COMPAGNIE
FONCIÈRE
INTERNATIONALE

INTERIM MANAGEMENT REPORT

30 JUNE 2011

I. Activity and significant events in the first half

1. Property market still selective, with favourable conditions for equity investors

Against the backdrop of a sluggish economic recovery, activity remained soft in the first half of 2011, with investments totalling €5 billion which was 9% more than in the first half of 2010 but 24% less than average volumes in this period during the last decade.

Market activity was fuelled mainly by the office property segment (in contrast to the first half of 2010 when activity was underpinned mainly by the commercial property segment), which accounted for 75% of investments. None of the ten transactions exceeding €100 million concerned retail properties.

French institutional investors were the main market drivers, accounting for 58% of transactions.

As was the case last year, the market for assets with value added potential but exposed to a rental risk - which is one of the segments targeted by CFI - is still not as fluid as it once was, one major constraint being continuing restricted access to bank financing.

The market therefore remains selective.

In the rental market, three trends must be underlined. First, indexation is back in positive territory since the third quarter of 2010, with the latest retail rental index (*Indice des Loyers Commerciaux - ILC*) showing an increase of 2.25%. Second, the scarcity of new or restructured properties in the Central Business District (Paris West-Neuilly-La Défense) has led investors to broaden their search to less high profile tertiary sectors with stocks of prime location and large-sized properties. Third, incentives when signing new leases are being toned down.

These trends support the scenario of a resumption of rental growth.

Conversely, the rise in interest rates, which has seen the OAT yield rise by 30 basis points and the 3-month Euribor rise twofold compared with the first half of 2010, has had a dampening effect on property yields.
After contracting sharply in 2010, yields are stable and it is likely they have now bottomed out (lows of between 4.50% and 5.75% for offices in the Central Business District).

For CFI, this market environment was not favourable to the realisation of new acquisitions and it therefore focused mainly on managing its portfolio of UGC property assets.

2. Dividend payment of €1.83 per share

The Ordinary General Meeting of Shareholders held on 27 May 2011 approved a proposal by the Board of Directors to pay out a dividend of €1.83 per share, i.e. a total dividend of €1,563,229.92, which is slightly more than the amount that the Company is legally required to pay by virtue of its status as a listed property investment company (*Société d'Investissement Immobilier Cotée - SIIC*).

The shares will go ex-dividend on 27 July 2011, with the actual payment taking place three trading days later on 1 August.

3. Introduction of new share buyback programme and renewal of the liquidity share management agreement

The aforementioned 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 the liquidity share management agreement, and with the view of stimulating the secondary market for these shares and improving their liquidity.

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 27 May, the Board of Directors adopted the terms governing share buybacks and renewed the liquidity share management agreement entered into with CA-Cheuvreux SA.

4. Reappointment of directors

The aforementioned General Meeting also renewed for a period of four years the terms of office as director of Mrs Catherine Séjournant and Messrs Daniel Rigny and Vincent Rouget.

II. Risks and uncertainties

The Company, through its subsidiaries, has exposure to real estate, more specifically to multiplex cinema properties, a risk which is mitigated by the fact that these are managed by UGC, 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.

The main uncertainty for the second half of 2011 concerns the consequences for the property market of the economic slowdown being experienced by the two main areas affected by the public debt crisis, namely Europe and the United States.

CFI Group has only residual exposure to interest rate risk since its main subsidiary, CFI-Image, swapped its €98 million variable rate loan against a fixed rate in February 2009, and since SCI Bordeaux Image, which has a loan of just under €8 million, entered into a cap in March 2011 that protects it against any increase in the 3-month Euribor between 3% and 7%.

As regards the liquidity risk, cash requirements are covered by regular dividend distributions by the CFI-Image and SCI Bordeaux Image subsidiaries and by the €1 million bank overdraft facility in favour of the parent company renewed on 30 June 2011 for a period of 12 months.

III. Related party transactions

There were no new transactions during the period under review.

IV. Interim consolidated financial statements for the first half ending 30 June 2011(1).

In view of the forthcoming exercise period (2) for UGC's option to purchase CFI's shares in its two subsidiaries, the Company, in compliance with applicable accounting standards, has applied IFRS 5 to present its interest in such subsidiaries.

To reflect this potential exercise of such purchase option, this new presentation distinguishes between "*Operations held for sale"* (i.e. those of the subsidiaries) and "*Continuing Operations"* (those of the parent company). Accordingly, the assets and liabilities of operations held for sale will now be classified as short-term items.

For comparison purposes, figures for the first half of 2010 have been restated and the same performance indicators have been used as in previous years.

First-half rental income increased to €7,125 thousand, having benefited from the 2% contractual indexation.

Based on the appraisal value determined by CB Richard Ellis, which came to € 228,240 thousand net of costs and transfer tax-up 1.5% compared with 31 December 2010-the increase in fair value recognised in the consolidated income statement amounted to €3,360 thousand.

Consequently, after taking into account net finance costs (€- 2,577 thousand) and the result of the parent company (€- 294 thousand), net consolidated income came to €7,514 thousand, of which €3,804 thousand were attributable to the equity holders of the parent (up 8%).

(1) Detailed interim consolidated financial statements are available in French on CFI's website (See: "Regulated Information-Rapport financier semestriel au 30 juin 2011").

(2) From 14/02/2012 to 30/06/2014 for CFI-Image and from 1/01/2013 to 30/06/2014 for SCI Bordeaux Image.

Net recurring income, i.e. net consolidated income (including discontinuing operations) after deduction of change in fair value, came to €2,086 thousand, for the Group share (1,745 thousand for the 1st half 2010).

Net Asset Value, net of costs and transfer tax, attributable to the equity holders of the parent came to €78.70 per share (which compares to €74.59 on 31/12/2010 i.e. + 5.5%).   .

Consolidated Key Figures (Thousands of euros)

	2011 30/06(6months)	2010 30/06 (6months) restated
Net Income of Discontinuing Operations (Subsidiaries) Of which :	**7, 808**	7, 160
. Net Rental Income	**7, 125**	6, 545
. Change in Fair Value	**3, 360**	3, 282
. Net Finance Costs	**-2, 577**	-2, 595
Net Income of Continuing Operations (Parent)	**- 294**	- 281
Consolidated Net Income	**7, 514**	6, 880
Of which : . Minority Interests(1)	**3, 709**	3, 359
. Net Income, attributable to shareholders	**3, 804**	3, 521
Per share (€)	***4.46***	*4.13*
Recurring Net Income, Group share	**2, 086**	1, 745
Per share (€)	***2.45***	*2.05*
Net Asset Value, Group share	**67, 164**	55, 696
Per share (€)	*78.70*	*65.35*

(1) Reflects notably, the €25.5million bonds redeemable in shares (ORA) issued by CFI-Image to fund its 2009 acquisitions.

V. Net Asset Value and financial Structure

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 30 June 2011 came to € 67.1 million for the portion attributable to the shareholders' equity of the parent (€ 63.6 million as of 31 December 2010).

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 as at 30 June are provided in the table below:

In Thousands of Euros

	30/06/2011
Consolidated shareholders' equity (IFRS basis) Group Share	67,164
Number of shares excluding treasury shares	853,398
NAV per share net of coast and transfer taxes, Group share (€)	78.70

VI. Outlook

Despite the threat of an economic slowdown in Europe, the prospect of a significant property market correction in the second half which would open up new acquisition opportunities in keeping with the Company's objectives, appears uncertain.