ANNUAL REPORT 2010

(Financial Year Ended 31 December 2010)

CFI-Compagnie Foncière Internationale

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Board of Directors

Mr. Alain BENON - *Chairman*

Mr Daniel RIGNY

Mr Emmanuel RODOCANACHI

Mr Vincent ROUGET

Mrs 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 DIEUMEGARD - *Substitute*

Management

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

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Board of Directors' Report

To the Ordinary General Meeting of Shareholders

Held on 27 May 2011

For the year ended 31 December 2010

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 1st of January 2010 to 31 December 2010,
- submit for your approval the financial statements for the aforementioned accounting period,
- present the resolutions on which you are requested to vote at this Ordinary General Meeting of Shareholders on 27 May 2011.

I. - THE COMPANY

I.1 – The market: real improvement witnessed

For the first time in three years, commercial property markets began to trend upward in 2010.

The year as a whole was nonetheless a mixed bag: the uptick in investment was highly segmented, and volumes failed to pick up for certain types of transactions; there was consolidation in the rental market; and property values were boosted by historically low interest rates.

Increase in volumes on the investment market

A real improvement was seen in the investment market in 2010 with volumes increasing by 41% over the year, although at €11 billion, transaction values were well below the highs recorded in 2006-2007.

This renewed interest in commercial property as an investment class affected the retail property market as well as offices (particularly core office assets and off-plan sales), and even warehouses and business premises. Retail parks were the only exception.

A two-tier market dominated by equity investors

While liquidity has truly improved in the market for assets valued at between €100 million and €200 million, buyers have focused mainly on prime assets secured by long-term leases granted to

creditworthy occupiers based on market rents, for instance in shopping centres, a particularly resilient asset class.

This was the preferred segment for equity investors – insurers, REITs, *OPCI* (open-ended property funds) – which dominated the market as they sought to reposition their assets. Most of them were French, but foreign investors also returned to the market during the year, accounting for 44% of transactions in 2010 compared with 35% in 2009.

Conversely, more peripheral products and those with value-add potential – particularly posing one form or another of leasing risk – showed no significant signs of recovery. It must be said that the expected price declines did not materialise: until now, exceptionally low carrying costs, the impact of government stimulus plans and appropriate management of covenants by banks have acted as cushions, allowing potential sellers to wait.

As CB Richard Ellis said in its quarterly market review for the fourth quarter of 2010, "*The core market may have recovered some strength... but the market for insecure or secondary assets appears to be frozen for the foreseeable future.*" Needless to say, the market trends observed in 2010 were not conducive to the types of transactions in which the Company seeks to engage.

Rental market more balanced in the Paris Ile de France region

There were increasing signs of stabilisation in the office property market: in quantitative terms, property available for immediate and future occupancy stabilised in Ile de France, and the share of core office assets in future inventories declined, except at La Défense.

Meanwhile, take-up increased by 15%, buoyed by Paris, which accounted for 43% of the total. The capital was indeed able to meet demand for areas of more than 5,000 sqm, with lessees benefiting from the correction in rents. On the other hand, rental markets remained sluggish in the Western Crescent, including La Défense, and the outer ring.

As a result, vacancy rates in the Paris Ile de France region ended 2010 at 6.8%, flat on the previous year. In this context, and in spite of negative indexation in the first half, rental values began to recover: the average rent in Paris Ile de France rose by 2%, and in Paris proper, average rents for new or renovated buildings rose by between 2.7 and 3.7% depending on the sector. Prime rents dropped in the Western Crescent but increased by an average of 10% in Paris.

These figures should nonetheless be interpreted with caution, since they tend to reflect headline rental values: while renegotiations resulting in decreases are coming to an end, tenant incentive measures are still being offered, particularly in the form of rent holidays, and further downside risk remains for secondary assets.

In sum, "consolidation" is a better term than "recovery" to describe trends in the rental market in 2010.

As for the retail property market, household spending remained depressed, and while retailers did see an uptick in business in the second half, they remained cautious and selective about locations.

Property market values rising again

As long-term interest rates fell and rents came back down to market level, the imbalance between scarce prime locations on the one hand and the amount of capital available for investment therein on the other continued to put downward pressure on yields, as was evidenced by a number of high-profile transactions such as Capital 8, Cap 3000 and O'Parinor.

There was indeed a continued adjustment in property market values: prime office space ranged between 4.75% and 6% in Paris Centre West and between 5.7% and 6.75% at La Défense, compared with 4.75% to 6.9% for shopping centres (Source: CBRE). This was evidenced by listed property companies' appraisal values, which rose by 3 to 10% on a like-for- like basis, depending on their cash flow growth.

Financing market easing but still highly selective

The financing market continued to improve, but the situation described above had an impact: investors seeking to achieve high yields and finance assets that pose a risk, particularly in terms of leasing, are having difficulty raising bank financing based on satisfactory ratios, even when the underlying property is of very good quality.

2011: A year of transition

It would be hazardous to predict a bona fide recovery since the fundamentals remain so uncertain. The Euro Zone crisis and plans to restore public finances in Europe will necessarily delay the turnaround somewhat, particularly in France, where the macroeconomic climate will again be challenging in 2011: GDP growth is forecast at between 1.5% and 2%, the unemployment curve is not yet reversing, and consumer spending remains soft (+1.5% forecast).

The commercial property market will in all likelihood continue to improve along the same lines as last year, but it now seems the recovery will be delayed until 2012 at the earliest.

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.

Against this background, *CFI-Compagnie Foncière Internationale* has maintained its presence in the property market and completed a new investment in Bordeaux city centre, adding a thirteenth UGC - let property to the portfolio acquired by the Company in 2009.

I.3 - Activity and significant events

1.3.1 CFI acquired its thirteenth cinema property asset: UGC Bordeaux

On 28 June 2010, CFI acquired the UGC Bordeaux multiplex cinema property from UGC, which owned part of this property outright and held the remainder under a finance lease. CFI purchased this property through its subsidiary *SCI Bordeaux-Image*, which was specifically set up for this purpose.

This cinema complex is located in the heart of the city centre. It has 18 screens and 2,784 seats, and sold close to one million tickets in 2010.

This €10.9 million investment, including acquisition costs, was financed by a €8 million, five-year floating-rate bank loan, together with equity contributions from the shareholders of *SCI Bordeaux* Image, in proportion to their existing shareholdings, amounting to €1.6 million from CFI (55%) and €1.3 million from UGC (45%).

This transaction is a positive addition to the existing portfolio of twelve UGC cinema complexes acquired by CFI in 2009 and will create value in two ways: (i) through a new investor-type lease signed with UGC Ciné Cité for a fixed term of 12 years; and (ii) as soon as the end of 2010, *SCI Bordeaux-Image*, the finance lessee, has opted for the early exercise of the purchase option provided in the finance lease contract and consequently owns the entire property outright.

1.3.2 Dividend payment of €0.21 per share

The Combined Ordinary and Extraordinary General Meeting of Shareholders held on 31 March 2010 approved a proposal by the Board of Directors to pay out a dividend of €0.21 per share, i.e. a total dividend of €179,387.54 corresponding to the amount, after rounding, that the Company is legally required to pay by virtue of its status as a 'SIIC' listed property investment company (*Société d'Investissement Immobilier Cotée*).

This dividend was paid on 15 April 2010.

1.3.3 Introduction of a new share buyback programme and renewal of the liquidity share management agreement

The aforementioned Combined General Meeting authorised the Board of Directors, for a period of 18 months, to continue purchasing the Company's own shares for the purpose of a liquidity share management agreement, and with the view of stimulating the secondary market for these shares.

The Meeting set a ceiling on the number of shares that may be purchased under this authorisation, corresponding to 5% of the outstanding share capital. It also set a maximum purchase price of €65 per share.

In its meeting on 31 March, the Board of Directors agreed to renew the liquidity agreement entered into with CA-Cheuvreux SA.

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: 81,891 square meters
- Number of screens: 150
- Number of seats: 30,202
- Number of paying visitors in 2009: 12. 2 million, -2% compared to 2009
- Revenues: € 93.1 million, +1% compared to 2009.

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 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(and from 1 July 2010 for UGC Bordeaux). Upon expiry, the lessee has an option to renew the leases for a period of nine years, with the first six 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(2011 and 2012 for UGC Bordeaux), during which the indexation is set at +2% per year. CFI rental income is therefore protected from the risk of negative indexation over these first two years.

II.3- Rental income

In 2011, the net rental income generated by the portfolio will amount to €14,260 million.

III. - FINANCIAL STATEMENTS

The 2010 Financial Year starts from January 1st and ends on 31December. However, it compares with an accounting period which consists of ten and a half months as it exceptionally began on 12 February 2009 and closed on 31 December 2009.

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 €19.020 million, of which the Group share amounts to €9.265 million.

Net rental income came to €13.546 million. Operating expenses consist mainly of parent company staff costs and external charges relating to operating costs of the listed company and of its subsidiaries.

The operating profit thus came to €12.815 million.

Based on the valuation compiled by CB Richard Ellis (CBRE) as at 31 December 2010, the market value for the 13 cinema complexes property portfolio held by *CFI-Image* and *SCI Bordeaux-Image* came to €224. 880 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 €12.419 million.

After deducting net financial charges (€5.283 million, relating to bank borrowings, bonds redeemable in shares and interest rate swaps) and minority interests, the Group share of net profit came to €10.149 million, i.e. €11.91per share.

Recurring net profit, defined as the net profit after deducting the impact of the change in fair value of the portfolio came to €3.663 million (attributable to the Group), i.e. €4.30 per share.

III.1.2 Parent company

Net profit after tax for the period came to €1.553 million which compares to € 0.204 million in 2009(on a 10.5 months period) or €0.233 million on a 12-months *prorata* basis.

The discrepancy reflects the increase in dividends paid by subsidiary *CFI-Image*. The latter had only paid an interim dividend to the parent company in July 2009 but made two settlements in 2010: the final dividend for 2009 and an interim dividend for 2010

Parent company's revenues mainly comprised these distributions up to €2.091 million and, in a small amount (€0.117million), the re-invoicing to subsidiaries of costs incurred in connection with the management agreements entered into with these latter. Operating expenses are split between staff costs and other (€0.277 million) and fees and costs (€0.385 million), these two headings relating to the day-to-day running of the listed company.

By virtue of its status as a public property company (SIIC), the parent company is required to distribute €1,554,738 in respect of the accounting period closed on 31 December 2010.

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

		2007	2008	11/02/2009	31/12/2009	31/12/2010
FINANCIAL AT THE YEAR END	a) SHARE CAPITAL	25, 626, 720	25, 626, 720	25, 626, 720	25, 626, 720	25,656,720
	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	590, 299	-	-	-	-
	b) PROFIT BEFORE TAX, DEPRECIATION AND PROVISIONS	21, 736, 499	256, 473	-286, 630	232, 853	1,563, 728
	c) CORPORATION TAX	5, 701	5 ,701	-	28, 365	8,878
	d) PROFIT AFTER TAX, DEPRECIATION AND PROVISIONS	4, 540, 464	255, 630	-287, 230	203, 710	1,552,733
	e) AMOUNT OF PROFITS DISTRIBUTED	25, 187, 808	4, 544, 472	-	-	179,387
EARNINGS PER SHARE	a) PROFIT AFTER TAX, BUT BEFORE DEPRECIATION, AMORTISATION AND PROVISIONS	-26.13	0.29	-0.33	0.24	1.83
	b) PROFIT AFTER TAX, DEPRECIATION, AND PROVISIONS	5.32	0.30	-0.34	0.24	1.83
	c) DIVIDEND PER SHARE	29.5	5.32	-	-	0.21
EMPLOYEE INFORMATION	a) AVERAGE NUMBER OF EMPLOYEES DURING THE ACCOUNTING PERIOD	5	0	0	1	1
	b) TOTAL PAYROLL FOR THE PERIOD	3, 013, 492	115, 000	19, 141	253 ,514	142,240
	c) AMOUNTS PAID IN RESPECT OF BENEFITS-IN-KIND(Social security, company benefits, etc.)	700 ,371	39, 000	10, 597	112 ,941	83,378

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 which will expire on 28 July 2011.

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 on a liquidation basis

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 2010 came to €63.593 million for the portion attributable to the shareholders' equity of the parent ie +16.7% compared with 31/12/2009.

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

	31/12/2010
Consolidated shareholders' equity (IFRS basis) Group Share	63,593
Number of shares excluding treasury shares	852,518
NAV per share net of coast and transfer taxes, Group share (€)	74.59

IV.2 Financial Structure

The consolidated balance sheet as of 31/12/2010 amounts to €231.548 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 2010:

- the Gearing ratio (Net debt/ equity) was 88.2%

- the Loan To Value ratio (Gross Debt/assets at market value) was 46.8%.

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 2.86 X over the financial year.

V. - GROUP AND SUBSIDIARY

V.1 Group structure as at 31 December 2010

As at 31 December 2010, the Company had two subsidiaries, *CFI-Image (*Stake: 95% of the 29,603,260 shares forming its capital and *SCI Bordeaux-Image* (Stake: 55% of the 100 shares forming its capital).

V.1.1 Structural changes over the past accounting period

SCI Bordeaux Image was established on 22 June 2010 by three shareholders: CFI (55%), UGC (40%) and UGC Ciné Cité (5%).

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 2010.

V.2 Subsidiaries' operations over the accounting period

V.2.1 CFI-Image

CFI-Image focused during the year on managing its assets, comprising 12 properties owned outright and used by the film industry, bearing in mind that activity levels were positive both in the sector and for the lessee, UGC Ciné Cité.

Rents invoiced by it, including the positive effect of contractual indexation from 1st January 2010, amounted to €13,089 thousand.

CFI-Image also decided, after discussion by the general meeting of 12 February 2010, to pay a dividend of €1,593,542.59 for the 2009 fiscal year. Factoring in the interim dividend paid in July 2009 in the amount of €566,908, the remaining €1,026,634.59 was paid on 18 February 2010.

V.2.2 SCI Bordeaux Image

One highlight of the year was the purchase from UGC of UGC Bordeaux, a cinema complex located in the centre of Bordeaux featuring 18 screens and 2,784 seats.

On 28 June 2010, the Company agreed to acquire the portion of the asset owned outright and the portion leased under a finance lease. The purchase option associated with the latter was exercised on 22 December 2010, such that *SCI Bordeaux Image* now owns the entire asset outright.

The new investor-type lease signed with UGC Ciné Cité is for a fixed term of almost 12 years.

SCI Bordeaux Image's six-month fiscal year ended with a net loss of €55,462.49, due to two factors: rents were only received for half of a year, and charges included one-off items linked to the finance lease and the early exercise of the purchase option.

V.3 Transactions with related parties

V.3.1 Transactions between the Company and its Shareholders

The service agreement between CFI and PWREF I Holding Sàrl which, indirectly, is the controlling shareholder of CFI- continued over the financial year (*see Note 28.1 of the Consolidated Financial Statements)*

V.3.2 Transactions between the Company and its subsidiaries

Over the financial year, CFI entered into a shareholder's loan agreement (regulated related party agreement)and a management agreement for the rendering of various administrative, legal and accounting services(non-regulated related party agreement) with its new subsidiary *SCI Bordeaux Image*.

The same agreement entered into with CFI Image in 2009 which, originally, had (wrongly) been declared as "regulated", was requalified as "non-regulated" by the Board held on 25 February 2011.

VI. - DISTRIBUTION - RESOLUTIONS

VI.1 Appropriation of the profit for the period

The financial statements of the parent show a net profit of €1,552,732.85. After a €2,004.84 profit carried over and €8,492.23 deducted from share premium, the Board recommends the distribution of a dividend of €1,563,229.92.

The following is therefore recommended to the Assembly:

to appropriate the profit of	€1,552,732.85
Plus profit carried over	+ €2,004.84
Plus amount deducted from the share premium account	+8,492.23
i.e. a total of	**€1,563,229.92**

to the dividend.

It is reminded that under the SIIC regime, the Company must distribute €1,554,738.

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 31 December 2009: Distribution of dividend in an amount of €179,387.04 i.e. €0.21 per share, decided by the Combined Shareholders' General Meeting of 31 March 2010.

This dividend was eligible for the 40% reduction when applicable.

- *Period ended 11February 2009*: None.

- *Period ended 15 December 2008*: None

VI.2 Resolutions put to 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 2010.

- *Deduction from share premium account (**Second resolution)***

It is proposed to deduct an amount of €8,492.23 from the share premium to be added to the distribution.

- *Appropriation of profit (**Third resolution)***

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

- *Approval of consolidated financial statements (**Fourth 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 **(Fifth 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, *SCI Bordeaux-Image*, covering a shareholder's loan. In this same resolution the shareholders should take note of the continued existence of previously regulated agreements

- *New authorisation to be given to the Board **(Sixth 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.

This authorization is granted to enable the Company to boost the secondary market and improve share liquidity through a share management agreement managed by an investment services provider. All treasury shares are dedicated to this purpose.

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.

- *Re appointment of directors* ***(Seventh, eighth and ninth resolutions)***

It is proposed:

. In the seventh resolution to renew Mrs Catherine Sejournant's term of office as director for a period of four years;

. In the eighth resolution, to renew Mr Daniel Rigny's term of office for the same period;

. In the ninth resolution, to renew Mr Vincent Rouget's term of office for this same period.

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 2010 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	81,000	9.5%	9.5%
Herodius Holding Ltd	26,500	3.1%	3.1%
Public (estimate)	156,787	18.3%	18.4%
Shares owned by Directors	300	NS	NS
Treasury Shares	1,706	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 2010 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 2010 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 31 March 2010, deliberating as an Extraordinary General Meeting, resolved in its seventh resolution to renew the authorisation granted to the Company on 16 March 2009, 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 €65. The number of treasury shares held may not exceed 5% of the total number of shares forming the share capital.

At its meeting of 31 March 2010 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 2010, the number of treasury shares had risen to 1,706, with €35,537 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, 1,475 Company shares were purchased under the agreement during the period from 1st January 2010 to 31 December 2010, at an average cost of €41.29 per share, i.e., a total cost of €60,910.

During this same period, 1,230 shares were sold at an average price of €40.98 per share, i.e. a total of €50,400.

As at 31 December 2010 the Company holds 1,706 treasury shares with a par value of €30, corresponding to 0.2% of its capital. This stock represents a total investment of €58,822 for an average unit price per share of €34.48.

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

During the period ended 31 December 2010 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.

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.

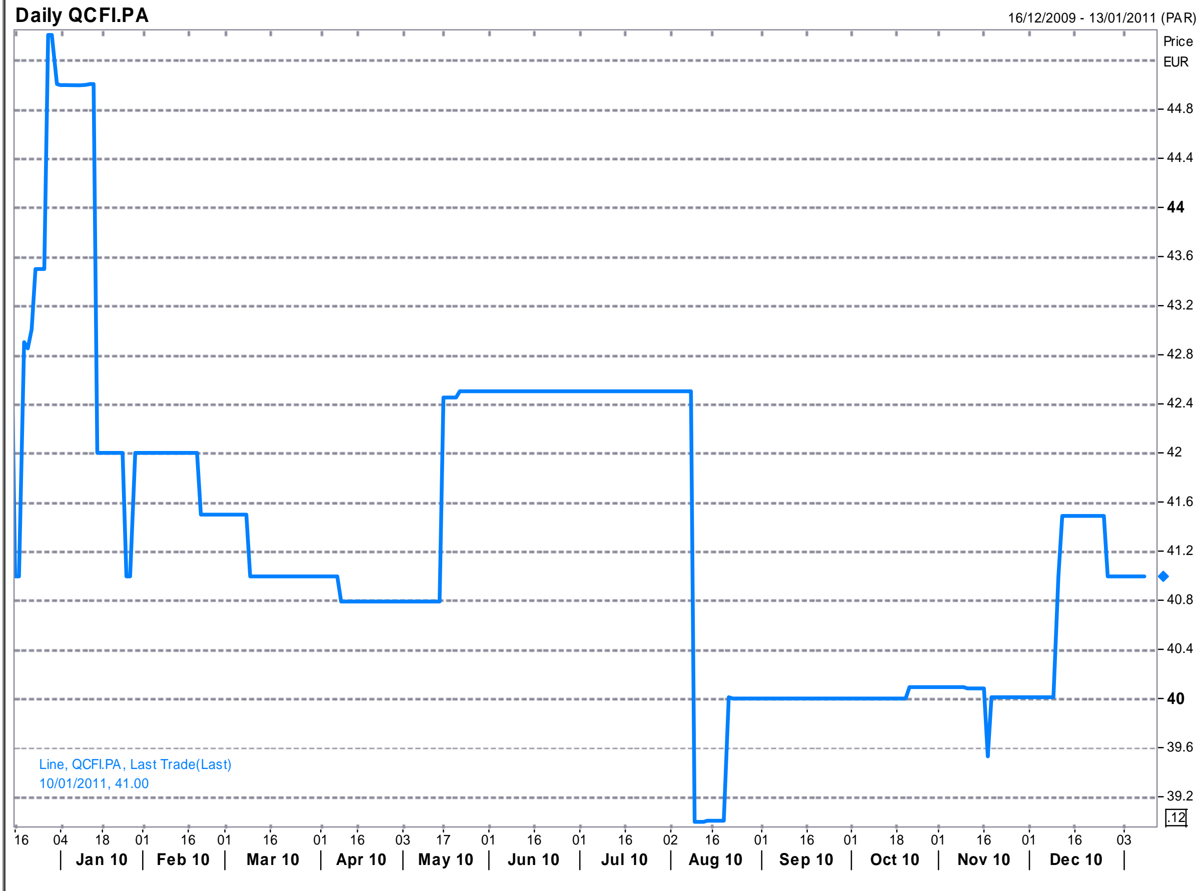
VII.2 Information relating to CFI-Compagnie Foncière Internationale's shares

Review of the share management contract over the period:

- Liquidity: in an equity market that stabilised in 2010, trading volumes increased in the first quarter and during the summer, with a few transactions involving small lots. Liquidity nonetheless remained low due to a thin order book.

- Regulation: in compliance with listing limits for the Nyse-Euronext, the share management agreement continues to provide for a twice-daily listing, morning and afternoon, marked to market. Since the beginning of 2011, the share seems to be benefiting both from the uptrend in markets and a natural buying flow.

Share prices over the past 12 months:



- <u>Reduced volatility</u>: 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 €39 and a high of €42.50 during the period from 30 June 2010 to 1 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 2010, the Board members were:

. Mr Alain Benon, Chairman and CEO ;

. Mr Daniel Rigny, Director;

. Mr Emmanuel Rodocanachi, Independent Director ;

. Mrs Catherine Séjournant, Director;

. Mr Vincent Rouget, Director.

Over the period under review, Mr Cyril Benoit resigned as director and the Board held on 12 February 2010 replaced him by Mr Vincent Rouget.

It should be reminded 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.

VIII.1.2 Committees

Audit and Accounts Committee

As of 31 December 2010, the members of the Audit and Accounts Committee were :

. Mr. Emmanuel Rodocanachi, Chairman

. Mr. Vincent Rouget, 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.

Nomination and Remuneration Committee

As of 31 December 2010, 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 2010 is listed in the following tables, which have been drawn up in compliance with the AFEP-MEDEF[1] 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 ...	11/02/2009	31/12/2009	31/12/2010
Remuneration for the period (1)	30,520	286, 317	178,574
Value of options awarded over the period			
Value of stock options awarded on the basis of performance over the period			
Total	*30,520*	*286 317*	*178,574*

(1) See breakdown in table 2

Summary table of remuneration received by Mr Alain Benon						
Alain Benon Chairman and CEO over the period ended ...	11/02/2009		31/12/2009		31/12/2010	
	due	paid	due	paid	due	paid
Fixed remuneration	3, 929	15, 161		127, 923		131,160
Variable remuneration			100, 000	100, 000		
Exceptional remuneration						
Board attendance fees (1)	11, 430		22, 964		24,000	22,964
Benefits in kind						
Total	*15, 359*	*15, 161*	*22, 964*	*263, 353*	*24,000*	*154,574*

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

In addition, Mr Alain Benon:

. is covered by the loss-of-earnings insurance policy for company managing directors;

. has not received any remuneration from *CFI-Image*, the Company's 95%-owned subsidiary, for his office as the entity's Chairman.

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

VIII. 2.2 Board attendance fees

Board members	Paid as at 11/02/2009	Paid as at 31/12/2009	Paid as at 31/12/2010
Cyril Benoit			
Alain Benon		35, 430	22,964
Vincent Hollard		3, 950	
Daniel Rigny			
Emmanuel Rodocanachi		17, 715	11,482
Vincent Rouget			
Catherine Séjournant			
Total	-	*57, 095*	*34,446*

Note: The table 4, 5, 6 and 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 2010.

Name of Directors	Age	Date of appointment or renewal	Date of mandate expiry	Position in the Company	Other positions
Emmanuel Rodocanachi	70	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	41	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	59	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	35	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	31	Board of Directors dated 16 March 2009	General Meeting of Shareholders to be held in 2011	Director	Member of the supervisory Board of M.F.I("Management Für Immobilien")A G.

(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 25 February 2011. 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).

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 specialising in organisation and strategy) since 2007, Emmanuel Rodocanachi has held major positions in banking, first as 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

Principal with Perella Weinberg Real Estate UK LLP since June 2010;

Member of Perella Real Estate's investment team since June 2007;

Previously (from 2003 to 2007), Vincent Rouget 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 2010.

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 2010.

IX.4 Information on trade accounts payable and receivable

As at 31/12/2010, the Company's "trade accounts payable" account showed a balance of €21,024, with almost all sums due at the end of January 2011.

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 through its subsidiaries, 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.

Most of the uncertainty at year-end 2010 relates to the macroeconomic climate and its implications for the property market. An upturn in the global economic outlook appear to be the only factor capable of restoring the type of deal flow that could spread gradually into all market segments. However, given the backdrop of high unemployment and sluggish European economic growth in 2011, this is not the most likely scenario, especially now that governments are implementing measures to rebalance their public finances, which are bound to depress the market.

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.

The Company's current cash requirements is covered by regular dividend distributions by *CFI-Image* (and *SCI Bordeaux Image* from 2011 onwards) and by the bank overdraft facility negotiated on 30 June 2010 for new period of one year.

Interest rate risk

The Company is not exposed to the risk of an increase in interest rates, as its cash has been invested in its acquisitions. The same applies to *CFI Image* which has swapped its €98 million variable bank loan against a fixed rate.

However, *SCI Bordeaux Image* was exposed to an €7.8 million variable rate bank borrowing at year-end 2010, its shareholders being still ready to hedge this risk when appropriate.

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 (1,706 treasury shares as at 31 December 2010), 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 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* and *SCI Bordeaux-Image* shares which it holds are pledged respectively in favour of Crédit Agricole-CIB, the agent for the banking syndicate that financed the acquisition in February 2009 and OSEO the bank that funded the UGC Bordeaux acquisition.

XI. – OUTLOOK

Should trends observed last year in the French property market persist in 2011, conditions could well remain unattractive for new acquisitions complying with the Company's investment criteria.

The Company will nevertheless remain attentive to any change in market conditions which could result in attractive investment opportunities. In the meantime, CFI will focus its efforts on the management and medium-term value enhancement of its existing portfolio of cinema properties.

XII. – STATUTORY AUDITORS

Entitled Statutory Auditors

Ernst & Young Audit:
Represented by Mr Christian Mouillon and Mrs Nathalie Cordebar
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 29

Consolidated Financial Statements

To 31 December 2010

Period from 1 January to 31 December 2010

I-Consolidated Balance Sheet to 31 December 2010

ASSETS (€'000)	Notes	Consolidated financial statements 31.12.2010	Consolidated financial statements 31.12.2009
Non-current assets			
Intangible assets			
Property, plant and equipment		1	2
Investment property	8	224,880	201, 560
Derivative financial instruments	9		
Deferred tax assets			
Other non-current assets	10	12	11
Total non-current assets		**224,893**	**201 ,573**
Current assets			
Trade receivables	11	4,297	3, 960
Other current assets	12	469	115
Cash and cash equivalents	13	1,889	2, 221
Total current assets		**6,655**	**6, 296**
Total assets		**231,548**	**207, 869**

EQUITY AND LIABILITIES (€'000)	Notes	Consolidated financial statements 31.12.2010	Consolidated financial statements 31.12.2009
Capital and reserves			
Share capital	14	25,627	25, 627
Capital reserves		52	52
Other reserves		30,872	2, 531
Treasury shares		-71	-59
Fair value adjustments to financial instruments		-3,036	-2 ,152
Profit attributable to the equity holders of the parent		10,149	28 ,519
Equity attributable to the equity holders of the parent	**V**	**63,593**	**54, 518**
Non controlling interests	**15**	**53,553**	**43, 908**
Total equity		**117,146**	**98, 426**
Non-current liabilities			
Bonds redeemable in shares	16	5,911	7, 617
Medium and long term borrowings	16	92,853	89, 245
Provisions			
Deferred tax liabilities			
Derivative financial instruments	9	3,196	2 ,265
Other non-current liabilities	18	**1,246**	
Total non-current liabilities		**103,206**	**99, 127**
Current liabilities			
Bonds redeemable in shares	16	1,882	1, 792
Short term borrowings	16	4,518	4, 116
Debts related to fixed assets		205	
Other current liabilities	18	4,591	4, 408
Total current liabilities		**11,196**	**10, 316**
Total equity and liabilities		**231,548**	**207, 869**

II- Consolidated Income Statement to 31 December 2010

Period from 1January to 31 December 2010

(€'000)	Notes	Consolidated financial statements 31.12.2010 (12 months)	Consolidated financial statements 31.12.2009 (10,5 months)
Gross rental income		13,546	11, 300
Service charge income and expenses		115	96
Other property operating income and			
Net rental income	19	**13,661**	**11, 396**
Revenue from other activities			
Employee benefits expense		-226	-366
External charges		-538	-1, 023
Taxes (other than income taxes)		-36	-73
Depreciation, amortisation and provisions		-1	-1
Other operating income and expenses		-45	-19
Operating profit on ordinary activities		**12,815**	**9, 914**
Profit on disposal of properties			
Changes in fair value of investment properties	8	12,419	49, 996
Operating profit		**25,233**	**59, 910**
Income from cash and cash equivalents		27	35
Gross financing costs		-5,310	-4, 869
Net financing costs	20	**-5,283**	**-4, 834**
Other financial income and expenses			
Income tax expense	21		-28
Profit for the year from discontinued			
Profit for the period		**19,951**	**55, 048**
Attributable to:			
- Equity holders of the parent		10,149	28, 519
- Non controlling interests		9,802	26, 528
Basic earnings per share attributable to the equity holders of the parent	22	**11.91**	**33.42**
Diluted earnings per share attributable to the equity holders of the parent	22	**11.91**	**33.42**

III – Statement of Net Comprehensive Income

(€'000)	Notes	Consolidated financial statements 31.12.2010 (12 months)	Consolidated financial statements 31.12.2009 (10,5 months)
Profit for the period		**19,951**	**55, 047**
- Efficient portion of the gains and losses on hedging instruments		-931	-2, 265
Total gains and losses recognised directly to equity		**-931**	**-2, 265**
Profit for the period and gains and losses recognised directly to equity		**19,020**	**52, 782**
Of which attributable to:			
- Equity holders of the parent		9,265	26, 367
- Non controlling interests		9,755	26, 414

IV - Consolidated Cash Flow Statement 31 December 2010

(€'000)	Notes	Consolidated financial statements 31.12.2010 (12 months)	Consolidated financial statements 31.12.2009 (10,5 months)
Profit for the period		**19,951**	**55, 047**
Amortisation, depreciation and provisions		1	1
Unrealised valuation movements		-12,419	-49, 996
Estimated charges		248	209
Realised profits on disposals and subsidies received			
Net financing costs		5,283	4 834
Income tax expense (including deferred tax)			28
Cash flow before net financing costs and tax (A)		**13,064**	**10, 123**
Income taxes paid (B)			-28
Change in working capital linked to the activity (C)	23	738	33, 877
Net cash from (used in) operating activities (D) = (A + B + C)		**13,802**	**43, 972**
Acquisitions of property, plant and equipment and intangible assets		-10,901	-151, 193
intangible assets			
Proceeds from the sale of non-current assets			
Acquisitions of investments			
Proceeds from the sale of investments			
Acquisitions of subsidiaries, net of cash acquired			
Change in amounts due on the acquisition of non-current		205	
Other cash flows from investing activities			
Net cash from (used in) investing activities (E)		**-10,696**	**-151, 193**
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		-11	-33
Dividends paid (to the equity holders of the parent and to non controlling interests)		-289	-28
New loans		8,480	96, 770
Repayment of loans and other borrowings		-6,379	-4, 275
Change in cash related to financial income and expenses		-5,305	-4 ,636
Other cash flows from financing activities			
Net cash from (used in) financing activities (F)		**-3,504**	**114, 818**
Change in cash and cash equivalents (D + E + F)		**-398**	**7, 597**
Cash and cash equivalents at the start of the period	23	2,221	-5, 374
Cash and cash equivalents at the end of the period	23	1,823	2, 221

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 non controlling interests	Total equity
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**
Paid dividend					-179	-179	**-110**	-289
Earnings appropriation		28,340			-28, 340			
Profit for the period ended 31 December 2010				-884	10, 149	9, 265	9, 755	19, 020
Treasury shares and gain on sale of treasury shares		1	-11			-11		-11
Issue of SCI Bordeaux Image shares							0	0
Balance at 31 December 2010	**25 627**	**30 924**	**-71**	**-3 036**	10 149	**63 593**	**53 553**	**117 146**

VI - Notes to the Consolidated Financial Statements

for the period from 1 to 31 December 2010

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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.

The company has elected for the tax regime applicable to public property companies (Sociétés *d'Investissements Immobiliers Cotées-SIIC)* since February 2009.

The current financial year covers the period from 1to 31 December 2010.

2. Significant events

CFI has maintained an active presence in the property market against a general background of rising prices being, as such, unattractive for acquisitions complying with the Company's investments criteria.

During the financial year, CFI completed a new investment, acquiring the UGC cinema property multiplex located in Bordeaux city centre. This adds a thirteenth UGC - let property to the portfolio acquired by the Company in 2009. This latest investment was made via an *ad-hoc* non-trading real estate investment company (*Société Civile Immobilière - SCI*) controlled at 55% by CFI and 45% by UGC Group.

The Company also decided to pay out a dividend of €0.21 per share, i.e. a total dividend of €179,388, slightly above the amount that the Company is legally required to pay by virtue of its status as a 'SIIC' listed property investment company (*Société d'Investissement Immobilier Cotée*).

3. Context in which the financial information was prepared

The consolidated financial statements cover the period from 1st January to 31 December 2010. They were approved by the Board of Directors on 25 February 2011.

.The lack of any property assets at 12 February 2009, opening date for the previous accounting period, means 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[2].

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

• Amendments to IAS 27 – Consolidated and Separate Financial Statements

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

- Improvements 2008:Amendements to IFRS 5
- .Improvements 2009:Amendements to IFRS 2, IAS 38

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

- Amendments to IFRS 2-Group Cash-settled and Share-based Payment Transactions

These new standards and amendments have had no material impact on the Financial Statements at year-end 2010.Nor did interpretations relating to applicable standards.

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. Among those, the only standards and amendments which are potentially applicable to the CFI Group are the following (their impact, subject to further review, being apparently non material):

- Amendements to IAS 32-Classification of Right Issues.

4. General principles of valuation and preparation

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

5. Use of estimates and assumptions

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.

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. However, *SCI Bordeaux Image* was registered on 22 June 2010 and the accounting period covers six months instead of twelve months.

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 Non controlling interests

Non controlling interests correspond to the shareholding of UGC Group in the capital of the subsidiary *CFI-Image*. Note that non controlling 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.

In addition, non controlling interests correspond to the 45% shareholding of UGC Group in the capital of the *SCI Bordeaux Image* subsidiary.

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 non controlling 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 (See detailed computation § 22).

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(2011 and 2012 for *SCI Bordeaux-Image*) 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.

Due to the use of derivative instruments (swaps) aimed at reducing exposure to interest rate fluctuations, the Group faces a potential default of the counterpart resulting in new hedgings having to be negotiated to replace existing ones. However, this risk is limited due to the fact that these hedgings are entered into with major financial institutions.

Treasury investments are made through money market mutual funds issued by financial institutions enjoying a very low risk profile.

6.22.3 Liquidity risk

Prudent management of the liquidity risk implies maintaining a sufficient cash position (including marketable securities), a capacity to generate rentals, upstream dividends or 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 to a large extent through the use of derivative financial instruments(See § 16.4).

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	01/01/2010 to 31/12/2010	12/02/2009 to 31/12/2009
SAS	CFI Image	508 559 069	France	Paris	95,00%	95,00%	01/01/2010 to 31/12/2010	12/02/2009 to 31/12/2009
SCI	Bordeaux Image	523 345 163	France	Paris	55%	55%	22/06/2010 to 31/12/2010	

SA: *Société Anonyme*, French limited liability company

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

SCI: *Société Civile Immobilière.*

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

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

8. **Investment property**

(€'000)	To 31.12.10	To 31.12.09
Fair value – opening balance	201,560	
Acquisition of property	10,901	151,564
Cost of acquisition	**10,901**	**151, 564**
Change in fair value	12,419	49, 996
Fair value – closing balance	**224,880**	**201, 560**

At 31 December 2010, the assets were valued by CB Richard Ellis (CBRE) at €224,9 million 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 6.8%. 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		-931	-3,196
Total cash flow hedges	**-2, 265**		**-931**	**-**3,196

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%.

This swap is based on fair value and recognised against equity. This fair value is rated 2 (Fair value based on comparable market transactions witnessed on similar instruments and not based on observable market data).

10. Other noncurrent assets

(€'000)	At 31.12.2009 February 2009	Increase	Decrease	At 31 December 2010
Deposits and other sureties paid	11	1		12
Total	**11**	**1**		**12**

11. Trade receivables

(€'000)	At 31.12.2010	At 31.12.2009
Trade receivables	4,297	3, 960
Doubtful trade receivables		-
Trade receivables –gross amount	**4,297**	**3, 960**
Impairment losses		
Trade receivables – carrying amount	**4,297**	**3, 960**

There were no amounts past due at 31 December 2010, nor had any impairment losses been recognised.

12. Other current assets

(€'000)	To 31.12.2010	To 31.12.2009
Tax and social security	210	83
Other receivables from activity	242	13
Prepaid expenses	17	19
Other current assets	**469**	**115**

13. Cash and cash equivalents

(€'000)	To 31.12.2010	To 31.12.2009
Short-term highly liquid investments	1,870	941
Cash at bank and in hand	19	1,280
Cash and cash equivalents	**1,889**	**2, 221**

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*).They are valued at fair value, any change being recognised in profit or loss on a straight line basis. This fair value is rated 1(Financial instruments listed on a liquid market).

14. Capital and reserves

14.1 Share capital

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

14.2 Dividends distributed

Pursuant to the SIIC Tax regime applicable to listed property companies, the Company must distribute a minimum dividend which amounts to €1,554,738.

The dividend for the financial year 2010 that will be proposed by the Annual General Shareholders' Meeting amounts to €1.83 per share ie €1,563,229.92 after deduction of € 8,492.23 from share premium(due to rounding in relation with payment).

14.3 Treasury shares

(€'000)	Closing balance	Opening balance	Change	Gains (losses) on disposal
Cost of acquisition	71	59	11	1
Number of treasury shares	1,706	1,461	245	

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. Non controlling interests

(€'000)	To 31.12.2010	To 31.12.2009
Equity component of bonds redeemable in shares	16,049	16,049
Minority interests in capital and reserves	37,504	27,859
Non controlling interests	**53,553**	**43, 908**

Non controlling interests in subsidiaries correspond to UGC shareholdings in *CFI-Image* and *SCI Bordeaux-Image.*

16. Borrowings

16.1 Change in borrowings

(€'000)	at 31.12.2009	Increase	Decrease	Reclassification	at 31.12.2010
Bonds redeemable in shares (non-current part)	**7, 617**			**-1, 707**	**5,910**
Loans	90, 260	8, 000		-4,620	93,640
Loan issue costs (a)	-1, 015	-20		248	-787
Finance lease obligations					
Medium- and long-term borrowings	**89, 245**	**7,980**		**-4,372**	**92,853**
Bonds redeemable in shares (current part)	1, 595		-1,595	1, 707	1,707
Accrued interest – Bonds redeemable in shares	197	176	-197		176
Bonds redeemable in shares (current part)	**1, 792**	**176**	**-1,792**	**1, 707**	**1,883**
Loans	4, 116	500	-4,784	4,620	4,452
Finance lease obligations					
Accrued interest – Loans					
Bank overdrafts		65			65
Accrued interest – Bank overdrafts		1			1
Short-term borrowings	**4, 116**	**566**	**-4,784**	**4,620**	**4,518**
Total borrowings, gross	**102, 770**	**8,722**	**-6,576**	**248**	**105,164**

(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.

In connection with the purchase from UGC of UGC Bordeaux, the company, through its subsidiary *SCI Bordeaux-Image* has entered into a 5 year-loan agreement in an amount of € million 8.

A € 0.5 million VAT bridge loan with a 3-month maturity was also signed to fund VAT applicable to the acquired property. This loan has been paid back within the financial year.

A portion of the asset was funded under a finance lease. *SCI Bordeaux -Image* acquired the finance lease contract in June 2010 and exercised the purchase option associated with the latter on 22 December 2010.

The purchase price of the contract, the settlements in capital, the price of the purchase option and the acquisition costs have been dealt with as a whole, as the acquisition cost of the property.

In connection with the financing of the acquisitions closed in 2009, *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 non controlling 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 non controlling 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 2010.

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)	31/12/2010	Under 1 year	Over 1 year and under 5 years	Over 5 years	31/12/2009
Bonds redeemable in shares	7,617	1,707	5,911		9,212
Loans	98,092	4,452	93,640		94,376
Subtotal	**105,709**	**6 159**	**99,551**		**103, 588**
Loan issue costs (a)	-787				-1, 014
Bank overdrafts	65	65			
Accrued interest	176	176			197
Borrowings	**105,163**	**6,400**	**99,551**		**102, 770**

(a) Loan issue costs deducted from non-current borrowings were paid in 2009 and 2010 and therefore are not analysed in the table above.

16.3 Maturity analysis of financial liabilities

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

(€'000)	**31 December 2010**	**Under 1 year**	**Over 1 year and under 5 years**	**Over 5 years**	**31 December 25009**
Bonds redeemable in shares	8,356	2,028	6,328		10,334
Loans	112,436	9,075	96,801	6,561	112,253
Sub-total	**120,792**	**11,103**	**103,129**	**6,561**	**122,597**
Loan issue costs (a)	-787				1,015
Bank overdrafts					-
Accrued interest	176	176			198
Borrowings	**120,181**	**11,279**	**103,129**	**6,561**	**121,780**

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 and 30 June 2015the Group must make the final repayments of respectively €78 million and €6 million on the borrowings. These amounts 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)	31/12/2010		311/12/2009	
	Fixed rate	Variable rate	Fixed rate	Variable rate
Bonds redeemable in shares	**7,617**		**9, 212**	
Loans		98,092		94, 376
Swap variable rate for fixed rate	90,260	-90,260	94, 376	-94, 376
Due to credit institutions	**90,260**	**7,832**	**94, 376**	
Total due to credit institutions	**98,092**		**94, 376**	
Total borrowings	**105,709**		**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.

After deduction of the principal of the borrowings being hedged through swaps, the remaining outstanding being exposed to variable rates amounts to 7.4% of the total borrowings.

A potential +1% increase of the Euribor rate on this remaining outstanding would have a negative impact of €8 thousand on the net profit.

16.5 Net borrowings

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

(€'000)	31/12/2010	31/12/2009
Gross borrowings	105,163	102 ,770
Cash and cash equivalents	-1,889	-2, 221
Net borrowings	**103,274**	**100, 549**

17. Deferred tax

No deferred tax asset or deferred tax liability was recognised at 31 December 2011.

18. Other noncurrent and current liabilities

(€'000)	**At 31.12.2010**	**At 31.12.2009**
Minority Shareholders' loans	1,246	
Total noncurrent liabilities	1,246	
Trade payables	174	237
Corporate Tax		28
Taxes payable	730	727
Social security liabilities	37	58
Sundry other current liabilities	58	58
6Deferred income	3,593	3, 300
Other current liabilities	**4,592**	**4, 408**

Deferred income corresponds mainly to rents for the first quarter 2011 invoiced in advance.

19. Net rental income

(€'000)	31/12/2009	31/12/2009
Gross rental income	13,546	11, 300
Service charges invoiced on a flat rate basis		
Other property operating income	619	561
Total property income	**14,165**	**11, 861**
Service charges (re-invoiced on a flat rate basis)		
Other property expenses	-504	-465
Total property expenses	**-504**	**-465**
Net rental income	**13,661**	**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)	31/12/2010	31/12/2009
Income from cash and cash equivalents	27	35
Interest income	**27**	**35**
Interest expenses on loans and overdrafts	-5,310	-4, 869
Finance costs	**-5,310**	**-4, 869**
Net finance costs	**-5,283**	**-4, 834**

21. Income tax

21.1 Income tax expense

(€'000)	31/12/2010	31/12/2009
Current tax		-28
Deferred tax		
Income tax expense		**-28**

21.2 Reconciliation of income tax charge

(€'000)	31/12/2010	31/12/2009
Profit before tax	19,951	55, 075
Theoretical income tax charge at the statutory tax rate in France	-6,869	-18, 962
Public property company tax regime (SIIC) and impact of fair value adjustments not assessed to tax	6,869	18, 940
Permanent differences		-6
Tax losses not recognised as deferred tax assets		
Other temporary differences		
Actual income tax expense		**-28**

22. Earnings per share

Calculation of earnings per share	31/12/2010	31/12/2009
Profit for the period attributable to the equity holders of the parent (€'000)	10,149	28, 519
Number of shares	854,224	854, 224
Weighted average number of treasury shares	-1,941	-809
Weighted average number of shares for the purposes of basic earnings per share	852,283	853, 415
Basic earnings per share (€)	**11,91**	**33,42**

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)	**31/12/2010**	**31/12/2009**
Cash and cash equivalents	1,889	2, 221
Bank overdrafts and accrued interest	-66	
Cash position as reported in the consolidated cash flow statement	**1,823**	**2, 221**

(€'000)	**31/12/2010**	**31/12/2009**
Trade receivables	-337	-3, 960
Other receivables from activity	-354	34, 032
Other current liabilities	1,429	3, 805
Change in working capital requirements	**738**	**33, 877**

Other current liabilities as at 31 December 2009 reflect the deposit made in a notary office to fund the acquisition of the cinema portfolio by *CFI-Image*.

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 €3,338 thousand.

- *SCI-Bordeaux Image* has received guarantees for lessees in the form of bang guarantees amounting to €225 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 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.

- As guarantee for the bank loan for a principal amount of €8,000,000, *SCI Bordeaux-Image* has granted a lender's lien in an amount of €3,235,915 and a conventional mortgage totalling €4,764,085 including the guarantee of the interest rate swap, the latter increased to include all costs, interest and other charges estimated at a flat 15%. These sureties are accompanied by the pledge of *SCI Bordeaux-Image*'s bank accounts and assignment of its receivables under the DAILLY law mechanism and by the pledge by CFI of the shares held in its subsidiary.

- CFI and UGC have entered into agreements relating to CFI's shares on the hand and SCI Bordeaux-Image's articles of association on the other, include usual provisions concerning the liquidity of the shareholders' stakes: right of first refusal and joint sale or forced withdrawal.

In addition, CFI has granted UGC call options on CFI Shares in *CFI-Image* and *SCI Bordeaux-Image* that may be exercised by UGC subject to the following conditions:

- During predetermined periods i.e. from 14/02/2012 to 30/06/2014(*CFI-Image*) and from 1/01/2013 to 30/06/2014(*SCI Bordeaux -Image*);
- Anytime, should there be a change in the controlling shareholder of CFI,
- At a price that will be the higher of the NAV stated by and independent expert or providing CFI with an IRR of 22% to 25%, subject to the case and date of exercise.

The exercise of these options before the 5-year tax mandatory period shall not cause *CFI*-Image to lose its status as public property company ruled by the SIIC tax regime.

26. Minimum guaranteed rents receivable

(€'000)	Under 1 year	Over 1 year and under 5 years	Over 5 years	Total
Minimum guaranteed rents receivable	15, 187	60,847	79,025	155,059

27. Headcount

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

28. Related party transactions

28.1 Terms 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 (See§6.9 and 6.10).

- -SCI Bordeaux Image has funded its share in equity through a shareholder's loan bearing no interest.

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)	31/12/2010	31/12/2009
Fixed remuneration	132	128
Variable remuneration		100
Board fees	36	34
Post-employment benefits		
Total remuneration	**168**	**262**

Insurance cover

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

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.
The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.
This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders.
This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

CFI-Compagnie Foncière Internationale
Year ended December 31, 2010

Statutory auditors' report
on the financial statements

AUDITEURS ET CONSEILS D'ENTREPRISE
5, avenue Franklin-Roosevelt
75008 Paris
S.A. au capital de € 200.000

Commissaire aux Comptes
Membre de la compagnie
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S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

CFI-Compagnie Foncière Internationale
Year ended December 31, 2010

Statutory auditors' report
on the financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you for the year ended December 31, 2010, 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, 2010 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 of the information provided in this note and have 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 purchase of investments and controlling interests and the identity of the shareholders or holders of the voting rights has been properly disclosed in the management report.

Paris and Paris-La Défense April 13, 2011

The statutory auditors
French original signed by

AUDITEURS ET CONSEILS D'ENTREPRISE

Emmanuel Charrier

ERNST & YOUNG Audit

Nathalie Cordebar

Christian Mouillon

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users.
This report should be read in conjunction with and is construed in accordance with French law and professional standards applicable in France.

CFI-Compagnie Foncière Internationale
General Meeting of Shareholders to approve the financial statements for the year ended December 31, 2010

Statutory auditors' report on related party agreements and commitments

AUDITEURS ET CONSEILS D'ENTREPRISE
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Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

CFI-Compagnie Foncière Internationale
General Meeting of Shareholders to approve the financial statements for the year ended December 31, 2010

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 required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. 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.

In addition, we are required, where applicable, to inform you in accordance with article R. 225-31 of the French commercial code (Code de commerce) concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

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.

Agreements and commitments submitted for approval by the General Meeting of Shareholders

Agreements and commitments authorized during the year

In accordance with article L. 225-40 of the French commercial code (*Code de commerce*), we have been advised of certain related party agreements and commitments which received prior authorization from your board of directors.

1. With S.C.I. Bordeaux Image, subsidiary of your company

Person concerned

Mr Alain Benon, CEO and member of the board of directors of your company, and also legal executive of your company which is manager of S.C.I. Bordeaux Image.

Nature and purpose

A shareholder interest-free loan agreement was entered into on June 23, 2010 between S.C.I. Bordeaux Image and your company, and then amended on December 22, 2010.

Conditions

The amount of this interest-free loan in respect of the financial year ended December 31, 2010 is € 1,533,953.

Agreements and commitments already approved by the General Meeting of Shareholders

Agreements and commitments approved in prior years whose implementation continued during the year

In accordance with article R. 225-30 of the French commercial code (Code de commerce), we have been advised that the implementation of the following agreements and commitments which were approved by the General Meeting of Shareholders in prior years continued 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 ending December 31, 2013, and 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 Exclusifs" or "Services Externes", will be allocated globally, once a year, based on a 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 ended December 31, 2010, your company recorded an income of K€ 93 related to this agreement.

2. With Liberty Mutual Insurance Europe Ltd

Nature and purpose

The general meeting of March 16, 2008, following the preliminary authorization by the board of directors 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 executives and corporate officers of your company or of one of its subsidiaries with large extensions to individual and legal entities, 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.

Paris and Paris-La Défense, April 13, 2011

The statutory auditors
French original signed by

AUDITEURS ET CONSEILS D'ENTREPRISE ERNST & YOUNG Audit

Emmanuel Charrier Nathalie Cordebar Christian Mouillon

CFI-Compagnie Foncière Internationale
Year ended December 31, 2010

Statutory auditors' report on the consolidated financial statements and 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

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.
The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.
This report also includes information relating to the specific verification of information given in the group's management report.
This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

CFI-Compagnie Foncière Internationale
Year ended December 31, 2010

Statutory auditors' report
on the consolidated financial statements

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Membre de la compagnie
régionale de Versailles

CFI-Compagnie Foncière Internationale
Year ended December 31, 2010

Statutory auditors' report
on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended December 31, 2010, 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.

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, 2010 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.

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 consolidated financial statements, according to the fair value method applied, real estate assets are evaluated by an independent expert. Our work consisted in obtaining an understanding of these valuations, examining data used, making sure of the reasonableness of hypotheses retained, and verifying that the valorization method described in this note had been correctly applied.

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 presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris and Paris-La Défense, April 13, 2011

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 25 February 2011.

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[3] 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 January2009:

- 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.

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.

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. Internal rules and regulations and composition of the Board of Directors

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 19 and 20 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 financial year 2010: on 12 Februray, 31 March, 5 May and 22 July. The attendance rate was 74%. 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:

- On 11 February 2010 to examine the consolidated financial statements and NAV of *CFI* to 31 December 2010 and financial statements of the mother company and of its subsidiary *CFI-Image*.

-On 23 July 2010 to review the same accounts and financial data for the first half; in addition, the Board approved the first financial statements of *SCI Bordeaux Image*. The Committee also reviewed the proposed dividend distribution, *CFI-Image*'s financial covenants CFI and cash forecasts.

As of today, the Audit and Accounts Committee is composed of two members: Emmanuel Rodocanachi, Chairman and Vincent Rouget, member.

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.

The Committee met once in 2010 to discuss the replacement of one of its member following the resignation of a director, review the qualification of independent directors and assess the functioning of the Board.

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 12 February 2010 reviewed and approved the financial statements and consolidated financial statements at year-end 2009, the NAV and the proposed dividend distribution. The Board called for a joint general meeting of shareholders and decided on various usual corporate governance issues.It also approved the press release on the Group's activity and results for the 2009 financial year.

The meeting of 31March July adopted the description of the new share buyback programme and resolved to renew the liquidity share management agreement.

The meeting of 5 May reviewed and approved the planned acquisition of the UGC-Bordeaux property asset, granting the Chairman and CEO the appropriate powers in order to close the transaction. The Board also discussed market trends in the commercial property sector.

The Board held on 22 July examined the interim management report, approved the consolidated financial statements and NAV on the basis of CB Richard Ellis' valuation report on the Group's property portfolio as at 30 June. It also approved the press release.

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 25 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 relative to the importance of the topics, 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. However, the Company has agreed to pledge:

-Its *CFI Image* shares n favour of Crédit Agricole - CIB, the agent for the banking syndicate that financed the acquisition in February 2009;

-Its *SCI-Bordeaux-Image* shares in favour of OSEO, the bank that funded the acquisition of the UGC Bordeaux property asset.

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);and
- an annual variable remuneration that is determined each year by the Board of Directors after consulting the Nomination and Remuneration Committee.

He also benefits from the loss-of-earnings insurance policy "GSC (*Garantie Sociale des Chefs et Dirigeants d'entreprise)*

At a meeting held on 22 December 2008, 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 31 December2010, the board attendance amounted to €34,446 and 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 subsidiaries *CFI-Image* and *SCI Bordeaux-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. These reports are reviewed by the Committee on a regular basis, every year..

3. Issues that required special attention

During the 2010 financial year the Chairman decided to focus on the following four issues:

- Management of the property assets owned by the Group's subsidiaries, follow-up of the leases entered into with the lessee UGC Ciné Cité and compliance with the covenants signed by *CFI-Image* with Crédit Agricole-CIB;

- Management of the Group's available cash:deposits or investments in short-term mutual funds with a leading French bank, forecasts, overdraft facility;

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

- The smooth running of the Group, with the introduction of suitable means, internal as well as external, 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 subsidiaries *CFI-Image and SCI Bordeaux-Image*, its corporate results will depend on the dividends distributed by its subsidiaries (all other things being equal)..

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 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

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users.
This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

CFI-Compagnie Foncière Internationale
Year ended December 31, 2010

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

AUDITEURS ET CONSEILS D'ENTREPRISE
5, avenue Franklin-Roosevelt
75008 Paris
S.A. au capital de € 200.000

Commissaire aux Comptes
Membre de la compagnie
régionale de Paris

ERNST & YOUNG Audit
Faubourg de l'Arche
11, allée de l'Arche
92037 Paris-La Défense Cedex
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

CFI-Compagnie Foncière Internationale
Year ended December 31, 2010

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 year ended December 31, 2010.

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, and

- 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 the 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*).

Paris and Paris-La Défense, April 13, 2011

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 Ordinary General Meeting of Shareholders on 27 May 2011 by the Board of Directors

First resolution

(*Approval of the financial statements for the accounting period ended 31 December 2010 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 2010, 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 2010, as presented to it by the Board of Directors, showing a net profit of €1,552,732.85.

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

Second resolution

(*Deduction of €8,492.23 from the share premium account for distribution)-*

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, the General Meeting, in accordance with a proposal by the Board of Directors, resolves to deduct the sum of EUR 8,492.23 from the share premium account for the purpose of adding such sum to the distributable amount for the accounting period ended 31 December 2010.

Third resolution

(*Appropriation of the profit for the period and dividend distribution*)

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 2010, the General Meeting, in accordance with a proposal by the Board of Directors, resolves:

to appropriate the profit of	€1,552,732.85
Plus profit carried over from the period ended 11 February 2009	+2,004.84

Plus amount deducted from the share premium account	+8,492.23
i.e. a total of	**€1,563,229.92**

to the dividend.

The General Meeting accordingly resolves to distribute a dividend of €1.83 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 27 July 2011, 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 31 December 2097*: A dividend of €179,387.04, i.e. €0.21 per Company share was declared for the 2009 financial year, by virtue of a resolution of the Joint General Meeting of 31 March 2010.

This dividend was eligible for the 40% reduction at the applicable time

- *Period ended 11 February 2009:* None.

- *Period ended 15 December 2008*: None.

Fourth resolution

(*Approval of the consolidated financial statements for the period ended 31 December 2010*)

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 2010, 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 2010, as presented to it by the Board of Directors.

Fifth 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 2010, the General Meeting approves the agreement as amended referred to in the aforementioned report and notes the continued existence throughout the financial year of the agreements authorised previously.

Sixth 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 (*AMAFI*) as approved by the French financial markets regulator (*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. 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 31 March 2010 in its fifth resolution.

Seventh resolution

(Renewal of Mrs Catherine Séjournant's term of office as director)

Deliberating in accordance with the quorum and majority requirements applying to ordinary general meetings and with the provisions of Article 9 of the Company's Memorandum and Articles of Association, the General Meeting renews Mrs Catherine Séjournant's term of office as director that expired on the date of this meeting for a new term of four (4) years, such term ending at the time of the general meeting called to approve the financial statements for the accounting period ending 31 December 2014.

Eighth resolution

(Renewal of Mr Daniel Rigny's term of office as director)

Deliberating in accordance with the quorum and majority requirements applying to ordinary general meetings and with the provisions of Article 9 of the Company's Memorandum and Articles of Association, the General Meeting renews Mr Daniel Rigny's term of office as director that expired on the date of this meeting for a new term of four (4) years, such term ending at the time of the general meeting called to approve the financial statements for the accounting period ending 31 December 2014.

Ninth resolution

(Renewal of Mr Vincent Rouget's term of office as director)

Deliberating in accordance with the quorum and majority requirements applying to ordinary general meetings and with the provisions of Article 9 of the Company's Memorandum and Articles of Association, the General Meeting renews Mr Vincent Rouget's term of office as director that expired on the date of this meeting for a new term of four (4) years, such term ending at the time of the general meeting called to approve the financial statements for the accounting period ending 31 December 2014.

Tenth resolution

(Powers for formalities)

Deliberating in accordance with the quorum and majority requirements applying to ordinary 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.