitors in 2009:	11.3 million, +7% compared to 2008

II.2 - Features of the leases

A separate lease has been entered into for each asset, on the basis of a standard lease contract incorporating the same key provisions, the only exceptions being asset specific adaptations relating to the the bank guarantee, provisions for capital expenditure or maintenance, works, and the variable part of rental income expressed as a percentage of turnover.

Each lease is an "investor-type" lease, i.e. net of all charges for the owner, entered into with UGC Ciné Cité for a fixed term of twelve years from 12 February 2009. Upon expiry, the lessee has an option to renew the leases for a period of nine years, with the first 6 years being at a fixed term.

The leases include a minimum guaranteed rent which is indexed annually on the retail rental index (Indice des Loyers Commerciaux – ILC), with the exception of the years 2010 and 2011, during which the indexation is set at +2% per year. CFI rental income is therefore protected from the risk of negative indexation over the next two years.

II.3- Rental income

In 2010, the net rental income generated by the portfolio will amount to €13.1 million.

III. – FINANCIAL STATEMENTS

As the previous accounting period was closed early on 11 February 2009, the current period, which began on 12 February 2009 and closed on 31 December 2009, consists of ten and a half months. This is the first closing prepared in accordance with International Financial Reporting Standards (IFRS).

III.1 Presentation of results

III.1.1 Consolidated financial statements

The consolidated financial statements for the period under review show a net profit of €55.048 million, of which the Group share amounts to €28.519 million.

Net rental income came to €11.300 million, equivalent to €12.8 million for 2009 as a whole. Operating expenses consist mainly of parent company staff costs (€0.366 million) and external charges of €1.023 million. The bulk of this amount comprised non-recurring expenses which cannot be capitalised and which relate to the acquisition of the cinema portfolio, including the cost of the early exercise of the purchase option embedded in the UGC Lille finance lease. The balance relates to day-to-day running expenses.

The operating profit thus came to €9.914 million.

Based on the valuation compiled by CB Richard Ellis (CBRE) as at 31 December 2009, the market value for the property portfolio held by CFI-Image came to €201.560 million, net of costs and transfer tax. This valuation, based on the discounted future cash flows method used by the independent valuer, reflects the new profile arising from agreements entered into with the lessee, in particular the signing, on the completion date of the transaction, of fixed 12-year investor-type leases.

In accordance with IFRS, the profit and loss account records the change in fair value of the portfolio, being a positive amount of €49.996 million.

After deducting net financial charges (€4.8 million, relating to bank borrowings, bonds redeemable in shares and interest rate swaps) and minority interests, the Group share of net profit came to €28.5 million, i.e. €33.42 per share.

Recurring net profit, defined as the net profit after deducting the impact of the change in fair value of the portfolio and non-recurring items relating to the acquisition in February and the early exercise of the option on the finance lease contract, came to €3.456 million (attributable to the Group), i.e. €4.05 per share.

III.1.2 Parent company

Net profit for the period came to €0.204 million, after deducting corporate income tax of €0.028 million. Net profit for the period cannot be compared with the previous accounting period (loss of €0.287 million) as the previous period only consisted of two months.

Parent company's revenues mainly comprised the re-invoicing to CFI-Image of costs incurred in connection with the acquisition of the cinema portfolio (€0.495 million), as well as the interim dividend of €0.539 million paid by CFI-Image in October 2009. Operating expenses are split equally between staff costs and other costs (€0.440 million) and fees and costs (€0.477 million), the two headings relating to the day-to-day running of the Company and to transaction costs related to unrealised transactions.

By virtue of its status as a public property company (SIIC), the parent company is required to distribute €177,673 in respect of the accounting period closed on 31 December 2009.

III.2 Five-year financial summary (in Euros)

		2006	2007	2008	11/02/2009	31/12/2009
FINANCIAL AT THE YEAR END	a) SHARE CAPITAL	25, 626, 720	25, 626, 720	25, 626, 7200	25, 626, 720	25, 626, 720
	b) NUMBER OF SHARES IN ISSUE	854, 224	854, 224	854, 224	854, 224	854, 224
	c) NUMBER OF BONDS CONVERTIBLE INTO SHARES	-	-	-	-	-
RESULTS OF OPERATIONS	a) REVENUE NET OF TAXES	1, 846, 526	590, 299	-	-	-
	b) PROFIT BEFORE TAX, DEPRECIATION AND AND PROVISIONS	-14, 589 884	21, 736, 499	256, 473	-286, 630	232, 853
	c) CORPORATION TAX	70, 145	5, 701	5 ,701	-	28, 365
	d) PROFIT AFTER TAX, DEPRECIATION AND AND PROVISIONS	-15, 826, 255	4, 540, 464	255, 630	-287, 230	203, 710
	e) AMOUNT OF PROFITS DISTRIBUTED	-	25, 187, 808	4, 544, 472	-	-
EARNINGS PER SHARE	a) PROFIT AFTER TAX, BUT BEFORE DEPRECIATION, AMORTISATION AND PROVISIONS	-17.17	-26.13	0.29	-0.33	0.24
	b) PROFIT AFTER TAX, DEPRECIATION, AMORTISATION AND PROVISIONS	-18.54	5.32	0.30	-0.34	0.24
	c) DIVIDEND PER SHARE	-	29.5	5.32	-	-
EMPLOYEE INFORMATION	a) AVERAGE NUMBER OF EMPLOYEES DURING THE ACCOUNTING PERIOD	9	5	0	0	1
	b) TOTAL PAYROLL FOR THE PERIOD	1, 717, 764	3, 013, 492	115, 000	19, 141	253 ,514
	c) AMOUNTS PAID IN RESPECT OF BENEFITS-IN-KIND (Social security, company benefits, etc.)	685, 695	700 ,371	39, 000	10, 597	112 ,941

III.3 Existing financial authorisations

At the Company's Combined Ordinary and Extraordinary Meeting of Shareholders held on 28 May 2009, you granted to your Board of Directors the financial authorisations summarised in the following table:

Nature of the securities	***Maximum amount*** *(in Euros)*	*Authorisation request date*	Expiry date
Ordinary shares and/or securities giving access to the Company's share capital or to the allocation of debt securities with PSR	€300 million nominal (1) €500 million nominal (2)	28/05/2009	28/07/2011
Ordinary shares and/or securities giving access to the Company's share capital or to the allocation of debt securities without PSR, with the exception of issues made to remunerate a public exchange offer initiated by the Company or to remunerate contributions in the nature of securities granted to the Company	€300 million nominal (1) €500 million nominal (2)	28/05/2009	28/07/2011
Ordinary shares by incorporation of reserves or additional paid-up capital	€100 million nominal	28/05/2009	28/07/2011
Ordinary shares without PSR, issued to remunerate contributions in the nature of share capital or securities giving access to the Company's share capital granted to the Company (3)	€300 million nominal (1)	28/05/2009	28/07/2011

Abbreviations: PSR = Pre-emptive subscription rights

(1) Maximum nominal amount of the capital increase that may be made by issuing shares or securities giving access to the share capital.

(2) Maximum overall amount of securities issued giving access to the share capital or to the allocation of debt securities.

(3) Besides the specific caps indicated above, the amount of issues that may be made as remuneration for contributions in the nature of shares to the Company made other than as part of a public exchange offer is also limited to 10% of the Company's current share capital.

IV. – NET ASSET VALUE AND FINANCIAL STRUCTURE

IV.1. Net Asset Value

Net Asset Value is based on the fair market value of the properties, excluding costs and transfer tax, as assessed by independent valuer CBRE. The figure corresponds to the shareholders' equity reported in the consolidated financial statements, which at 31 December 2009 came to €54.518 million for the portion attributable to the shareholders' equity of the parent.

Deduction of costs and transfer tax up to 6.2% reflects a conservative approach as it does not include potential optimisation upon disposal of shares in a company holding debt vs. disposal of direct assets.

On a per share basis, net asset value attributable to the shareholders' equity of the parent, net of costs and transfer taxes, is calculated by dividing the NAV by the number of shares in issue, after deduction of the treasury shares.

Details of the NAV per share attributable to the equity holders of the parent company are provided in the table below:

In Thousands of Euros

	31/12/2009
Consolidated shareholders' equity (IFRS basis) Group Share	54, 518
Number of shares excluding treasury shares	852, 763
NAV per share net of coast and transfer taxes, Group share (€)	63.93

IV.2 Financial Structure

The consolidated balance sheet as of 31/12/2009 amounts to €207.869 million.

In the long run, the Group aims to retain a prudent balance between the level of its shareholders' equity and that of its net debt, although the breakdown may change depending on the characteristics of the portfolio and market conditions.

In the consolidated financial statements for the period ended 31 December 2009:

- the Gearing ratio (Net debt/ equity) was 1.0,

- the Loan To Value ratio (Net debt/assets at market value) was 51.9%.

The Group also aims to keep a strong coverage of its financing costs :

- the ICR (net rental income / financing costs, including swap and other related costs) was 262% over the financial year.

V. – GROUP AND SUBSIDIARY

V.1 Group structure as at 31 December 2009

As at 31 December 2009, the Company had only one subsidiary, *CFI-Image,* and held 95% of the 29,603,260 shares forming its capital.

V.1.1 Structural changes over the past accounting period

CFI-Image is currently owned by CFI (95%) and UGC Ciné Cité (5%), with effect from 13 February 2009.

V.1.2 Post-balance sheet events affecting Group structure

The Group's structure has not changed since the close of the financial year ended on 31 December 2009.

V.2 Subsidiary's operations over the accounting period

CFI-Image published interim financial statements twice in 2009:
- on 11 February 2009, to elect for the status of listed property investment company (SIIC[3]) and carry out the acquisition described above;

- on 28 February 2009, to reduce its capital on the grounds of the interim loss generated by the costs and fees incurred in connection with the aforementioned acquisition and thus re-establish a distribution capacity .

This capital reduction was carried out by reducing the par value of the shares, and was adopted by the Combined Ordinary and Extraordinary General meeting of 17 April 2009.

On 26 June 2009, *CFI-Image* elected to the early exercise of the purchase option embedded in the finance lease for the Lille UGC Ciné Cité cinema complex, as a result of which the subsidiary now has outright ownership of the twelve properties in portfolio.

Total assets as at 31 December 2009 stood at € 146.793 million, with shareholders' equity of €21.722 million at the same date.

The Company reported a net profit for the year of €1.679 million.

V.3 Transactions with related parties

V.3.1 Transactions between the Company and its Shareholders

A service agreement between CFI and PWREF I Holding Sàrl which, indirectly, is the controlling shareholder of CFI- was authorised by the Board of Directors (*see Note 28.1 of the Consolidated Financial Statements)*

V.3.2 Transactions between the Company and its subsidiary

[3] Société d'Investissement Immobilier Cotée

CFI entered into a management agreement with its subsidiary CFI-Image for the rendering of various administrative, legal and accounting services.

VI. - DISTRIBUTION - RESOLUTIONS

VI.1 Appropriation of the profit for the period

The financial statements of the parent show a net profit of € 203,709.98. After deduction of a € 22,749.44 loss carried over, the Board recommends the distribution of a dividend of €179 387, 04.

The following is therefore recommended to the Assembly :

to appropriate the profit of	€203,709.98
less losses carried over from the period ended 11 February 2009	- €22,749.44
i.e. a total of	**€180,960.54**
as follows:	
dividend	€179,387.04
retained earnings	€1,573.50

It is reminded that under the SIIC regime, the Company must distribute 177,673 €.

In accordance with the provisions of Article 243 bis of the General Tax Code, the General Meeting notes that the Company distributed the following dividends to shareholders in respect of the past three accounting periods:

- *Period ended 11 February 2009:* None.
- *Period ended 15 December 2008*: None.
- *Period ended 31 December 2007*:
    - An exceptional dividend of €25,199,608, i.e. €29.50 per Company share was declared for the 2007 financial year and paid in the year, by virtue of a resolution of the Ordinary General Meeting of 24 September 2007,
    - A dividend of €4,544,471.68, i.e. €5.32 per Company share was declared for the 2007 financial year, by virtue of a resolution of the Ordinary General Meeting of 19 March 2008.

These dividends were eligible for the 40% reduction when this was applicable.

VI.2 Resolutions put to the Combined Ordinary and Extraordinary General Meeting

Agenda of the Ordinary General Meeting

It is proposed that the resolutions described below be put to the Ordinary General Meeting.

- *Company financial statements (first resolution)*

The Company's annual financial statements are presented in this report.

This report also contains an account of the financial situation, activities and results of the Company and the Group over the period.

You are asked to approve the Company's financial statements. The Company has also published consolidated financial statements for the period ended 31 December 2009.

- *Appropriation of profit (second resolution)*

You are asked to appropriate the profit as stipulated in section VI.1 above.

- *Approval of consolidated financial statements (third resolution)*

The Company's consolidated financial statements are presented in this report.

This report also contains an account of the financial situation, activities and results of the Company and the Group over the past accounting period.

You are asked to approve the Company's consolidated financial statements.

- *Related party agreements (fourth resolution)*

In accordance with Article L.225-38 of the French Commercial Code (*Code de commerce*) you are asked to vote on the special report by the statutory auditors on related party agreements and commitments. Please note that the Company has entered into an agreement with its subsidiary, CFI-Image, covering administrative, legal and accounting management. In this same resolution the shareholders should take note of the continued existence of that previously approved agreement.

- *New authorisation to be given to the Board* ***(fifth resolution)***

In accordance with Article L.225-209 *et seq.* of the Commercial Code and EU Regulation no. 2273/2003 of 22 December 2003, the General Meeting] authorises the Board of Directors to have the Company buy back its own shares.

The General Meeting sets the maximum number of shares that may be purchased pursuant to this resolution at 5% of the share capital, with the limit being assessed in accordance with Article L.225-209, paragraph 2, of the Commercial Code.

The General Meeting resolves that the total amount used to purchase the shares may not exceed €2,776,215, and further resolves that the maximum purchase price per share shall be €65.

Agenda of the Extraordinary General Meeting

- *Amendment regarding the minimum number of Board members (sixth resolution)*

You are asked to approve the amendment made to Article 9-1 of the Company's Memorandum and Articles of Association, reducing the minimum number of Board members from six to five.

- *Removal of the requirement for unanimous decisions by the Board of Directors and corresponding amendment of Article 11-2 of the Company's Memorandum and Articles of Association (seventh resolution)*

You are asked to delete this clause providing that all decisions must be unanimous if only three or four Board members are present, as this exception to the majority rule is no longer justified

VII. – INFORMATION ON THE COMPANY'S CAPITAL AND SHARES

VII.1 Information on the Company's capital

At the end of the accounting period the Company's capital amounted to €25,626,720, comprising 854,224 shares with a par value of €30 each.

VII.1.1 Breakdown of share capital and voting rights

None of the Company shares now have dual voting rights. However, the number of voting rights needs to be adjusted to factor in treasury shares, which have been stripped of their voting rights. To the best of the Company's knowledge, as at 31 December 2009 the breakdown of shareholders holding over 2% of the Company's capital and voting rights was as follows:

Shareholder	No of shares	% of capital	% of voting rights
Yellow Grafton SC	508, 984	59.6 %	59.7%
Thames River Property Invt Trust	78, 947	9.2%	9.3%
Marais Participations SAS	40, 000	4.7%	4.7%
Herodius Holding Ltd	26, 500	3.1%	3.1%
Public (estimate)	198, 032	23.2%	23.2%
Shares owned by Directors	300	NS	NS
Treasury Shares	1461	NS	NS
Total	854, 224	100 %	100 %

None of the shareholders have entered into a shareholders' agreement.

The amount, in percentage terms, of capital and voting rights held by members of the management and governing bodies as at 31 December 2009 was non-material.

None of the Group employees hold Company shares.

VII.1.2 Capital authorised but not yet issued - Summary table

The delegations of authority granted by the Company's General Meeting in order to increase the share capital or issue securities entitling their holders to a share in the Company's share capital or debt securities, are shown in the table under III.3 above (See "Existing financial authorisations").

Your Board has not used any of the delegations of authority listed in this table to date.

VII.1.3 Stock options and bonus shares granted to corporate officers and employees

Please note that the Company has never awarded (i) options for the subscription or purchase of shares, or (ii) existing or new bonus shares, to any of the employees or corporate officers of the Company or any affiliated companies or groups.

VII.1.4 Securities giving access to the capital

As at 31 December 2009 no securities exist that give access to the Company's capital.

VII.1.5 Trading in Company shares and buy-back programme

The Combined Ordinary and Extraordinary General Meeting of 16 March 2009, deliberating as an Extraordinary General Meeting, resolved in its seventh resolution to renew the authorisation granted to the Company to purchase Company shares on the market over an 18-month period. The purpose of this authorisation is to boost the secondary market for the share and improve liquidity. The General Meeting set a maximum purchase price of €45. The number of treasury shares held may not exceed 5% of the total number of shares forming the share capital.

At its meeting of 16 March 2009 the Board decided to make use of this authorisation through a liquidity share management agreement compliant with the Code of Conduct of the French Financial Markets Association (*Association Française des Marches Financiers - AMAFI*) as approved by the French financial markets regulator (*Autorité des Marchés Financiers - AMF*), managed by Cheuvreux SA.

At the time of its implementation in February 2008, 400 treasury shares were managed under the agreement and an initial tranche of €75,000 was allocated out of a total amount authorised of € 150,000. By 31 December 2009, the number of treasury shares had risen to 1,461, with €46,005 of the initial tranche remaining. A description of the terms of this buy-back programme was released in accordance with the applicable regulations.

Excluding the initial stock of 400 treasury shares, 1,905 Company shares were purchased under the agreement during the period from 12 February 2009 to 31 December 2009, at an average cost of €39.62 per share, i.e., a total cost of €75,476.

During this same period, 1,021 shares were sold at an average price of €40.13 per share, i.e. a total of €40,972.

As at 31 December 2009 the Company holds 1,461 treasury shares with a par value of €30, corresponding to 0.17% of its capital. This stock represents a total investment of €48,315 for an average unit price per share of €33.07.

VII.1.6 Transactions involving Company shares by directors or persons with close personal links to them.

During the period ended 31 December 2009 none of the directors or any person referred to in Article L.621-18.2 of the French Financial and Monetary Code (*Code Monétaire et Financier*) filed a notification with

the AMF in application of the provisions of Article 222-23 *et seq.* of its General Regulations. All acquisitions of shares by Board members were below the €5,000 exemption limit.

VII.1.7 Events or facts that may affect a takeover bid for the Company

In application of Article L.225-100-3 of the Commercial Code, the Company declares that it has not identified any event or fact likely to affect a takeover bid.

VII.2 Information concerning shares in CFI-Compagnie Foncière Internationale

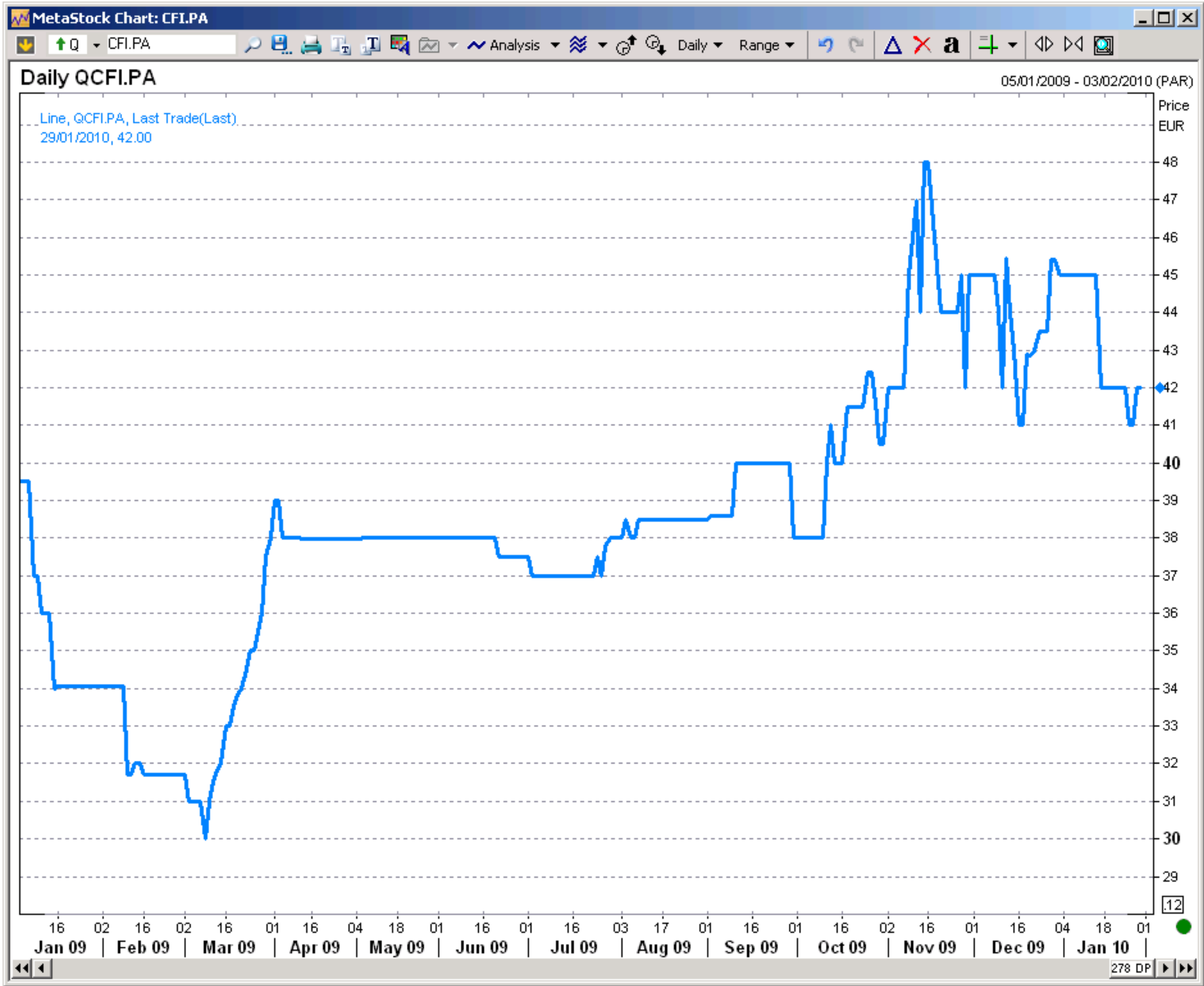
Since the recovery in equity markets in March 2009, the listed property stocks increased by c. 25%. Investors have become more aware of the Group's intrinsic value following its announcement of a revalued net asset value (NAV) of €62.62 on 30 June, leading to an increased interest in the share. This contributed to a 28% rise in the share price, close to the listed property market broader performance.

Review of the share management contract over the period:

- Liquidity: the market was more buoyant in 2009, especially in the second half of the year, with trades in small lots and a higher average daily trading volume, although it still remains low (15 shares).

- Regulation: the share management agreement provides for a twice-daily listing, morning and afternoon, marked to market, provided this is allowed by the Nyse-Euronext listing limits. As stated above, the Company's publication of its interim results and the positive impact of the share management agreement both contributed to the increased interest shown in the stock in the second half of the year.

Share prices over the past 12 months:



- Reduced volatility: share volatility figures clearly demonstrate the daily impact of the share management contract, as volatility has now stabilised at around 40% after falling to 10% at its lowest. The renewed interest in the stock has led to a slight increase in volatility, but it remains reasonable compared to the 110% level observed at the time the contract was signed.

The share price reached a low of €36 and a high of €48 during the period from 30 June 2009 to 28 January 2010.

VIII. – BOARD OF DIRECTORS AND GENERAL MANAGEMENT

VIII.1 Directors, Management and Committees

VIII.1.1 Directors and Management

As of 31 December 2009, the Board members were :

. Mr Alain Benon, Chairman and CEO ;

. Mr Daniel Rigny, Director;

. Mr Emmanuel Rodocanachi, Independent Director ;

. Mr Cyril Benoit, Director; [4] ;

. Mrs Catherine Séjournant, Director;

. Mr Vincent Rouget, Director;

No changes were made to the membership of the Board of Directors during the period ended 31 December 2009.

It should be noted that on 25 November 2007 the Board of Directors decided not to separate the offices of Chairman and Chief Executive Officer. Accordingly, since this date Mr Alain Benon, has been acting as CEO, being both Chairman of the Company, and responsible for its operational management. The Board of Directors subsequently confirmed this decision at its meeting of 16 March 2009.

To facilitate the smooth rotation of Board members, Mr Alain Benon resigned from his office as Chairman and Managing Director with immediate effect at the Combined Ordinary and Extraordinary General Meeting of 16 March 2009. The same meeting re-elected him as a Board member for a four-year term, and the meeting of the Board of Directors held thereafter re-appointed him as Chairman and C.E.O.

VIII.1.2 Committees

Audit and Accounts Committee

As of 31 December 2009, the members of the Audit and Accounts Committee were :

Mr. Emmanuel Rodocanachi, Chairman

Mr. Cyril Benoit, member

Their term of office as a member of the Committee is the same as their term of office as a member of the Board of Directors, as stipulated in VIII.3 below.

[4] Resigned effective 12 February 2010

Nomination and Remuneration Committee

As of 31 December 2009, the members of Nomination and Remuneration Committee were :

. Mr Daniel Rigny: Chairman

. Mrs Catherine Séjournant: member.

Their term of office as a member of the Committee is the same as their term of office as a member of the Board of Directors, as stipulated in VIII.3 below.

VIII.2 Remuneration of corporate officers

VIII.2.1 Remuneration of the CEO

The remuneration received by the Chairman and CEO over the period ended 31 December 2009 is listed in the following tables, which have been drawn up in compliance with the AFEP-MEDEF[5] Code:

Note: All amounts are gross, including those in the "paid" column.

In Euros

Summary table of remuneration, shares and stock options received by each corporate officer / manager			
Alain Benon, Chairman and CEO, over the period ended ...	15/12/2008	11/02/2009	31/12/2009
Remuneration for the period (1)	138, 839	30,520	286, 317
Value of options awarded over the period			
Value of stock options awarded on the basis of performance over the period			
Total	*138, 839*	*30,520*	*286 317*

(1) See breakdown in table 2

Summary table of remuneration received by Mr Alain Benon						
Alain Benon Chairman and CEO over the period ended ...	15/12/2008		11/02/2009		31/12/2009	
	due	paid	due	paid	due	paid
Fixed remuneration	4, 839	110, 000	3, 929	15, 161		127, 923
Variable remuneration					100, 000	100, 000
Exceptional remuneration						
Board attendance fees (1)	24, 000		11, 430		22, 964	
Benefits in kind						
Total	*28,839*	*110, 000*	*15, 359*	*15, 161*	*22, 964*	*263, 353*

(1) For information on calculation criteria, please see "Chairman's report on internal control - II.2"

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6. AFEP (Association Française des Entreprises Privées) and MEDEF (Mouvement des Entreprises de France), two French business associations

In addition, Mr Alain Benon:

- is covered by the loss-of-employment insurance policy for company directors;
- has not received any remuneration from *CFI-Image*, the Company's 95%-owned subsidiary, for his office as the entity's Chairman.

VIII.2.2 Board attendance fees

Board attendance fees	***Euros***		
Board members	Paid in 2008	Paid as at 11/02/2009	Paid as at 31/12/2009
Cyril Benoit			
Alain Benon	4, 000		35, 430
Vincent Hollard	2, 000		3, 950
Daniel Rigny			
Emmanuel Rodocanachi	2, 000		17, 715
Vincent Rouget			
Catherine Séjournant			
Total	*8, 000*	-	*57, 095*

Nota: The table 4, 5, 6 et 7 mentioned in the AFEP-MEDEF Code are not attached as they are not applicable to the Company

VIII.3 Details on the Board of Directors

The below table shows the composition of the Board of Directors of the Company and the positions held by the members in other company as at 31 December 2009

Name of Directors	**Age**	**Date of appointment or renewal**	**Date of resignation**	**Position in the Company**	**Other positions**
Emmanuel Rodocanachi	69	Board of Directors dated 16 March 2009	General Meeting of Shareholders to be held in 2013	Independent Director Chairman of the Audit and Accounts Committee	Manager of E.R. SOLUTIONS SARL

Daniel Rigny	40	Board of Directors dated 16 March 2009	General Meeting of Shareholders to be held in 2011	Director Chairman of the Nomination and Remuneration Committee	Chairman of the Supervisory Board of PEGASE SAS.
Alain Benon	58	Board of Directors dated 16 March 2009	General Meeting of Shareholders to be held in 2013	Chairman and CEO	Director of GENERALI EURO ACTIONS (SICAV) Member of the Supervisory Board of MANDEL PARTNERS Chairman of CFI-Image
Catherine Séjournant	34	Board of Directors dated 16 March 2009	General Meeting of Shareholders to be held in 2011	Director Member of the Nomination and Remuneration Committee	None
Vincent Rouget	30	Board of Directors dated 16 March 2009	General Meeting of Shareholders to be held in 2011	Director	None
Cyril Benoit(5)	34	Board of Directors dated 16 march 2009	General Meeting of Shareholders to be held in 2011	Director	None

(5) Resigned effective 12 February 2010.

It should be noted that the Board of Directors specifically reviewed the position of each of the Board members with regard to the criteria determining independent directors on 12 February 2010. As at the date of this report, the Board of Directors has one independent director (Mr Emmanuel Rodocanachi)

within the meaning of the AFEP-MEDEF Code, in other words, a director who has no connection with the company, its group or managers that could compromise his freedom of opinion.

As far as the Company is aware, none of the Board members or corporate officers has any criminal record for fraud, nor has any of them been involved in any bankruptcy, confiscation, liquidation, incrimination or official sanctions, or been prevented from acting or participating in the management or running of a business over the past five years.

VIII.4 Management experience and skills of the Board members

Alain Benon, CEO

Alain Benon has held management positions mainly in property investment (Managing Director of Unibail from 1992 to 1999), specialised financial services (Chairman of Sofiroute, part of the Suez Group, from 1988 to 1991) and banking sector, as CEO of BDPME) and SOFARIS, (the SME Bank and Innovation Agency now knowned as OSEO).

Prior to that, he spent most of his career in the Treasury Department, and then as Chief of Staff to Minister of Economy, Finance and Privatisation Edouard Balladur from 1986 to 1988.

He graduated from the Institut d'Études Politiques (Institute of Political Studies) of Paris and ENA (École Nationale d'Administration).

Cyril Benoit, Director (5)

Principal with Perella Weinberg Real Estate UK LLP since June 2007, he previously held a number of positions with Unibail, first as Head of Corporate Development, mainly in charge of mergers and acquisitions, then as Head of Investments and CFO of the Shopping Centres Division

Prior to that, Cyril Benoit was an Advisor at the office of the Minister of Economy, Finance and Industry, and held various positions in the Treasury Department. In particular he took part in setting up the Agence des Participations de l'Etat (government holding company).

He graduated from École Normale Supérieure and from the University of Paris-Sorbonne.

Daniel Rigny, Director

Partner of Perella Weinberg Partners and Perella Weinberg Real Estate UK LLP since June 2007, he is Head of Investments for Perella Weinberg Real Estate Fund I LP.

From 1997 to 2007 Daniel Rigny was Managing Director of RREEF, the division of Deutsche Bank in charge of managing real estate investments. As such, he was Head of investment in Europe and a member of the investment committee for RREEF's "opportunistic" real estate funds, which had total equity of US$3.1 billion. Meanwhile, he was a member of the executive committee of RREEF Europe

He began his career with Crédit Suisse, later moving to Bankers Trust, in the capital markets and business advisory divisions.

Daniel Rigny graduated from École Polytechnique.

Emmanuel Rodocanachi, Independent Director

Manager of ER Solutions, a financial services advisory company, since December 2005, Senior Advisor and member of the European Advisory Board of Oliver Wyman (a consulting firm specialis in organisation and strategy) since 2007, Emmanuel Rodocanachi has held major positions in banking, firstas Manager and then as Managing Director of Banque Hottinguer (1988 to 1994), then as CEO of Crédit National (which became Natexis following the acquisition of BFCE (Banque Française du Commerce Extérieur)) from 1994 to 1999 and Senior Advisor and member of the European Strategic Committee of Citigroup from 2000 to 2007.

Previously, he held a number of positions in the public sector, with the Ministry of Finance (Office of Budget), at the office of Prime Minister Pierre Messmer from 1972 to 1974 and of President Valéry Giscard d'Estaing from 1978 to 1981, and as Economic and Financial Affairs Advisor to Prime Minister Jacques Chirac from 1986 to 1988.

Emmanuel Rodocanachi graduated from the Institut d'Études Politiques of Paris.He also holds a degree in Public Law and is a graduate from ENA.

Catherine Séjournant, Director

Principal with Perella Weinberg Real Estate UK LLP since 2007, Catherine Séjournant worked from 2005 to 2007, for Avequis, a Calyon's subsidiary, part of the Crédit Agricole Group, specialising in aeronautical asset management.

From 2000 to 2005, she practised as a lawyer with the law firm Cleary Gottlieb Steen & Hamilton.

Catherine Séjournant graduated from HEC business school and holds a Master's in Business Law and a DEA (Master's in Advanced Studies) from the University of Paris II-Assas.

Vincent Rouget, Director

Member of the investment team of Perella Weinberg Real Estate UK LLP since June 2007, Vincent Rouget previously (from 2003 to 2007) held a number of positions with Morgan Stanley in Paris and New York, in mergers and acquisitions and capital markets teams.

He graduated from HEC business school.

IX. – SOCIAL AND ENVIRONMENTAL POLICIES – RESEARCH AND DEVELOPMENT

IX.I Information on social policy

Not applicable, as the Company had only one employee as at 31 December 2009.

IX.2 Information on environmental policy

The investment activities of the Company and its subsidiary do not have any impact on the environment, and as such the provisions of Article L.225-102-1 of the Commercial Code do not apply.

IX.3 Research and development

As required by Article L.232-1 of the Commercial Code, please note that neither the Company nor its subsidiary carried out any research and development work over the period ended 31 December 2009.

IX.4 Information on trade accounts payable and receivable

As at 31/12/2009, the Company's "trade accounts payable" account showed a balance of €25,745, with almost all sums due at the end of January 2010.

X. ASSESSMENT OF RISKS AND UNCERTAINTIES TO WHICH THE COMPANY IS EXPOSED

X.1 Risk exposure

Following its first investment, the Company now has exposure to property risk, more specifically to properties operated by UGC as multiplex cinemas, a risk which is mitigated by the fact that the latter is one of the most efficient cinema operators in France.

In this respect, changes in market conditions may therefore have a favourable or unfavourable impact on the parameters used by the independent appraiser CB Richard Ellis (CBRE) to value these properties and, as a consequence, on the Group's consolidated results and shareholders' equity.

As regards the Company's prospects at year-end 2009, the main uncertainty lies in the further impact of the economic crisis on the property market and in the crisis exit scenario from 2010 (See I.1above)

X.2. Financial risks

Market risk

See above

Counterparty risk

The Group's only counterparty is UGC Ciné Cité, in its capacity as lessee of the cinemas in the portfolio.

Liquidity risk

The Company has used most of its available cash, namely €28.1 million, to invest in its subsidiary CFI-Image via two capital increases, in order to finance the acquisition of the UGC portfolio.

Prior to this transaction, the Board of Directors authorised the C.E.O., at its meeting on 10 February 2009, to negotiate an overdraft facility to cover any occasional needs. The €1 million facility, granted for one year, was not used in 2009.

From 2010 onwards regular dividend distributions by *CFI-Image* will cover the parent company's current cash requirements.

Interest rate risk

The Company is not exposed to the risk of an increase in interest rates, as current rates are the lowest on record and a fixed rate swap has been negotiated for the €98 million variable rate bank loan for the entire term of the loan (5 years).

Currency risk
Not applicable, as the Company does not operate or manage financial flows outside the euro zone (or indeed within it).

Equities risk

This risk is limited to the stock of treasury shares acquired as a result of Cheuvreux SA's services under the share management contract. Given the low volumes traded (1,461 treasury shares as at 31 December 2009), the risk is non-material.

X.3 Risk management

See the Chairman's report on internal control below.

Cash management

The available cash of the Company and its subsidiary is invested in secure short-term products, money market funds or deposit accounts, most of which have a rate of return similar to that of the Eonia.

Memorandum on accounting procedures and internal audit

The Memorandum on Accounting Procedures and Internal Audit, which was drafted at the end of 2008 and is regularly updated, covers the Company's risk management procedures. A detailed presentation of the contents of this document can be found in the Chairman's Report, drawn up in compliance with Article L.225-37 of the Commercial Code.

Insurance

At the General Meeting of 19 March 2008 the shareholders ratified the Company's decision to take out an insurance policy with Liberty Mutual Insurance Europe Ltd, the European subsidiary of a US insurance company, covering the business liability of the Company and its officers and directors.

The main features of the policy are:

-Insured: any director or corporate officer of the policy holder or any of its subsidiaries, extended to also cover other individuals and legal entities including, in particular, the Company itself.

- Insured amount: €3,000,000 per insurance year, with various excess clauses for the policy holder.

Start date: 1 March 2008

Term: 12 months, tacit renewal

Territorial scope: worldwide.

X.4 Other information on risks

The Company is not currently involved in any court or arbitration proceedings that could ultimately generate costs. It is not bound by any commitments, guarantees or warranties with regard to its business activities prior to the change of shareholders on 27 November 2007.

The *CFI-Image* shares which it holds are pledged in favour of Crédit Agricole-CIB, the agent for the banking syndicate that financed the acquisition in February 2009.

XI. – OUTLOOK

In a macro-economic environment which is expected to remain weak in 2010, the Company intends to remain active in the commercial real estate market and target, on a selective basis, new acquisition opportunities that meet its investment criteria.

XII. – STATUTORY AUDITORS

Entitled Statutory Auditors

Ernst & Young Audit :
Represented by Mr Christian Mouillon
Faubourg de l'Arche - 11, allée de l'Arche
92400 Courbevoie

Ernst & Young Audit was appointed by the Annual General Meeting dated 19 March 2008 to replace KPMG, resigning entitled statutory auditor, for the term of its mandate i.e five financial years.
ACE-Auditeurs et Conseils d'Entreprise
Represented by Mr Emmanuel Charrier
5, avenue Franklin Roosevelt
75008 Paris

ACE-Auditeurs et Conseils d'Entreprise was appointed for six financial years, by the Annual General Meeting dated 27 June 2007.

Substitute Statutory Auditors

Auditex
Represented by Mr Olivier Breillot
Faubourg de l'Arche - 11, allée de l'Arche
92400 Courbevoie

Auditex was appointed by the Annual General Meeting dated 19 March 2008 to replace Mr François Cheuvreux, resigning substitute statutory auditor, for the term of its mandate i.e five financial years.

Mr Arnaud Dieumegard
5, avenue Franklin Roosevelt
75008 Paris

Monsieur Arnaud Dieumegard was appointed for ten financial years, by the Annual General Meeting dated 27 June 2007.

We remain at your disposal should you require any further information,

The Board

French limited liability company (*Société anonyme*)

with capital of € 25,626,720 Euros

Registered office: 72, rue du Faubourg Saint-honoré

75008 Paris, France

Registry Number:R.C.S. Paris B 542 033 295

Consolidated Financial Statements

To 31 December 2009

Period from 12 February to 31 December 2009

I-Consolidated Balance Sheet to 31 December 2009

ASSETS (€'000)	Notes	Consolidated financial statements 31.12.2009	Consolidated financial statements 11.02.2009
Non-current assets			
Intangible assets			
Property, plant and equipment		2	2
Investment property	8	201, 560	
Derivative financial instruments	9		
Deferred tax assets			
Other non-current assets	10	11	11
Total non-current assets		**201 ,573**	**13**
Current assets			
Trade receivables	11	3, 960	
Other current assets	12	115	34, 147
Cash and cash equivalents	13	2, 221	426
Total current assets		**6, 296**	**34, 573**
Total assets		**207, 869**	**34, 586**

EQUITY AND LIABILITIES (€'000)	Notes	Consolidated financial statements 31.12.2009	Consolidated financial statements 11.02.2009
Capital and reserves			
Share capital	14	25, 627	25, 627
Capital reserves		52	52
Other reserves		2, 531	2, 827
Treasury shares		-59	-22
Fair value adjustments to financial instruments		-2 ,152	
Profit attributable to the equity holders of the parent		28 ,519	-301
Equity attributable to the equity holders of the parent	**V**	**54, 518**	**28, 183**
Minority interests	**15**	**43, 908**	
Total equity		**98, 426**	**28 ,183**
Non-current liabilities			
Bonds redeemable in shares	16	7, 617	
Borrowings	16	89, 245	
Provisions			
Deferred tax liabilities			
Derivative financial instruments	9	2 ,265	
Other non-current liabilities	18		
Total non-current liabilities		**99, 127**	
Current liabilities			
Bonds redeemable in shares	16	1, 792	
Borrowings	16	4, 116	5, 800
Other current liabilities	18	4, 408	603
Total current liabilities		**10, 316**	**6, 403**
Total equity and liabilities		**207, 869**	**34, 586**

II- Consolidated Income Statement to 31 December 2009

Period from 12 February 2009 to 31 December 2009

(€'000)	Notes	Consolidated financial statement 31 12 2009 (10,5 months)	Consolidated financial statements 11 02 2009 (2 months)
Gross rental income		11, 300	
Service charge income and expenses		96	
Other property operating income and expenses			
Net rental income	19	**11, 396**	
Revenue from other activities			
Employee benefits expense		-366	-30
External charges (*)		-1, 023	-346
Taxes (other than income taxes)		-73	-3
Depreciation, amortisation and provisions		-1	
Other operating income and expenses		-19	-17
Operating profit on ordinary activities		**9, 914**	**-396**
Profit on disposal of properties			
Changes in fair value of investment properties	8	49, 996	
Operating profit		**59, 910**	**-396**
Income from cash and cash equivalents		35	95
Gross financing costs		-4, 869	
Net financing costs	20	**-4, 834**	**95**
Other financial income and expenses			
Income tax expense	21	-28	
Profit for the year from discontinued operations			
Profit for the period		**55, 048**	**-301**
Attributable to:			
- Equity holders of the parent		28, 519	-301
- Minority interests		26, 528	
Basic earnings per share attributable to the equity holders of the parent	22	**33.42**	**-0.35**
Diluted earnings per share attributable to the equity holders of the parent	22	**33.42**	**-0.35**

(*) These charges comprise mainly acquisition costs that it was determined could not be capitalised.

III – Statement of Recognised Income and Expense

(€'000)	Notes	Consolidated financial statements 31 12 2009 (10,5months)	Consolidated financial statements 11 02 2009 (2 months)
Profit for the period		**55, 047**	**-301**
- Efficient portion of the gains and losses on hedging instruments		-2, 265	
Total gains and losses recognised directly to equity		**-2, 265**	
Profit for the period and gains and losses recognised directly to equity		**52, 782**	**-301**
Of which attributable to:			
- Equity holders of the parent		26, 367	-301
- Minority interests		26, 414	

IV - Consolidated Cash Flow Statement 31 December 2009

(€'000)	Notes	Consolidated financial statements (10,5 months)	Consolidated financial statements (2 months)
Profit for the period		**55, 047**	**-301**
Amortisation, depreciation and provisions		1	
Unrealised valuation movements		-49, 996	
Estimated charges		209	
Realised profits on disposals and subsidies received			
Net financing costs		4 834	-95
Income tax expense (including deferred tax)		28	
Cash flow before net financing costs and tax (A)		**10, 123**	**-396**
Income taxes paid (B)		-28	
Change in working capital linked to the activity (C)	23	33, 877	-33, 879
Net cash from (used in) operating activities (D) = (A + B + C)		**43, 972**	**-34, 275**
Acquisitions of property, plant and equipment and intangible assets		-151, 193	
Proceeds from the sale of non-current assets			
Acquisitions of investments			-7
Proceeds from the sale of investments			
Acquisitions of subsidiaries, net of cash acquired			
Change in amounts due on the acquisition of non-current			
Other cash flows from investing activities			
Net cash from (used in) investing activities (E)		**-151, 193**	**-7**
Capital increases and decreases		1, 480	
Proceeds from the issue of securities providing access to the capital of CFI-Image		16, 049	
Proceeds from bond issue by CFI-Image		9, 491	
Purchases and sales of treasury shares		-33	-7
Dividends paid to the equity holders of the parent and to minority interests		-28	
New loans		96, 770	
Repayment of loans and other borrowings		-4, 275	
Change in cash related to financial income and expenses		-4 ,636	95
Other cash flows from financing activities			
Net cash from (used in) financing activities (F)		**114, 818**	**88**

Change in cash and cash equivalents (D + E + F)		7, 597	-34, 194
Cash and cash equivalents at the start of the period	23	-5, 374	28, 820
Cash and cash equivalents at the end of the period	23	2, 221	-5, 374

V – Consolidated Statement of Changes in Equity

(€'000)	Share capital	Capital and other reserves	Treasury shares	Gains and losses recognised directly to equity	Profit for the period	Equity attributable to the equity holders of the parent	Equity attributable to minority interests	Total equity
Balance at 15 December 2008	**25, 627**	**2, 798**	**-14**		**81**	**28, 491**		**28, 491**
Earnings appropriation		81			-81			
Profit for period ended 11 February 2009					-301	-301		-301
Treasury shares			-7			-7		-7
Balance at 11 February 2009	**25, 627**	**2, 879**	**-22**		**-301**	**28, 183**		**28, 183**
Earnings appropriation		-301			301			
Profit for period ended 30 June 2009				-2, 152	28, 519	26 367	26 414	52, 782
Treasury shares			-38			-38		-38
Gain on sale of treasury shares		5				5		5
Capital increase by CFI-Image							1 473	1 473
Issue of securities giving access to the capital of CFI-Image							16 049	16, 049
Paid dividend							-28	-28
Balance at 31 December 2009	**25, 627**	**2, 583**	**-59**	**-2, 152**	**28, 519**	**54, 518**	**43 908**	**98, 426**

VI - Notes to the Consolidated Financial Statements

for the period from 11 February 2009 to 31 December 2009

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1. General information

CFI-Compagnie Foncière Internationale (formerly Didot Bottin) modified its objects clause to focus on the acquisition or construction of property with a view to leasing out this property.

The Company is listed on the NYSE Euronext Paris.

Exceptionally, the Company brought forward its year-end to 15 December 2008, this decision - which shortened the reporting period to eleven and a half months - having been taken in order to opt for the tax regime applicable to public property companies (Sociétés d'Investissements Immobiliers Cotées - SIIC). As all the conditions for eligibility had not been fulfilled at that date, the end of the next financial period was brought forward to 11 February 2009, the company changing status with effect from 12 February 2009.

The current financial year covers the period from 12 February 2009 to 31 December 2009.

2. Significant events

As the previous accounting period was closed early on 11 February 2009, the current accounting period, which began on 12 February 2009 and closed on 31 December 2009, consists of ten and a half months.

A highlight of this period occurred on 12 February 2009, when the Company and its subsidiary *CFI-Image* elected to adopt the status applicable to public property companies, followed the next day by the acquisition, under this same regime and by substituting its subsidiary, of a portfolio of 12 properties used as cinema complexes and rented to UGC Ciné Cité. Following the early exercise on 26 June 2009 of the call option on the finance lease relating to the UGC Lille multiplex, the Group now owns all these assets outright.

These properties were leased for an initial fixed term of 12 years and represent net rental income of around €12.8 million for 2009 on a full year basis, for an investment of €153 million including acquisition costs and loan fees. CFI-Image financed this investment by taking out a mortgage for €98 million with a pool of banks, the balance coming from its own resources and from the issue of securities conferring, under certain circumstances, access to its capital.

To enable its subsidiary to finance its equity share of this acquisition, *CFI-Compagnie Foncière Internationale* subscribed to two capital increases staged by *CFI-Image* by allocating €28.1 million of cash.

On completion of these transactions, CFI owns 95% of its subsidiary alongside UGC Group, which owns the other 5%. The two shareholders have entered into an agreement relating to the liquidity of their stakes in CFI-Image. This agreement includes the usual clauses covering first refusal and joint and forced withdrawal as well as call options exercisable at the initiative of UGC Group under certain conditions, during predetermined periods, and no later than 14 February 2014. The exercise of these options is subordinated notably to the requirement that it should not cause *CFI-Image* to lose its status as a public property company ruled by the SIIC tax regime.

During the period under review, the Company entered a new stage in the bid to strengthen its governance, the deliberations of the Combined Ordinary and Extraordinary Meeting of Shareholders held on 16 March 2009 complementing in this regard those of the Board of Directors meeting held on 23 January 2009, such that the Company was compliant with the AFEP-MEDEF Code.

The Combined Ordinary and Extraordinary Meeting of Shareholders held on 28 May 2009 renewed, generally for a period of 26 months, the delegation of powers conferred on the Board of Directors with regard to financial authorisations.

Continuing the execution of its property strategy, *CFI-Compagnie Foncière Internationale* has maintained an active presence in the property market and has examined several potential acquisitions that meet its criteria, positioning itself for some of these acquisitions.

3. Context in which the financial information was prepared

The consolidated financial statements cover the period from 12 February 2009 to 31 December 2009. They were approved by the Board of Directors on 12 February 2010.

For the purposes of comparability, the Company has also presented a consolidated balance sheet and profit and loss account in IFRS format for the period ended 11 February 2009. However, the lack of any property assets at 11 February 2009 and the exceptionally short duration of the previous accounting period mean that the figures presented are not comparable.

The Company applies International Financial Reporting Standards, namely the new numbered series of pronouncements, International Financial Reporting Standards (IFRS), that the IASB is issuing, International Accounting Standards (IAS) as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretation Committee (SIC) as approved by the European Union and which are effective for periods beginning on or after 12 February 2009. These standards can be consulted on the Internet site of the European Commission[6].

New standards, amendments to existing standards and new interpretations have been adopted that are effective for periods beginning after 31 December 2009. The Company has not elected for the early application of these pronouncements when earlier application was not mandatory.

With regards to the foregoing, only the following standards and interpretations may be applicable to CFI, but the impact of applying these pronouncements, which is still being assessed by the Company, is unlikely to be material:

• IFRS 3 (Revised) – Business Combination

• Amendements to IAS 27 – Consolidated and Separate Financial Statements

• Amendements to IAS 39 – Financial Instruments: Recognition and Measurement. Eligible Hedged Items.

4. General principles

The consolidated financial statements are expressed in thousands of euro unless otherwise indicated.

They were prepared under the historical cost convention except for investment property, for financial instruments held for trading and for derivative financial instruments, which are measured at fair value

[6] http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

5. Use of estimates

For the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards, Management relied on estimates and assumptions that are reflected in the valuation of certain assets and liabilities and certain income and expenses, more particularly as regards:

- valuation of investment properties; and
- valuations serving as a basis for impairment testing.

Dans le cadre de l'application des méthodes comptables du groupe, la Direction a fait l'hypothèse suivante dont les effets sont significatifs sur les montants comptabilisés dans les états financiers consolidés :

In connection with the application of Group accounting methods, management has made the following assumption, which has a material impact on the amounts recognised in the consolidated financial statements:

Operating leases in which the Group is the lessor: the Group has entered into commercial leases on its portfolio of investment properties. After analysing the terms and conditions of the agreements, it deemed that it retained virtually all the risks and rewards inherent in the ownership of the investment properties and, consequently, recognises them as operating leases.

Management constantly reviews estimates and assessments based on past experience and on factors deemed reasonable, which underpin its assessment of the amount at which assets and liabilities are carried. Actual values could be materially affected were assumptions and/or conditions to differ.

6. Accounting policies and methods

6.1 Consolidation methods

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Companies controlled by the Group are consolidated under the full method.

The list of consolidated companies is provided in Note 7, Consolidation Scope.

6.2 Accounting period and balance sheet date

All consolidated companies prepare their annual financial statements and their interim financial statements to the same date and for the same period as for the consolidated financial statements.

6.3 Presentation of the consolidated financial statements

An asset is classified as current if it is expected to be realised within 12 months, and a liability is classified as current if it is expected to be settled within 12 months. Assets and liabilities that do not meet these criteria are classified as non-current.

In the consolidated income statement, the format used by the Group consists in aggregating expenses according to their nature.

In the consolidated cash flow statement, the method used by the Group to report cash flows from operating activities is the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

6.4 Intra-group transactions

All intra-group transactions, balances, income, expenses and dividends are eliminated on consolidation.

6.5 Investment property

Property held as owner or held as lessee under a finance lease to earn rentals or for capital appreciation or both is classified as investment properties in the balance sheet in accordance with IAS 40.

All property consists of buildings leased out under operating leases meeting the definition of investment property.

The Group has elected to account for investment property using the fair value model. This requires property to be re-measured at market value and for this to reflect the actual market state and circumstances at each balance sheet date.

For the purpose of the interim and year-end consolidated financial statements, investment properties are stated at fair value as determined by the independent appraiser CB Richard Ellis.

The methodology used to determine the market value of property used as cinema complexes gives preference to the present value of future net cash flows over the period of ownership, the method based on the capitalisation of net rental income at the market rate being computed for information only.

Fair value does not include taxes and costs. Gains or losses arising from changes in the fair value of investment properties are recognised to profit or loss.

The change in the fair value of each property recognised to profit or loss is determined as follows: market values at the balance sheet date less the sum of the market value at the previous balance sheet date and the work and expenses capitalised during the period ended.

Expenses that are capitalised include the cost of the property, transfer taxes and transaction costs.

As required by IAS 40, no depreciation or impairment losses are recognised since properties are stated at fair value.

6.6 Finances leases involving investment property

A lease involving investment property is classified as a finance lease when it transfers substantially all the risks and rewards incident to ownership to the Group. The fair value of the property that is the object of the finance lease is recognised as an asset. Lease obligations towards the lessor are recognised as current liabilities and non-current liabilities.

At the balance sheet date, investment properties are measured at fair value (see Note 6.5).

Finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

6.7 Trade receivables and other current assets

Trade receivables are recognised initially at fair value. Subsequently they are measured at amortised cost.

An impairment loss is recognised when there is objective evidence amounts due will not be collected in their entirety in the conditions agreed to initially at the time of the transaction.

6.8 Financial assets

Financial assets are recognised initially at fair value, including transaction costs for assets that will not subsequently be measured at fair value through profit or loss. At the date of acquisition, and in light of management intentions, financial assets are classified in one of the categories defined by IAS 39. This classification determines whether a particular asset will be measured subsequently at amortised cost or fair value.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market. These assets are measured at amortised cost using the effective interest method. This category includes trade receivables, receivables related to non-consolidated participating interests, guarantee deposits, financial advances, guarantees and other loans and receivables. The amount at which loans and receivables are carried may be reduced by impairment losses if there is a risk amounts due will not be collected. Gains and losses on loans and receivables correspond to interest income and impairment losses.

Available-for-sale financial assets are measured at fair value and changes in fair value are recognised directly in equity. However, if negative fair value adjustments are required and there is evidence the asset has been impaired, cumulative gains or losses recognised directly in equity are reversed to profit or loss. Available-for-sale financial assets comprise mainly non-consolidated participating interests which are quoted. In the absence of an active market, these assets are recognised at their cost of acquisition. Gains and losses on available-for-sale financial assets correspond to dividends, impairment losses and cumulative gains and losses recognised in equity reversed to profit or loss on de recognition of the asset.

Financial assets at fair value through profit or loss include financial assets held for trading (financial assets, including derivative instruments not designated as hedging instruments, acquired principally for the purpose of selling in the short term) and financial assets designated when initially recognised as assets to

be measured at fair value through profit or loss (option applied to cash equivalents and other investments). This option is available because the securities in question are managed at fair value. Changes in fair value are recognised to profit or loss. Financial assets at fair value through profit or loss include notably cash equivalents and investments not designated as cash equivalents. Gains and losses on financial assets at fair value through profit or loss correspond to interest income, changes in fair value, and gains and losses on disposal.

Cash consists of debit balances on bank current accounts. Cash equivalents are short-term, highly liquid investments that are readily convertible to a known amount of cash, and that are subject to an insignificant risk of changes in value. They are designated as financial assets at fair value through profit or loss pursuant to the option given by IAS 39.

6.9 Capital and reserves

6.9.1 Minority interests

Minority interests correspond to the shareholding of UGC Group in the capital of the subsidiary *CFI-Image*. Note that minority interests in the capital of *CFI-Image* are measured on the basis of their interest in the capital and reserves of this company after the redemption of the bonds redeemable in shares. Assuming these bonds were redeemed in cash, it is provided that the payment would be equal to the actual value of the company's shares determined on the basis of the company's Net Asset Value.

6.10 Bonds redeemable in shares

On 13 February 2009, CFI-Image issued 25,540,073 bonds redeemable in shares, amounting to €25,540,073 that were subscribed to by UGC SA.

Financial instruments that have both a liability component and an equity component, for instance bonds redeemable in shares, are accounted for in accordance with IAS 32. The carrying amount of the compound instrument is apportioned between its liability component and its equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined as the fair value of its liability component. The carrying amount of the liability component corresponds to the fair value of a similar liability that does not have an associated equity component. The equity component is recognised in equity under minority interests. In the event the bonds were redeemed in shares, CFI would control 51% of the capital of *CFI-Image* and UGC SA 49%. This is the ownership structure that is reflected in the consolidated financial statements.

The liability component is measured at amortised cost over its estimated life. Issue costs are apportioned between the liability component and equity component based on their relative carrying amount at the date of issue.

6.11 Financial liabilities

Except for derivative instruments, financial liabilities are recognised initially at fair value, deduction made of transaction costs. Subsequently they are measured at amortised cost using the effective interest method.

Given that these liabilities are to be settled within a short term maturity, trade payables and other payables arising from the operations are stated at cost in the balance sheet, their valuation not being materially different when they are measured at amortised cost using the effective interest method.

Interest-bearing loans are recognised at fair value on the date of issue. Subsequently, they are measured at amortised cost using the effective interest method. Transaction costs attributable to the loans are deducted from the carrying amount of the financial liability and amortised on an actuarial basis over the life of the liability using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount of the financial liability. The calculation takes into account all fees and points paid between parties to the contract, transaction costs, and all other premiums or discounts.

6.12 Fair value of derivative instruments

Loans initially contracted at variable rates result in exposure to a risk of variability in cash flows if there is a change in the relevant interest rate. Loans initially contracted at fixed rates result in exposure to a risk of variability in the fair value of the financial liability if there is a change in interest rates. In accordance with the cash management policy that has been defined, the Group does not own and does not issue derivative financial instruments for trading purposes.

Derivative financial instruments are used to hedge variable-interest loans against the risks associated with interest rate fluctuations (i.e. hedge of exposure to variability in future cash flow). Hedge accounting is applied when conditions in terms of documentation and effectiveness are met. Hedge effectiveness is demonstrated if changes in the cash flows of the hedged item are offset by changes in the cash flows of the hedging instrument within a range of 80% to 125%.

In this case, the effective portion of any change in the fair value of the hedging instrument is recognised directly in equity, the change in the fair value of the hedged portion of the hedged item not being recognised in the balance sheet. The ineffective portion of any change in fair value is recognised immediately in profit or loss. Gains or losses deferred in equity are reversed to profit or loss in the same period in which the hedged items affects profit or loss.

The fair value of derivative instruments is measured using generally accepted methods (discounted cash flow method, etc.) and is based on market data.

6.13 Provisions

Provisions reported as a liability in the balance sheet represent liabilities of uncertain timing or amount. They are recognised when the Group has a present obligation (legal, constructive or contractual) as a result of an event prior to the balance sheet and it is probable that an outflow of resources embodying

economic benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The effect of the time value of money not being material, expected cash outflows were not discounted to their present value.

Non-current provisions correspond to liabilities that are expected normally to be settled in more than one year. Current provisions correspond to provisions linked directly to the operating cycle of each activity, whatever their estimated timing, and other provisions that are expected to be settled within one year.

6.14 Post-employment benefits

Post-employment benefits under defined benefit plans consist of indemnities payable to employees on the date of retirement. Given the small number of employees and their short period of employment, these indemnities are not material and have not therefore been recognised.

Note that pension benefits to which employees will be entitled will be paid by state plans operating as contributory pension schemes. The Group considers that it has no obligation over and above the obligation to make contributions to these plans. These contributions are recognised to profit or loss in the period when called.

6.15 Lease payments

Payments in respect of operating leases are recognised in profit or loss on a straight-line basis over the term of the relevant lease. Minimum payments in respect of finance leases are apportioned between finance charges and reduction of the lease obligation. The finance charges are allocated to each period covered by the finance lease so as to achieve a constant rate of interest on the remaining balance of the liability.

6.16 Taxation

6.16.1 Income tax

Income tax represents the sum of the tax currently payable or receivable and deferred tax payable or receivable. Income tax is recognised to profit or loss unless it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred taxes are recognised in respect of temporary differences between the carrying amount of the assets and liabilities and their tax base using the liability method. Accordingly, deferred taxes are calculated based on the tax rates and tax laws that have been enacted or announced at the balance sheet date, as applicable depending on the Company's tax status. Deferred taxes in the consolidated financial statements were calculated applying a rate of 33.33%.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

As required by IAS 12, deferred tax assets and liabilities are not discounted.

As required by IAS 12, deferred tax assets and deferred tax liabilities are offset at the level of the individual tax entities.

6.16.2 Regime applicable to public property companies

On 12 February 2009, *Compagnie Foncière Internationale* opted for the tax regime applicable to listed property companies (*Régime SIIC*) under Article 208 C II of the General Tax Code (*Code Général des Impôts*). Its 95%-owned subsidiary *CFI-Image* also opted for this tax regime and is assessed to corporation tax.

This regime has for effect to exempt from corporation tax that fraction of the taxable income generated mainly from:

- rental or sub-rental of real estate held under finance leases;

- capital gains on the sale of real estate or rights relating to finance leases;

- capital gains on the sale of securities in a partnership having the same purpose;

- the share of the taxable income partnerships having the same purpose; and

- dividends received from subsidiaries assessed to corporation tax having opted for the same regime.

In return for the tax exemption on qualifying income, public property companies and subsidiaries having opted for the tax regime applicable to listed property companies must distribute at least:

- 85% of profits generated from rental income before the end of the year following that in which the profits were generated;

- 50% of the capital gains from the sale of real estate, of participating interests in partnerships governed by Article 8 of the General Tax Code and having the same purpose as a SIIC public property company, and of shares in subsidiaries assessed to corporation tax having opted for the said tax regime.. The capital gains must be distributed no later than two years following the year in which these gains were generated; and

- 100% of dividends received from companies assessed to tax having opted for the SIIC tax regime before the end of the year following that in which the dividends were received.

The distribution requirement is capped at the lower of the profit for accounting purposes and the profit for tax purposes.

6.17 Rental income

Rental income generated by investment properties is recognised on a straight-line basis over the term of the rental agreements.

6.18 Service income and charges

When applicable, service charges re-invoiced are reported net of amounts recovered from tenants and are not therefore reported separately in the income statement.

6.19 Other property operating income and expenses

Other property operating income corresponds to income that is not in the nature of rental income or re-invoiced service income.

Other property operating expenses correspond to litigation expenses, charges relating to doubtful accounts and charges in respect of work that are not in the nature of service charges.

6.20 Earnings per share

Basic earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential ordinary shares. The dilutive impact is determined using the treasury stock method, which assumes that proceeds from the exercise of warrants or options are used to repurchase company shares at their market value (average CFI share price).

Treasury shares are deducted from the weighted average number of ordinary shares used for calculating basic and diluted earnings per share.

6.21 Segment reporting

The Company has not identified distinct operating segments to the extent its activity focuses on property investment, notably the leasing out of investment properties to earn rentals, and the Group does not market any product or provide any service that might be considered as a separate business segment.

6.22 Risk management

6.22.1 Market risk

All commercial leases entered into with UGC Ciné Cité are for a fixed term of 12 years from 13 February 2009. They were concluded in return for the payment of rental net of all charges featuring a guaranteed minimum rental that is indexed by 2% in 2010 and 2011 under the terms of the lease and subsequently to the retail rental index (*Indice des Loyers Commerciaux - ILC*).

The value of the property portfolio depends on numerous factors, some of which are affected by the general economic environment. In particular, an increase in the level of interest rates may result in an increase in the rates used to discount future cash flows to their present value and in the capitalisation rates applied by property appraisers to rentals, with as effect a reduction in appraised values.

6.22.2 Counterparty risk

Tenants are subsidiaries of UGC SA and as such do not present a significant solvency risk.

6.22.3 Liquidity risk

Prudent management of the liquidity risk implies maintaining a sufficient cash position (including marketable securities) and a capacity to generate rentals, upstream dividends, and raise funds. The Company's view is that the liquidity risk is controlled properly at Group level.

6.22.4 Interest rate risk

The Company is exposed to a risk of variability in finance costs in respect of variable rate loans if there is a change in market interest rates. This risk has been hedged totally through the use of derivative financial instruments.

6.22.5 Equity market risk

The Company holds a number of its own shares in treasury in connection with a liquidity share management agreement operated by an investment services provider.

Note, however, that the number of shares is not material and that the Company's sensitivity to changes in its listed share price, as measured by the impact on equity, is negligible.

6.22.6 Capital risk

Capital management consists in maintaining a prudent balance between equity and net debt, the breakdown between these two sources of financing being susceptible to vary according to the nature of investment projects and market conditions.

7. Consolidation scope

Legal Form	Company	SIREN No	Country	Registered Office	% held	% Interest (*)	Period covered in the consolidated financial statements	Period covered in the consolidated financial statements
SA	CFI	542 033 295	France	Paris	Parent	Parent	12/02/2009 to 31/12/2009	16/12/2008 to 11/02/2009
SAS	CFI Image	508 559 069	France	Paris	95,00%	95,00%	12/02/2009 to 31/12/2009	16/12/2008 to 11/02/2009

SA: *Société Anonyme*, French limited liability company

SAS: *Société par Actions Simplifiée*, French simplified joint stock company

* Before taking into account the exercise of the bonds redeemable in shares (see Note 6.10).

The registered offices of *Compagnie Foncière Internationale and CFI-Image* are located at 72, Rue du Faubourg Saint-Honoré, 75008 Paris, France.

8. Investment property

(€'000)	**To 31.12.09**	**To 11.02.09**
Fair value – opening balance		
Acquisition of property owned outright	129, 503	-
Acquisition of finance lease agreement	14, 407	-
Liability in respect of lease agreement at acquisition date	372	-
Transaction costs	7, 282	-
Cost of acquisition	**151, 564**	**-**
Change in fair value	49, 996	-
Fair value – closing balance	**201, 560**	**-**

At 30 June 2009, the assets of *CFI-Image* were valued by CB Richard Ellis (CBRE) at €200.8 million net of costs and taxes. At 31 December 2009, the market value appraisal came to €201.6m net of costs and taxes. This valuation, based on the discounted future cash flows method used by the independent appraiser, reflects the new profile arising from agreements entered into with the lessee, in particular the signing, at the time of the acquisition, of fixed 12-year investment-type leases.

The average discount rate for determining the fair value of the investment properties is 7.18%. In terms of sensitivity, a 0.50% increase (decrease) in the discount rate used for the DCF method would result in a 4% decrease (increase) in the portfolio's market value.

9. Derivative financial instruments and interest rate risk management

(€'000)	Fair value – opening balance	Change in fair value recognised to profit or loss	Change in fair value recognised in equity	Fair value – closing balance
Interest rate swaps, payer of fixed			-2, 265	-2, 265
Total cash flow hedges			**-2, 265**	**-2, 265**

The Group uses derivative instruments to manage and reduce its net exposure to changes in interest rates. The Group has entered into an agreement to substitute a fixed rate for a variable rate for an initial amount of €98 million. This swap neutralises the impact of the variability in future cash flows arising from interest payments in respect of variable rate loans. Under the terms of the swap agreement, the Group pays fixed interest rates (as indicated below) and receives variable rates calculated by reference to the three-month Euribor applied to the amount in capital that has been hedged.

This swap presents the following characteristics:

- Swap to pay a fixed rate and receive three-month Euribor with effect from 11 February 2009 on an amount of €98 million, the maturities being strictly the same as for the loan of the same amount, for which the final maturity is 13 February 2014. The fixed rate under this agreement is 2.95%.

10. Other non-current assets

(€'000)	At 11 February	Increase	Decrease	At 31 December

	2009			2009
Deposits and other sureties paid	11			11
Total	**11**			**11**

11. Trade receivables

(€'000)	At 31.12.2009	At 11.02.2009
Trade receivables	3, 960	-
Doubtful trade receivables		-
Trade receivables –gross amount	**3, 960**	**-**
Impairment losses		
Trade receivables – carrying amount	**3, 960**	**-**

There were no amounts past due at 31 December 2009, nor had any impairment losses been recognised.

12. Other current assets

(€'000)	To 31.12.2009	To 11.02.2009
Tax and social security	83	170
Other receivables from activity	13	33, 944
Prepaid expenses	19	33
Other current assets	**115**	**34, 147**

At 11 February 2009, other receivables from activity comprised mainly funds deposited with a notary in connection with the acquisition made by *CFI-Image*.

13. Cash and cash equivalents

(€'000)	To 31.12.2009	To 11.02.2009
Short-term highly liquid investments	941	80

Cash at bank and in hand	1, 280	346
Cash and cash equivalents	**2, 221**	**426**

Short-term investments consist of units or shares in money market mutual funds (*Fonds Communs de Placement - FCP*) and investment trusts (*Société d'Investissement à Capital Variable - SICAV*).

14. Capital and reserves

14.1Share capital

(€)	Number of shares	Par value	Share capital
Share capital	854, 224	30	25, 626, 720

14.2Dividends distributed

No dividend was paid during the period ended 31 December 2009.

14.314.3 Treasury shares

(€'000)	Closing balance	Opening balance	Change	Gains (losses) on disposal
Cost of acquisition	59	22	38	5
Number of treasury shares	1,461	617	844	

These shares are held under a liquidity share management agreement, compliant with the Code of Conduct of the French Financial Markets Association (*Association Française des Marches Financiers - AMAFI*) as approved by the French financial markets regulator (*Autorité des Marchés Financiers - AMF*), managed by an investment services provider.

15. Minority interests

(€'000)	To 31.12.2009	To 11.02.2009
Equity component of bonds redeemable in shares	16,049	-
Minority interests in capital and reserves	27,859	-
Minority interests	**43, 908**	**-**

16. Borrowings

16.1 Change in borrowings

(€'000)	at 11.02.2009	Increase	Decrease	Reclassification	at 31.12.2009
Bonds redeemable in shares (non-current part)		**9, 491**		**-1, 874**	**7, 617**
Loans		98, 000		-7, 740	90, 260
Loan issue costs (a)		-1, 231		216	-1, 015
Finance lease obligations					
Medium- and long-term borrowings		**96, 769**		**-7, 524**	**89, 245**
Bonds redeemable in shares (current part)			-279	1, 874	1, 595
Accrued interest – Bonds redeemable in shares		197			197
Bonds redeemable in shares (current part)		**197**	**-279**	**1, 874**	**1, 792**
Loans			-3, 624	7, 740	4, 116
Finance lease obligations		372	-372		
Accrued interest – Loans					
Bank overdrafts	5, 800		-5, 800		
Accrued interest – Bank overdrafts					
Short-term borrowings	**5, 800**	**372**	**-9, 796**	**7, 740**	**4, 116**
Total borrowings, gross	**5, 800**	**106, 829**	**-10, 075**	**216**	**102, 770**

(a) Reclassification of loan issue costs as a reduction in the liability represented by loan and partial reversal to profit or loss such that the finance charge corresponds to the amount obtained by applying the loan's effective interest rate.

On 26 June 2009, *CFI-Image* elected for the early exercise of the purchase option embedded in the finance lease for the UGC Ciné Cité cinema complex in Lille city centre, at a price of €311 thousand.

In connection with the financing of the acquisitions mentioned in Note 1.3, *CFI-Image* issued 25,540,073 bonds redeemable in shares amounting to €25,540 thousand on 13 February 2009. All these bonds were subscribed to by UGC SA. The carrying amount of these bonds has been apportioned between their liability component (being the present value of the coupon payments) for an amount of €9,491 thousand and their equity component (recognised in equity under minority interests) for an amount of €16,049 thousand.

These bonds mature on 31 December 2023.

These bonds are redeemable in the following conditions:

- in shares at maturity or from 1 July 2014, at the sole discretion of the issuer; or
- in cash before 30 June 2014 at: (i) the initiative of the issuer and approval of the bondholder, the cash payment being determined by reference to the Net Asset Value of *CFI-Image* drawn up on the basis of the company financial statements assuming all bonds had been redeemed for shares on the redemption date; or (ii) at the initiative of the bond holders in limited circumstances such as a payment default by the company or its liquidation.

From 2009 to 2011, the bonds bear interest of between 7.75% and 8.06% per annum in accordance with the terms of the agreement. From 2012, this rate is indexed to the retail rental index (*Indice des Loyers Commerciaux - ICL*) published by the French National Institute for Statistics and Economic Studies (*Institut National de la Statistique et des Études Économiques - INSEE*).

However, the amount of the coupon will be such that:

- the maximum coupon will be the lesser of the two following rates:
  - 6% of the bonds' nominal value per half-year coupon period;
  - 55% of the amount of the earnings per share before taking into account the coupon;
- and the minimum coupon will be at least 0.75% of the bonds' nominal value per half-year coupon period.

The liability component of the bonds was determined by reference to the coupons to be paid by the issuer until such time as the issuer has the possibility to redeem the bonds into shares at its sole discretion, i.e. up to 30 June 2014. Coupons recognised as current borrowings and non-current borrowings were calculated at the rate set out in the agreement assuming the retail rental index would vary by 2% and applying a discount rate of 4.46% (published monthly bond yield in the second half of 2008). The difference between the bonds' notional amount and the liability component is recognised in equity under minority interests.

Coupon payments are apportioned between finance charges and a reduction in the borrowing recognised as a liability in the balance sheet. For this purpose, it was considered that this was a loan bearing interest at a fixed rate of 4.46% over a period of five-and-a-half years, for which interest payments coincide with coupon payment dates during this period.

On 13 February 2009, *CFI-Image* entered into a loan agreement with a pool of banks, arranged by Credit Agricole-CIB.This is a five-year loan agreement for an amount of €98 million.

The loan bears interest at a rate equal to three-month Euribor increased by a variable spread, bearing in mind the interest rate risk has been hedged totally by swapping the variable rate for a fixed rate. The fixed rate substituted in this way is fixed at 2.95% over the term of the loan.

Interest on the loan is paid quarterly in arrears.

This loan is guaranteed by a lender's lien (*Privilège de Prêteur de Deniers - PPD*) and by pledges to register mortgages on first demand (*Promesses d'Affectations Hypothécaires*). Furthermore, under a subordination agreement signed by the CFI-Image, UGC Ciné Cité and the lenders, the banks have been designated as preferential creditors.

Under the terms of the loan agreement, *CFI-Image* has undertaken to comply with the following covenants:

- Loan-To-value (LTV) ratio of less than 60% (bank loans and overdrafts expressed as a percentage of the market value of the property assets);

- Debt-Service Coverage Ratio (DSCR) of more than 120% (net rental income reduced by distributions required on public property company and increased by the cash position expressed as a percentage of loan repayments) , this ratio being calculated quarterly on a prospective basis and

- Interest Coverage Ratio (ICR) of more than 200% (net rental income expressed as a percentage of loan interest).

The company complied with all three ratios at 31 December 2009.

Finally, the effective interest rate used for the subsequent measurement of other financial liabilities using the amortised cost method amounts to 5.38%.

16.2 Analysis of borrowings by maturity

(€'000)	31/12/2009	Under 1 year	Over 1 year and under 5 years	Over 5 years	11/02/2009
Bonds redeemable in shares	9, 212	1, 595	7, 617		
Loans	94, 376	4, 116	90, 260		
Subtotal	**103, 588**	**5, 711**	**97, 877**		
Loan issue costs (a)	-1, 014				
Bank overdrafts					5, 800
Accrued interest	197	197			
Borrowings	**102, 770**	**5, 908**	**97, 877**		**5, 800**

(a) Loan issue costs deducted from non-current borrowings were paid in 2009 and therefore are not analysed in the table above.

16.3Maturity analysis of financial liabilities

The maturity analysis of financial liabilities including interest is as follows:

(€'000)	31 December 2009	Under 1 year	Over 1 year and under 5 years	Over 5 years
Bonds redeemable in shares	10,344	1,988	8,356	
Loans	112,253	8,775	103,479	
Sub-total	**122,597**	**10,763**	**111 835**	
Loan issue costs (a)	-1,015			
Bank overdrafts				
Accrued interest	198	198		
Borrowings	**121,780**	**10,961**	**111,835**	

Interest on the bonds redeemable in shares has been calculated at a fixed rate of 4.46% (bond market rate on the subscription date) and the loan interest was calculated at a fixed rate of 4.95% (swap + margin).

On 13 February 2014, the Company must make the final repayment of €78 million on the borrowing. This amount will be covered by a refinancing operation or by using the proceeds from property sales.

16.4 Analysis of borrowings between fixed rate and variable rate

(€'000)	31/12/2009		11/02/2009	
	Fixed rate	Variable rate	Fixed rate	Variable rate
Bonds redeemable in shares	**9, 212**			
Loans		94, 376		
Swap variable rate for fixed rate	94, 376	-94, 376		
Due to credit institutions	**94, 376**			
Total due to credit institutions	**94, 376**			
Total borrowings	**103, 588**			

The only variable interest rate element of the borrowings arises from the fact the fixed rate for determining coupon payments on the bonds redeemable in shares is indexed to the retail rental index from 2012.

16.5 Net borrowings

Net borrowings consist of gross borrowings less cash and cash equivalents.

(€'000)	31/12/2009	11/02/2009
Gross borrowings	102 ,770	5, 800
Cash and cash equivalents	-2, 221	-426
Net borrowings	**100, 549**	**5, 374**

Borrowings at 11 February 2009 consisted of a very short-term credit line that has been reported as if it were a bank overdraft.

17. Deferred tax

No deferred tax asset or deferred tax liability was recognised at 11 February 2009 as the Company was carrying forward a tax loss and relief for this tax loss become unavailable as a result of opting for the SIIC tax regime applicable to public property companies.

No deferred tax asset or deferred tax liability was identified at 31 December 2009 in connection with the said SIIC tax regime.

18. Other current liabilities

(€'000)	**At 31.12.2009**	**At 11.02.2009**
Trade payables	237	525
Corporate Tax	28	
Taxes payable	727	2
Social security liabilities	58	15
Sundry other current liabilities	58	61
6Deferred income	3 300	
Other current liabilities	**4 408**	**603**

Deferred income corresponds mainly to rents for the firs quarter 2010 invoiced in advance.

19. Net rental income

(€'000)	31/12/2009	11/02/2009
Gross rental income	11, 300	-
Service charges invoiced on a flat rate basis		
Other property operating income	561	-
Total property income	**11, 861**	**-**
Service charges (re-invoiced on a flat rate basis)		-
Other property expenses	-465	-
Total property expenses	**-465**	**-**
Net rental income	**11, 396**	**-**

The minimum guaranteed rent clause that replaces the variable rent when this is lower, is applied without exception.

20. Net finance cost

(€'000)	31/12/2009	11/02/2009
Income from cash and cash equivalents	35	95
Interest income	**35**	**95**
Interest expenses on loans and overdrafts	-4, 869	
Finance costs	**-4, 869**	
Net finance costs	**-4, 834**	**95**

21. Income tax

21.1 Income tax expense

(€'000)	31/12/2009	11/02/2009
Current tax	-28	
Deferred tax		
Income tax expense	**-28**	

21.2 Reconciliation of income tax charge

(€'000)	31/12/2009	11/02/2009
Profit before tax	55, 075	-301
Theoretical income tax charge at the statutory tax rate in France	-18, 962	100
Public property company tax regime (SIIC) and impact of fair value adjustments not assessed to tax	18, 940	
Permanent differences	-6	
Tax losses not recognised as deferred tax assets		-100
Other temporary differences		
Actual income tax expense	**-28**	

22. Earnings per share

Calculation of earnings per share	31/12/2009	11/02/2009
Profit for the period attributable to the equity holders of the parent (€'000)	28, 556	-301
Number of shares	854, 224	854, 224
Weighted average number of treasury shares	-809	-467
Weighted average number of shares for the purposes of basic earnings per share	853, 415	853, 757
Basic earnings per share (€)	**33,46**	**-0,35**

In the absence of dilutive potential ordinary shares, diluted earnings per share are the same as basic earnings per share.

23. Note to the consolidated cash flow statement

The cash position, which corresponds to cash and cash equivalents less bank overdrafts, is analysed below:

(€'000)	31/12/2009	11/02/2009
Cash and cash equivalents	2, 221	426
Bank overdrafts and accrued interest		-5, 800
Cash position as reported in the consolidated cash flow statement	**2, 221**	**-5, 374**

(€'000)	31/12/2009	11/02/2009
Trade receivables	-3, 960	
Other receivables from activity	34, 032	-33, 995
Other current liabilities	3, 805	117
Change in working capital requirements	**33, 877**	**-33, 878**

24. Events after the balance sheet date

None

25. Off balance sheet commitments

Commitments received

- *CFI-Image* has received commitments on the part of tenants to rent the premises for a fixed term of 12 years.

- *CFI-Image* has received guarantees from lessees in the form of bank guarantees amounting to €3,208 thousand.

Commitments given

- As guarantee for the bank loan for a principal amount of €98,000,000, *CFI-Image* has granted a lender's lien in an amount of €83,280,300 and conventional mortgages totalling €24,519,700 including the guarantee of the interest rate swap, the latter increased to include all costs, interest and other charges estimated at a flat 10%. These sureties are accompanied by the usual guarantees: pledge of *CFI-Image*'s bank accounts and assignment of its receivables under the DAILLY law mechanism; and pledge by CFI of the shares held in its subsidiary.

26. Minimum guaranteed rents receivable

(€'000)	Under 1 year	Over 1 year and under 5 years	Over 5 years	Total
Minimum guaranteed rents receivable	13, 089	53, 402	81, 771	148, 262

27. Headcount

(Number)	Management grade	Non-management grade	Total
Total number of employees	1		**1**

28. Related party transactions

28.1Terms and conditions for transactions with related parties

Related parties are:

- Yellow Grafton SC and its parent company Perella Weinberg Real Estate Fund I holding Sàrl (PWREF I Holding Sàrl), whose registered office is in Luxembourg. Services provided by the latter represented a charge of €50 thousand for the accounting period.
- UGC Group in its capacity as tenant, shareholder and bondholder. Transactions with this group are reflected in the consolidated accounts and commented in the notes thereto.

28.2 Transactions with other related parties

Besides the aforementioned companies, the only other related parties are the Company's directors and officers.

Remuneration paid to the directors and officers

(€000)	31/12/2009	11/02/2009
Fixed remuneration	128	19
Variable remuneration	100	
Board fees	34	17
Post-employment benefits		
Total remuneration	**262**	**36**

Insurance cover

Insurance has been taken out to cover the third party liability of the directors and officers.

29. Reconciliation of company accounts to IFRS accounts

	11/02/2009	15/12/2008
Capital and reserves – Company accounts	**28, 203**	**28, 502**
Marketable securities	2	4
Reversal of impairment loss recognised against treasury shares		
Treasury shares	-22	-14
Capital and reserves - IFRS	**28, 183**	**28, 491**
(Loss) profit – Company accounts	**-299**	**252**
Change in fair value of marketable securities	-2	-116
Reversal of impairment loss recognised against treasury shares		
Change in deferred tax recognised in respect of tax losses carried forward		-56
(Loss) profit – IFRS	**-301**	**81**

Statutory Auditors' Report
On the Financial Statements

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' annual general meetings, we hereby report to you, for the accounting period from February 12 to December 31, 2009, on:

- the audit of the accompanying financial statements of CFI-Compagnie Foncière Internationale;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the board of directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 2009 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French commercial code (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matters:
According to our assessment of accounting principles and rules applied by your company as mentioned in note 2 to the financial statements, we have checked the appropriateness of these accounting methods and the information provided in the notes to the financial statements and verified the correct application of these methods.
These assessments were made as part of our audit of the 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 verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the board of directors and in the documents addressed to the shareholders with respect to the financial position and the financial statements.
Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French commercial code (Code de Commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders has been properly disclosed in the management report.

February 19, 2010

The statutory auditors

French original signed by

AUDITEURS ET CONSEILS D'ENTREPRISE

Emmanuel Charrier

ERNST & YOUNG Audit

Nathalie Cordebar

Christian Mouillon

Statutory Auditors' Report
On the Consolidated Financial Statements

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' annual general meetings, we hereby report to you, for the accounting period from February 12 to December 31, 2009, on:

- the audit of the accompanying consolidated financial statements of CFI-Compagnie Foncière Internationale;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the board of directors. Our role is to express an opinion on these consolidated financial statements based on our audit.
These financial statements have been prepared for the first time in accordance with International Financial Reporting Standards as adopted by the European Union. They include comparative financial information relating to the period closed on February 11, 2009 restated according to the same rules.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2009 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.
Without qualifying our opinion, we draw your attention to the matter set out in note 3 to the consolidated financial statements regarding the comparison of presented closing periods.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French commercial code (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matters:
As mentioned in note 6.5 to the financial statements, according to the fair value method applied, real estate assets are evaluated by an independent expert. Our works consisted in obtaining an understanding of these valuations, examining data used, making sure of the reasonableness of hypothesis retained, and verifying that the valorisation method described in this note had been correctly applied.
Note 6.10 to the financial statements describes the accounting method applied regarding the loan bond redeemable in shares. We have verified that the accounting method applied is compliant with IAS 32 principles and that note 6.10 to the financial statements gives an appropriate 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 verification

As required by law, we have also verified, in accordance with professional standards applicable in France, the information related to the group presented in the management report.
We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

February 19, 2010

The statutory auditors

French original signed by

AUDITEURS ET CONSEILS D'ENTREPRISE	ERNST & YOUNG Audit	
Emmanuel Charrier	Nathalie Cordebar	Christian Mouillon

Statutory Auditors' Report
On Related Party Agreements and Commitments

To the Shareholders,
In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.
We are not required to ascertain the existence of any such agreements and commitments but to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us. We are not required to comment as to whether they are beneficial or appropriate. It is your responsibility, in accordance with article R. 225-31 of the French commercial code (Code de Commerce), to evaluate the benefits resulting from these agreements and commitments prior to their approval.
No agreements or commitments

We hereby inform you that we have not been advised of any agreements or commitments concluded in the course of the year which are covered by article L. 225-38 of the French commercial code *(Code de Commerce)*.
Agreements and commitments authorised in prior years and which remained current during the year

However, in accordance with the French commercial code *(Code de Commerce)*, we have been advised that the agreements and commitments which were approved in prior years remained current during the year.

1. With CFI-Image

Nature and purpose

An administrative, legal and accounting agreement was authorized by your board of directors on February 10, 2009 and concluded on February 13, 2009 between CFI-Image and your Company.
This agreement was concluded for a period until December 31, 2013, then renewable every two years.

Conditions

a) Services directly attributable to CFI-Image

Your company invoices services directly and exclusively realized to the benefit of CFI-Image, named "Services Exclusifs", based on real costs incurred with a 3% margin.

b) Common services

Overheads, allowed in this agreement, engaged by your company but excluded from the scope of "Services Exlusifs", will be allocated globally, once a year, based on real time spent by your company's employees or corporate officers on projects directly attributable to the benefit of CFI-Image during the relating period. Fees will be equal to costs allocated to common services with a 3% margin.
During the year closed as of December 31, 2009, your company recorded an income of K€ 86 related to this agreement.

2. With Liberty Mutual Insurance Europe Ltd.

Nature and purpose

The general meeting as of March 16, 2008, following the preliminary authorization by the board of directors as of February 1, 2008, approved the subscription by your company towards Liberty Mutual Insurance Europe Ltd. of an insurance agreement which covers your company and its corporate officers professional civil liability (senior executive and directors).

Conditions

This insurance covers all senior executive and corporate officer of your company or of one of its subsidiaries with large extensions to individual and legal entity, including firstly your company.

The guarantee amounts to M€ 3 each year, with some exemptions for your company. Effective date is March 1, 2008 for a twelve-month period with tacit renewal. The guarantee has an international cover.
We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body *(Compagnie Nationale des Commissaires aux Comptes)* relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

February 19, 2010

The statutory auditors

French original signed by

AUDITEURS ET CONSEILS D'ENTREPRISE	ERNST & YOUNG Audit	
Emmanuel Charrier	Nathalie Cordebar	Christian Mouillon

Report by the Chairman of the Board of Directors Drawn up in compliance with Article L. 225-37 of the French Commercial Code

As required by Article L.225.37 of the Commercial Code, this report has been prepared by Mr Alain Benon in his capacity as Chairman of the Board of Directors of CFI-Compagnie Foncière Internationale and was approved by the Board of Directors on 12 February 2010.

In preparing this report the Chairman has relied on the reference framework recommended by the AMF on 22 January 2007 and on the AMF's Internal Control Reference Framework -Implementation Guide for Small and Midcaps, published on 9 January 2008.

The Company complies with the general principles and adheres to the spirit of the reference framework. However, because of the Company's specific circumstances (a new company in the start-up phase, with a key role played by its C.E.O.), it cannot achieve the same degree of formal systems and processes, the kind referred to in Appendix II of the document, as more established operational companies or groups.

Nevertheless, the creation of a Memorandum of Accounting and Internal Control Procedures in 2008 and the appointment of a person with ongoing responsibility for the internal audit function are significant steps towards full adherence.

I. GOVERNANCE AND ORGANISATION OF THE WORK OF THE BOARD OF DIRECTORS

1. Choice of reference framework

In accordance with Article L.225-37, on 23 January 2009 the Company selected the Code of Corporate Governance for Listed Companies (*Code de gouvernement d'entreprise des sociétés cotées*) published by the AFEP and the MEDEF[7] in December 2008 (the "AFEP-MEDEF Code") as its reference code. A copy of the AFEP-MEDEF Code can be consulted at the Company's registered office or downloaded from the website: www.medef.com

To comply with the provisions of this Code, the Board of Directors decided on 23 January 2009:

- to amend the provisions of its internal rules and regulations;
- to approve the internal rules and regulations governing the Audit and Accounts Committee and the Nomination and Remuneration Committee,
- to put a resolution to the General Meeting of shareholders on 16 March 2009, with a view to reducing the terms of office of members of the Board from 6 to 4 years and introducing a process for the smooth rotation of Board members. This resolution was adopted.

[7] Association française des entreprises privées / Mouvement des entreprises de France - French business confederations

However, given the Company's particular and interim circumstances – being the recent change in share ownership, the company being in start-up phase, limited number of Board members - two of the provisions of the APEF-MEDEF Code cannot be applied immediately:

. Article 8 of the AFEP-MEDEF Code on the proportion of independent members of the Board of Directors (1/3 in the Company's case); and

. The composition of the two Board committees cannot currently comply with Articles 14.1 and 16.1 of the AFEP-MEDEF Code. In the case of the Audit and Accounts Committee, the Company nevertheless complies with Article L.823-19 of the Commercial Code, inserted in the Code by virtue of Order (*Ordonnance*) No. 2008-1278 of 8 December 2008 transposing Directive 2006/43/EC of 17 May 2006 relating to statutory auditors.

Furthermore, after examining the possibility of defining objective and relatively sustainable criteria for the calculation of the CEO's variable remuneration, as provided in the reference Code, the Board of Directors in its meeting of 11 December 2009 took the view that this approach was applicable only to large, mature property companies with a relatively stable portfolio.

Simulations carried out show that the application of such pre-determined criteria to a company like CFI, that is starting up and whose perimeter is likely to change radically every year, would only lead to meaningless results or impose a capping mechanism that would render the calculation ineffective.

In view of the foregoing, the variable portion of the C.E.O.'s remuneration continues to be determined by the Board of Directors based on a multi-criteria but discretionary assessment, which factors in the Company's results, its operations and the assessment of the C.E.O. himself.

2. <u>Internal rules and regulations and composition of the Board of Directors</u>

At a meeting held on 1 February 2008 the Board of Directors adopted Internal Rules and Regulations that provide, in particular, for the appointment of one or more independent Board members, define the conditions to be satisfied to qualify as an independent Board member, and also define their duties.

At a meeting held on 23 January 2009 the Board of Directors decided, following its adoption of the AFEP-MEDEF Code, to amend its Internal Rules and Regulations to bring them into line with the AFEP-MEDEF Code, subject to the exceptions discussed in subsection 1.

These Internal Rules and Regulations may be consulted at the registered office of the Company on request.

The Board of Directors is currently composed of five members. The list of offices and positions held by the Board members can be found on pages [24 and 25] of the Management Report. On 12 February 2010 the Board assessed the position of each of its members in light of the criteria governing independent members. On the date of publication of this report the Board of Directors has only one independent member within the meaning of the AFEP-MEDEF Code, in other words one member who has no connection with the company, its group or its managers that could compromise his position.

The Board members and the C.E.O. are covered by an officers and directors liability insurance policy taken out in 2008 and renewed every year.

The Board of Directors met four times during the period from 12 February to 31 December 2009: on 16 March, 27 March, 23 July and 11 December 2009. The attendance rate was 71%. At these four meetings the Board discussed the main issues listed in subsection 4 below.

3. Role, operation and composition of the Board Committees

a. Audit and Accounts Committee

The Audit and Accounts Committee, which invites the Company's statutory auditors to its meetings, is responsible for:

- Examining of the interim and annual financial statements for the Board of Directors;
- Participating in the selection of the statutory auditors and ensuring they remain independent;
- Examining the internal control, audit, accounting and management procedures.

It may decide to examine any transaction or event that could have a material impact on the situation of the Company or that of its subsidiary, or in terms of the risks involved.

The Committee meets whenever its Chairman calls a meeting. Minutes of every meeting are drawn up and signed by the Chairman and one member.

At its first meeting, held on 18 July 2008, the Committee decided to propose to the Chairman and C.E.O. that the Chief Financial Controller of Perella Weinberg Real Estate (PWREF I Holding Sàrl) be appointed permanently responsible for the group's internal audit. The Controller is invited to every Committee meeting, and is responsible for presenting an annual report on their work, starting with the 2008 financial year.

The Committee met twice during the period under review: first on 27 March to examine the financial statements of *CFI* and *CFI-Image* for the periods ended 11 February and 28 February 2009 respectively. These were the first post-acquisition statements for *CFI-Image,* and as such an in-depth examination of the accounting standards and policies was carried out on 23 July, looking in particular at the first consolidated financial statements, the NAV as at 30 June, the financial ratios subject to covenants, the distribution by the subsidiary of an interim dividend and the cash position.

As at 31 December 2009 the Audit and Accounts Committee was composed of two members: Emmanuel Rodocanachi, Chairman and Cyril Benoit, member. Cyril Benoit subsequently resigned and was replaced by Vincent Rouget pursuant to a resolution of the Board of Directors on 12 February 2010.

b. Nomination and Remuneration Committee

The main role of the Nomination and Remuneration Committee is to examine:

- the composition of the Company's governing bodies;

- candidates for corporate offices;

- the various items making up the remuneration paid to corporate officers, in respect of which the Committee makes proposals to the Board of Directors.

The Committee meets whenever its Chairman calls a meeting. Minutes of every meeting are drawn up and signed by the Chairman and one member.

Two meetings were held in 2009: the agenda for the first, on 6 March 2009, was the re-appointment of the Chairman of the Board of Directors, and of the members and Chairmen of the Board's committees, following the renewal of the entire Board. The same meeting also deliberated on continuing to combine the functions of Chairman and Managing Director. The second meeting, held on 10 December 2009, examined the loss-of-employment insurance policy for the C.E.O. and the method of calculating the variable portion of his remuneration.

On the date hereof, the Nomination and Remuneration Committee is composed of two members: Daniel Rigny, Chairman, and Catherine Sejournant, member.

4. Board Meetings: calling, agenda and papers

The agenda is drawn up by the Chairman in conjunction with the Board members. Notices of the meetings are sent out by e-mail eight days before the date of the meeting. All or some of the documents for the meeting are attached and the remainder if any, sent shortly afterwards.

Each item of business on the agenda is documented, with special attention paid to the level and relevance of the information sent to the Board members when they are required to make a decision concerning an investment project. Alternatively, a report on the particular item is made at the meeting by the Chairman or the representative of the Board Committee that examined the matter.

The attendance register is signed by the members present or is marked "attended by teleconference". Written forms of proxy are appended to the register.

The Board of Directors was particularly active during the period under review:

The meeting of 16 March 2009 formed the Company's management and governing bodies following the renewal of the entire Board of Directors. It also approved the new share buy-back programme and renewed the share management contract.

The meeting of 27 March approved the financial statements for the period ended 11 February 2009, decided how to appropriate the results and called a General Meeting of shareholders to vote on the renewal of delegations of authority regarding financial authorisations.

The meeting of 23 July examined the interim management report, approved the first consolidated financial statements on the basis of CB Richard Ellis' valuation report on the Group's property portfolio as at 30 June, approved the general outline of the draft services agreement with PWREF I Holding Sàrl and examined the findings and recommendations set out in the internal control report for the 2008 financial year.

The meeting of 11 December conducted a general review of business and considered two questions relating to the position of the C.E.O. that had previously been examined by the Nomination and Remuneration Committee.

When considering technical questions and documents, the Board and the Company is assisted by a leading law firm and other specialist advisors. This is particularly the case for the preparation of General Meetings, the organisation of which and management of registered shareholders has been entrusted to BNP Paribas Securities Services.

5. Assessment of the Board of Directors

At the meeting of 12 February 2010, the directors assessed the functioning of the Board in light of its Internal Rules and Regulations.

The Board found that it functioned satisfactorily with regard to most of the applicable criteria, notably the relevance of the items of business on the agenda, the quality of the documents provided, the frequency of meetings, the quality of discussions, the extent to which members participated in discussions and the comprehensiveness and accuracy of the minutes.

II. LIMITATIONS PLACED ON THE POWERS OF THE MANAGING DIRECTOR

1. Limitations placed by the Memorandum and Articles of Association

The Memorandum and Articles of Association do not limit the powers of the Company's Chairman and CEO, who is vested with the broadest powers to act in the name of the Company in any circumstances, in accordance with the law.

Nevertheless, *CFI-Compagnie Foncière Internationale* has a rule that the Board of Directors must first examine and approve the key aspects of any important transaction, in particular any that may affect the financial structure or the equilibrium of the balance sheet (acquisitions, disposals, loans, etc.). The same rule applies to important public announcements, such as those concerning the publication of financial statements or planned acquisitions.

This rule was applied over the accounting period.

2. Surety, endorsements and guarantees

The Company has not agreed to grant surety or to give any guarantee during the past accounting period, other than the pledge of its *CFI-Image* shares in favour of Crédit Agricole - CIB, the agent for the banking syndicate that financed the acquisition in February 2009.

III - REMUNERATION AND BENEFITS PAID TO CORPORATE OFFICERS

1. Remuneration and benefits paid to the Chairman and Managing Director

The Chairman and C.E.O currently receives:

- a fixed annual remuneration of €120,000 (gross);
- an annual variable remuneration that is determined each year by the Board of Directors after consulting the Nomination and Remuneration Committee. On 12 February 2010 the Board of Directors decided not to pay the Chairman and C.E.O any variable remuneration for the period from 12 February to 31 December 2009; and

- the benefit of the loss-of-earnings insurance policy.

At a meeting held on 22 December 2009, the Board of Directors decided to implement, with immediate effect, the AFEP-MEDEF recommendations of 6 October 2008 (as reproduced in full and clarified in the AFEP-MEDEF Code) relating to the remuneration of corporate officers of listed companies, with the exception of the recommendation concerning the calculation of the variable portion of remuneration paid to the Chairman and C.E.O, the implementation of which will be deferred.

The Chairman and C.E.O. does not receive any other remuneration or benefits of any kind.

2. Remuneration and benefits received by other corporate officers

The General Meeting of shareholders of 19 March 2008 resolved to approve maximum total board attendance fees of €90,000 to the members of the Board for the 2008 financial year. €57,095 was paid for the 2009 financial year

The applicable rules governing the allocation of board attendance fees among members of the Board, as proposed by the Nomination and Remuneration Committee on 23 April 2008 and subsequently implemented, are as follows:

- definition of "non-eligible" Board members (representatives of the majority shareholder);

- annual base of €4,500 per Board member, plus €1,250 per Board meeting or Committee meeting attended by the member, with the Chairman and C.E.O. 's fees being doubled.

For the period from 12 February 2009 to 31 December 2009, the board attendance fees were allocated among the members as shown in the table included in subsection VI.2 of the Management Report.

Board members do not receive any other remuneration or benefits of any kind.

IV. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

The internal control procedures apply to the Group as a whole, comprising the Company and its subsidiary *CFI-Image*.

1. Permanent internal controls

On 18 July 2008 the Audit and Accounting Committee decided to propose to the Chairman and C.E.O. that the Chief Financial Controller of the Group (PWREF I Holding Sàrl) be appointed as the person permanently responsible for Group internal controls. The Controller conducted a first audit in November and December 2008, which led to the issue of a "Memorandum of Accounting and Internal Control Procedures", which since then has been updated on a regular basis.

2. Procedures

This Memorandum describes the main procedures for the preparation and processing of accounting and financial information and also for the identification and management of risks within the Group.

It begins by describing the outsourcing of the accounting function and explaining how accounting data is stored.

It describes the system for processing accounting documents and payments, identifies the individuals authorised to commit the Group, and outlines the rules on the filing of original documents.

It sets out the procedures for the management of pay, social security and related charges, and the filing of returns with the social security authorities.

It explains the operating methods for cash management and the separation of, on the one hand, monitoring/consultation tasks and, on the other, the authority to operate accounts and invest funds.

It describes the procedures for preparing financial statements, selecting accounting standards and policies and preparing tax returns.

The Memorandum sets out the Company's obligations concerning financial reporting and explains how the CEO or the Board of Director fulfils these obligations.

It ends with a chapter on the control environment (governing bodies and committees, external advisors, profile of the C.E.O.) and specific control issues concerning *CFI-Image* (including in particular compliance with covenants).

The draft Memorandum was submitted to the statutory auditors and then presented to the Audit and Accounts Committee for discussion. It was completed and updated over the accounting period. Off-site and on-site inspections are carried out in line with this Memorandum.

A first control report, on the 2008 financial year, was presented to the Committee on 23 July 2009. The report on the period under review was examined by the Audit and Accounts Committee on 11 February and by the Board of Directors on 12 February 2010.

3. Issues that required special attention

Given the recent financial crisis, the Chairman decided to focus on the following four issues:

- Management of the Group's available cash, which is deposited or invested in secure short-term mutual funds with a leading French bank.

- The reliability, relevance and transparency of the financial information reported to the statutory auditors, the market and the AMF;

- Regular information for the Board of Directors, the Board committees and the statutory auditors on current business activities, in particular the investment projects under review in order to assess their possible impact on the Group, and the action that needs to be taken, in particular the accounting choices to be made;

- The smooth running of the Group, with the introduction of suitable systems to ensure the proper functioning and security of the Group's operations, and in particular its accounting, legal and tax obligations.

4. Facts and information that might have a material impact on the assets and results

As the Company has invested all its funds in its subsidiary *CFI-Image*, its corporate results will depend on the dividends distributed by its subsidiary (all other things being equal). It should be noted that both companies are bound by the dividend obligations applying to SIIC property investment companies.

3. Rules applying to SIICs

CFI-Compagnie Foncière Internationale is subject to the tax regime for listed property investment companies (SIICs), and is thus eligible for exemption from corporation tax, provided it complies with certain criteria. In this respect, *CFI-Compagnie Foncière Internationale* is required to distribute a substantial portion of its profits.

If the Company fails to comply it would be required to pay corporation tax at the ordinary rate, which would have an adverse impact on its activities and results.

Likewise, if a shareholder or several shareholders acting in concert were to acquire 60% or more of the capital or voting rights, *CFI-Compagnie Foncière Internationale* would lose its status as a SIIC.

Furthermore, the Company could face an additional 20% tax charge if exempt dividends were to be paid to a shareholder not subject to corporation tax or an equivalent tax and holding 10% or more of the capital, unless the shareholder agreed to bear the consequences alone.

Lastly, the Company's situation may be affected by future changes to the current tax rules.

4. Limitations of the internal control system.

These are related to the current organisation and the management structure, which relies essentially on the C.E.O. during the current start-up phase.

V. ATTENDANCE AT GENERAL MEETINGS OF SHAREHOLDERS AND INFORMATION REQUIRED BY ARTICLE L-225-100-3 OF THE COMMERCIAL CODE

There are no specific terms or conditions governing shareholders' attendance of General Meetings, other than those contained in Article 17 of the Articles of Association.

The information referred to in Article L-225-100-3 of the Commercial Code can be found in the Management Report.

Chairman

Statutory Auditors' Report, prepared in accordance with article L. 225-235 of the French commercial code *(Code de Commerce)*, on the report prepared by the Chairman of the Board of Directors of CFI-Compagnie Foncière Internationale

To the Shareholders,

In our capacity as statutory auditors of CFI-Compagnie Foncière Internationale and in accordance with article L. 225-235 of the French commercial code *(Code de Commerce)*, we hereby report on the report prepared by the chairman of your Company in accordance with article L. 225-37 of the French commercial code *(Code de Commerce)* for the accounting period from February 12 to December 31, 2009.
It is the chairman's responsibility to prepare and submit for the board of directors' approval a report on internal control and risk management procedures implemented by the company and to provide the other information required by article L. 225-37 of the French commercial code *(Code de Commerce)* relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information,

- confirm that the report also includes the other information required by article L. 225-37 of the French commercial code *(Code de Commerce)*. It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

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

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the chairman's report is based and of the existing documentation;

- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;

- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the chairman's report.

On the basis of our work, we have no matters to report on the information relating to the company's internal control and risk management procedures relating to the preparation and processing of the

accounting and financial information contained in the report prepared by the chairman of the board of directors in accordance with article L. 225-37 of the French commercial code *(Code de Commerce)*.

Other information

We confirm that the report prepared by the chairman of the board of directors also contains the other information required by article L. 225-37 of the French commercial code *(Code de Commerce)*.

February 19, 2010

The statutory auditors

French original signed by

AUDITEURS ET CONSEILS D'ENTREPRISE	ERNST & YOUNG Audit	
Emmanuel Charrier	Nathalie Cordebar	Christian Mouillon

Results of the resolutions put to the Combined Ordinary and Extraordinary General Meeting of Shareholders on 31 March 2010 by the Board of Directors

First resolution (*Approval of the financial statements for the accounting period ended 31 December 2009 and discharge to members of the Board*) – Deliberating in accordance with the quorum and majority requirements applying to ordinary general meetings, and having taken due note of the annual financial statements for the period ended 31 December 2009, the management report by the Board of Directors and the general report by the statutory auditors on the financial statements, the General Meeting approves the financial statements for the period ended 31 December 2009, as presented to it by the Board of Directors, showing a net profit of €203,709.98.

In view whereof, it grants the Board members discharge for the performance of their duties during the period.

Second resolution (*Appropriation of the profit for the period*) - Deliberating in accordance with the quorum and majority requirements applying to ordinary general meetings, and having taken due note of the management report by the Board of Directors and the balance sheet for the period ended 31 December 2009, the General Meeting, in accordance with a proposal by the Board of Directors, resolves:

to appropriate the profit of	€203,709.98
less losses carried over from the period ended 11 February 2009	- €22,749.44
i.e. a total of	**€180,960.54**
as follows:	
Dividend	€179,387.04
Retained earnings	€1,573.50
Total	**€180,960.54**

The General Meeting accordingly resolves to distribute a dividend of €0.21 per Company share.

In accordance with Article 243 bis of the French General Tax Code (*Code Général des Impôts*), the entire dividend is eligible for a 40% reduction for those shareholders entitled thereto pursuant to Article 158, paragraph 3 of the General Tax Code.

The dividend payment date will be 15 April 2010, although effective payment will be made three trading days after this date, in accordance with the applicable provisions. The dividend will be paid in cash to any person holding one or more Company shares on the aforesaid payment date.

Dividends on shares held by the Company on the dividend payment date will be charged to the retained earnings account.

In accordance with the provisions of Article 243 bis of the General Tax Code, the General Meeting notes that the Company distributed the following dividends to shareholders in respect of the past three accounting periods:

- *Period ended 11 February 2009:* None.

- *Period ended 15 December 2008*: None.

- *Period ended 31 December 2007*:

    - An exceptional dividend of €25,199,608, i.e. €29.50 per Company share was declared for the 2007 financial year and paid in the year, by virtue of a resolution of the Ordinary General Meeting of 24 September 2007,

    - A dividend of €4,544,471.68, i.e. €5.32 per Company share was declared for the 2007 financial year, by virtue of a resolution of the Ordinary General Meeting of 19 March 2008.

These dividends were eligible for the 40% reduction at the applicable time.

Third resolution (*Approval of the consolidated financial statements for the period ended 31 December 2009*) - Deliberating in accordance with the quorum and majority requirements applying to ordinary general meetings, and having taken due note of the consolidated financial statements for the period ended 31 December 2009, the management report by the Board of Directors containing the Group management report and the general report by the statutory auditors on the consolidated financial statements, the General Meeting approves the financial statements for the period ended 31 December 2009, as presented to it by the Board of Directors.

Fourth resolution *(Approval of the agreements covered by Article L. 225-38 of the Commercial Code)* - Deliberating in accordance with the quorum and majority requirements applying to ordinary general meetings, and having taken due note of the special report by the statutory auditors on the agreement covered by Article L. 225-38 of the Commercial Code entered into by the Company during the period ended 31 December 2009, the General Meeting approves the agreement referred to in the aforementioned report and notes the continued existence throughout the financial year of the agreement authorised previously.

Fifth resolution *(Authorisation to be given to the Board of Directors allowing the Company to buy back its own shares, within a limit of 5% of its share capital)* – In accordance with the provisions of Article L.225-209 *et seq.* of the Commercial Code and European Regulation 2273/2003 of 22 December 2003, and deliberating in accordance with the quorum and majority requirements applying to ordinary general meetings, having taken due note of the report by the Board of Directors, the General Meeting authorises the Board of Directors to have the Company buy back its own shares in accordance with the applicable provisions.

This authorisation is granted to enable the Company to boost the secondary market and improve share liquidity through a share management contract compliant with the Code of Conduct of the French

Financial Markets Association (*Association Française des Marches Financiers - AMAFI*) as approved by the French financial markets regulator (*Autorité des Marchés Financiers - AMF*), managed by an investment services provider.

Shares may be purchased by any means allowed by the applicable laws and regulations.

The General Meeting sets the maximum number of shares that can be acquired by virtue of this resolution at 5% of the share capital, with the limit being assessed in accordance with Article L.225-209, paragraph 2, of the Commercial Code.

The General Meeting resolves that the total amount used to purchase the shares shall not exceed €2,776,215, and further resolves that the maximum purchase price per share shall be €65.

In the event of a capital increase by means of the capitalisation of premiums, reserves, profits or other sums and the allocation of bonus shares during the period of validity of this authorisation, or of a stock split or reverse stock split, the aforementioned maximum unit price shall be adjusted pro rata by applying the ratio between the number of shares forming the capital prior to and after the transaction.

The General Meeting grants the Board of Directors full powers to do as follows, with the right to sub-delegate in accordance with the law:

- decide to make use of this authorisation,

- place any orders on the market and enter into any agreements, in particular for the keeping of registers of share purchases and sales, in accordance with the applicable stock market regulations,

- file declarations and carry out any other formalities and, more generally, perform all such acts as may be necessary.

The Board of Directors will inform the shareholders of the transactions carried out by virtue of this resolution, at their Annual General Meeting.

This authorisation is granted for a term of 18 months with effect from the date of this meeting.

This authorisation cancels and supersedes the authorisation granted by the Combined Ordinary and Extraordinary General Meeting of shareholders of 16 March 2009 in its seventh resolution.

Sixth resolution *(Reducing the minimum number of Board members to five (5) and amending Article 9 of the Company's Memorandum and Articles of Association accordingly)* - Deliberating in accordance with the quorum and majority requirements applying to extraordinary general meetings, and having taken due note of the report by the Board of Directors, the General Meeting resolves to reduce the minimum number of Board members to five (5), which means that the Board of Directors must henceforth be comprised of at least five (5) and no more than eighteen (18) members, and to amend the first paragraph of Article 9, subsection 1, of the Company's Memorandum and Articles of Association accordingly, which will henceforth read as follows:

ARTICLE 9 - Composition of the Board

"1° - The Company is governed by a Board composed of at least five (5) and no more than eighteen (18) members"

***Seventh resolution** (Removal of the requirement for unanimous decisions by the Board of Directors and corresponding amendment of Article 11 of the Company's Memorandum and Articles of Association)* - Deliberating in accordance with the quorum and majority requirements applying to extraordinary general meetings, and having taken due note of the report by the Board of Directors, the General Meeting resolves to remove the requirement that all decisions of the Board of Directors must be unanimous when only three (3) or four (4) members are present, and accordingly resolves to delete the last paragraph of Article 11, subsection 2 of the Company's Memorandum and Articles of Association.

Eighth resolution (*Powers for formalities)* - Deliberating in accordance with the quorum and majority requirements applying to extraordinary general meetings, the General Meeting resolves to grant full powers to the bearer of a copy of or excerpt from the minutes of this meeting in order to carry out all filings, publications, declarations and formalities that may be necessary.