

2010 Half Year Results

Net income (IFRS) of €23 million: back in positive trend

CeGeREAL Board of Directors convened on July 28, 2010 to close the accounts for the 6 month period that ended on June 30, 2010.

IFRS Net income €23M	<ul style="list-style-type: none"> • Main events
Funds from operations €15.3M	<p>The value of property assets, appraised by BNP Paribas Real Estate, increased by 1% over the six months, following the first improvement in capitalization rates since late 2007.</p>
Property assets value €836M	<p>The benefits of the use of outsourcing remained evident, with a 3% reduction in property management costs and a 14% reduction in other management costs.</p>
Loan to value ratio 48%	<p>These factors resulted in a return to positive net income under IFRS of €23 million and limited the decline in net income under French GAAP and in funds from operations over the period.</p>
	<p>Net Asset Value was stable due to the negative marking to market of our bank debt balancing our increases in asset values following a fall in interest rates to historically low levels.</p>

The Combined General Meeting of June 29, 2010 approved the payment of a dividend of €1.70 per share on July 21, 2010 as well as the appointment of three new Directors:

- GMF Vie, the second largest shareholder in our company, represented by Olivier Le Borgne, Financial Strategy Director;
- Alec Emmott, former Chief Executive Officer of Société Foncière Lyonnaise, as an independent Director;
- Andreas Muschter, Chief Financial Officer of the Commerz Real group, the largest shareholder in the company via the hausInvest europa open fund.

Key figures are as follows:

Half year results <i>in million of euros</i>	06/30/2010 <i>(6 months)</i>	06/30/2009 <i>(6 months)</i>
Rental Income (IFRS)	27.4	29.0
Turnover	32.1	33.9
Net Income (IFRS)	23.0	-73.6
Net Income (French GAAP)	2.4	4.6
FFO	15.3	17.4
NAV excluding duties	419	419
NAV per share excluding duties in euros	31.3	31.4
NAV per share excluding duties in euros increased by the dividend remaining to be paid (a)	33.0	33.3
<small>(a) This NAV increased by the dividend is comparable to the stock price at the same date as the dividend will be paid post closing (after June 30)</small>		

- **Turnover**

During the first half of 2010, CeGeREAL's turnover totalled €32.1 million, of which €2.8 million corresponded to rebilled charges and €1.8 million to re-invoicing lessees for insurance premiums and taxes. These two elements are indicated in operating charges.

This represented a 5% decline in turnover, due primarily to TF1's departure from the Arcs de Seine site in February 2010.

<i>In thousands of euros (excluding VAT)</i>	2010	2009
<u>First Quarter</u>		
Rents	13,865	14,820
Charges rebilled to lessees	1,460	1,524
Insurance premiums and taxes rebilled to lessees	859	831
Q1 Turnover	16,183	17,175
<u>Second Quarter</u>		
Rents	13,567	14,424
Charges rebilled to lessees	1,352	1,478
Insurance premiums and taxes rebilled to lessees	967	836
Q2 Turnover	15,886	16,738
<u>Half Year</u>		
Rents	27,432	29,244
Charges rebilled to lessees	2,812	3,002
Insurance premiums and taxes rebilled to lessees	1,826	1,667
Turnover for the period from 1st January to 30th June	32,069	33,913

- **Rental status analysis**

- On the market in business district of **La Défense**, supply of new or recent properties is likely to remain tight until 2012-2013. The first half brought several signatures of leases at Cœur Défense with tenants including HSBC, Allianz and EDF. Of the five projects approved by EPAD, only the Carpe Diem project has started on site, with completion due in 2012. Supply available within one year is 80,000m², with a vacancy rate of 5.1%. This shortage of supply has allowed average prime rents to remain stable at €535/m² according to BNP Paribas Real Estate.

For Europlaza building:

- visits and expressions of interest have continued for the vacant space (6,000m²)
- results of the annual tenant satisfaction survey were very positive
- a €1 million refurbishment programme was launched in accordance with the lease renewals negotiated in 2008 and 2009

- In **Boulogne Billancourt**, the supply of new properties over the next three years is substantial but is concentrated in the 5,000m² to 15,000m² segment. Supply available within one year was 155,000m² at April 1, 2010, 44% of which was new property. This will help revive a mature market in a search after but fragmented location.

Against this background, the Arcs de Seine site would offer a unique opportunity for major tenants seeking an area of more than 25,000m².

The refurbishment of the 35,000m² vacated by Bouygues Telecom at the end of the year is due to be financed by a contractual penalty payment currently being discussed with the tenant.

- In the **East periphery market**, there is no immediate supply over 5,000m² in Charenton. Therefore no new lease agreements have been noted. The vacancy rate is 2%. The only alternatives are at Ivry-sur-Seine where a few new buildings are available.

The Rives de Bercy building, which is entirely occupied by Crédit Foncier de France, saw no significant developments.

- **Analysis of portfolio valuation: stabilisation of NAV**

Due primarily to a fall in yield rates, the valuation of the property portfolio (excluding transfer duties) at June 30, 2010 had increased by 1% to €836 million, from €828 million at December 31, 2009, and breaks down as follows:

- Europlaza €370 million
- Arcs de Seine €304 million
- Rives de Bercy €162 million

The 1% increase in value consisted of the effect of lower capitalization rates (+1.1%), offset by a slight fall in expected rent (-0.1%). These two counterbalancing effects were in line with the general trend in the market.

- **Prospects**

Following its compliance with the “60% rule” for SIIC companies (the maximum threshold for ownership by a single shareholder or group of shareholders acting in concert), the company intends to take acquisition opportunities as they arise on the market in the second half.

Financing of these acquisitions could initially be supplied in the form of a loan from the main shareholder. Refinancing of these “associated party loans” will respect the 60% rule and will take the form of a capital increase and bank borrowing.

About CeGeREAL

CeGeREAL which opted for the French SIIC tax regime (Société d’Investissement Immobilier Cotée), is a real estate company that specializes in the management of premium office property assets.

The Company’s assets consist of three important properties located in the inner suburbs of Paris. As of June 30, 2010, their estimated total value, as determined by the independent appraiser BNP Paribas Real Estate, is approximately €836 million (excluding duties).

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Arcs de Seine



Tour Europlaza



Rives de Bercy

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