



CeGeREAL

2006 SEMI ANNUAL REPORT

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Key figures

IFRS Pro Forma

FINANCIAL STATEMENTS

	30/09 2006	31/03 2006	30/09 2005
<i>(in EUR thousand)</i>			
Net rental income	25,211	12,794	26,759
Operating income	72,355	22,320	66,901
Net income	63,174	98,090	41,471
Net income per share	4.72	7.34	3.10
Shareholder's equity	501,210	442,996	330,058
Liabilities	493,931	494,411	568,348
TOTAL ASSETS	995,141	937,407	898,406

Number of shares	13,372,500
Market capitalisation on 29 September 2006	€427,786,275
Share Price on 29 September 2006	€31,99
ISIN	FR0010309096
Indices	<i>SBF 250 (from Monday 28 December 2006) IEIF SIIC Index (from Friday 1 September 2006)</i>

A convincing first half and a promising outlook for the future

“CeGeREAL was floated successfully on the Eurolist of Euronext Paris at the end of March this year. The half-year since then has broadly confirmed the financial stability and strength of our company, the quality of its office buildings asset portfolio and its excellent prospects for the future. All of which is reflected in the upward trend in the company’s share price.

Bouygues Telecom, which rents part of the Arcs de Seine building in Boulogne-Billancourt, decided not to exercise its 1 July 2006 exit option on its lease for 23,000 m² of office space, which will therefore run to its full term and expire in January 2010. TF1, another tenant at Arcs de Seine, also declined to exercise its exit option on 14 July, and will also remain with us until January 2010.



► MESSAGE OF THE CHAIRMAN

A **convincing first half** and a promising outlook for the future



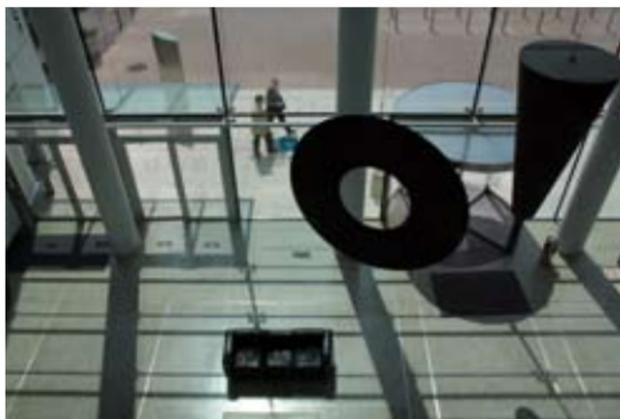
Richard Wrigley

It is also clear that quarters two and three of 2006 have confirmed the recovery seen in the Ile-de-France office property market. With over 2 million m² of space marketed in the first nine months*, 2006 looks like being an excellent year. The business districts of western Paris and La Défense, where CeGeREAL owns the Arcs de Seine and Tour Europlaza buildings, are benefiting particularly well from the strength of demand, as the stock of available space in these areas falls, and rents rise accordingly. The three most recent lettings at Europlaza - Allen Systems Group (ASG), NEC and Gartner – have been signed at 450 euros per m² per year, reflecting the rise in rentals. Lastly, the business district of Charenton-le-Pont in south-eastern Paris, where CeGeREAL owns the Rives de Bercy building occupied by Crédit Foncier, is looking more and more attractive, and has very recently welcomed Natixis, the new company formed out of the merger between Natixis (Banques Populaires) and Ixis (Caisses d'Épargne). The future of CeGeREAL is therefore looking extremely promising.”

*Richard Wrigley,
Chairman of CeGeREAL*

* Source: CB Richard Ellis

Rives de Bercy Charenton



The Charenton market has remained stable in recent months. Available space currently totals 18,500 m², with a slightly lower vacancy rate of 8.3%*. Investment totals are low, standing at 19 million euros since the start of the year.

73% of the available stock in Charenton-le-Pont is located in Ivry-sur-Seine.

Fulfilled demand was particularly dynamic in the first three quarters of the year, totalling 22,000 m². Economic activity in the area has been encouraged by the strength of the services sector generally, and ICT businesses in particular.





■ Tenant update

Crédit Foncier de France is satisfied and will continue to occupy the premises. The immediate nearby presence of many other companies in the same industry should ensure the long-term presence of this tenant, with particular reference to the very recent signature by the Natixis Group of a lease for 20,000 m² of space in the neighbouring “Lumière” building very close to Rives de Bercy.



Arcs de Seine Boulogne- Billancourt

At 30 September this year, the space remaining available for over one year was estimated at 98,900 m². This includes 5 major projects planned for Issy-les-Moulineaux (2 new-build programmes totalling 54,500 m²), Boulogne-Billancourt (2 new-build programmes totalling 35,400 m²) and Levallois-Perret (1 package of renovated offices totalling 9,000 m²)*.

The vacancy rate for the area and Boulogne has been falling since 2005, and was 5.7%* at the end of Quarter 3, 2006: a level close to the regional rate of 5.2%. With 217,300 m² marketed during the first 9 months of the year, the western outskirts have continued to perform well. The level of fulfilled demand seen in 2004 has been exceeded, and 2006 could reach a level similar to that of 2005. Boulogne-Billancourt, Levallois-Perret and Issy-les-Moulineaux together account for 72% of fulfilled demand. 2006 has been marked by high levels of investment with 2,187 million euros committed to this sector.



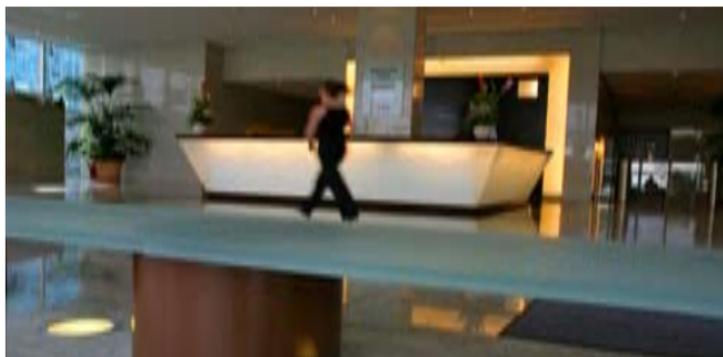
► Arcs de Seine Boulogne-Billancourt



This is already more than double the 2005 level. Neuilly-sur-Seine totalled 986 million euros, followed by Boulogne-Billancourt with 520 million euros. Issy-les-Moulineaux and Levallois-Perret together accounted for 567 million euros, and Suresnes 53 million euros*.

■ Tenant update

- **Bouygues Telecom**, which rents 23,000 m² of the Arcs de Seine building in Boulogne-Billancourt, has decided to retain its master lease, which will now run for its full term until 2 January 2010.
- **TF1**, another occupant of Arcs de Seine, has not exercised its exit option on 14 July and will therefore remain a tenant until 14 January 2010.
- **Boursorama** has extended its lease by one year in return for a slight rent reduction at the beginning of this year. The headline rent is therefore 420 euros plus indexation until 14 January 2011.

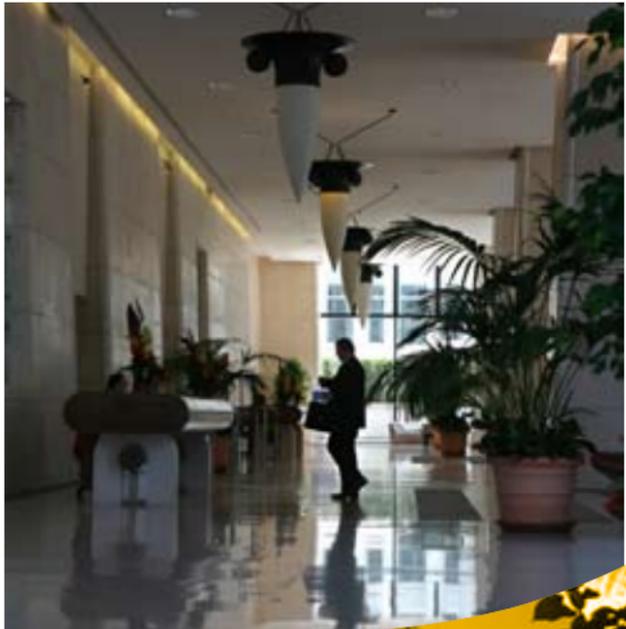


ECONOMIC SITUATION IN BRIEF

Europlaza La Défense

The market in La Défense remains very active, with three major new leases signed in Tour CB 16 (18,200 m² for Unilog and 9,500 m² for Alcan) and Tour Ariane (7,300 m² for British Telecom)*.

At 5.3%, the sector vacancy rate is down 1 point on the figure for this July. Similarly, definite future supply fell 13%* to 256,000 m². The average annual rent in the wider La Défense area is 438 euros per m², with the figure rising to 502 euros per m² in prime properties.



► Europlaza La Défense



The volume of investment in the first 9 months was 2.9 billion euros, 583 million euros of which relates to Quarter 3*.

■ Tenant update

The Europlaza building is fully let. It benefits from an improvement of its immediate environment in the form of direct access. Floors 30, 17 and 18 have been rent to ASG, NEC and Gartner.

* Source: CB Richard Ellis

Financial results

IFRS Pro Forma

FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIODS ENDED 30 SEPTEMBER, 2006 AND 2005

Assets

(in EUR thousand)

30/09 | 31/03 | 30/09
2006 | 2006 | 2005

Investment property	915,700	867,560	835,972
Others non-current assets		19	19
Total non-current assets	915,700	867,579	835,991
Accounts receivable	21,664	12,387	11,215
Other operating receivables	11,079	16,655	13,737
Corporate income tax receivable		890	3,253
Other receivables			
Prepaid expenses	3,153	2,856	274
Total receivables	35,896	32,788	28,479
Cash and cash equivalents	43,546	37,040	33,936
Total cash and cash equivalent	43,546	37,040	33,936
Total current assets	79,441	69,828	62,415
TOTAL ASSETS	995,141	937,407	898,406

Equity and liabilities

(in EUR thousand)

30/09 | 31/03 | 30/09
2006 | 2006 | 2005

Capital	160,470	160,470	160,470
Legal reserve	16,047	16,047	16,047
Merger premium	39,745	39,745	39,745
Retained earning	221,774	128,644	72,325
Income for the period	63,174	98,090	41,471
Shareholder's equity	501,210	442,996	330,058
Non-current loans	376,200	375,966	214,756
Other financial debt	1,553	1,198	1,198
Corporate income tax liability	62,114	61,144	35,517
Deferred tax liabilities	632	659	122,047
Total non-current liabilities	440,499	438,967	373,518
Current loans	28	22	165,031
Accounts payable	3,538	5,248	669
Accrued corporate income tax	21,508	21,952	15
Others operating expenses	14,837	14,683	12,347
Prepaid revenue	13,520	13,540	16,768
Total current liabilities	53,431	55,444	194,830
TOTAL EQUITY AND LIABILITIES	995,141	937,407	898,406

Income statement

(in EUR thousand)

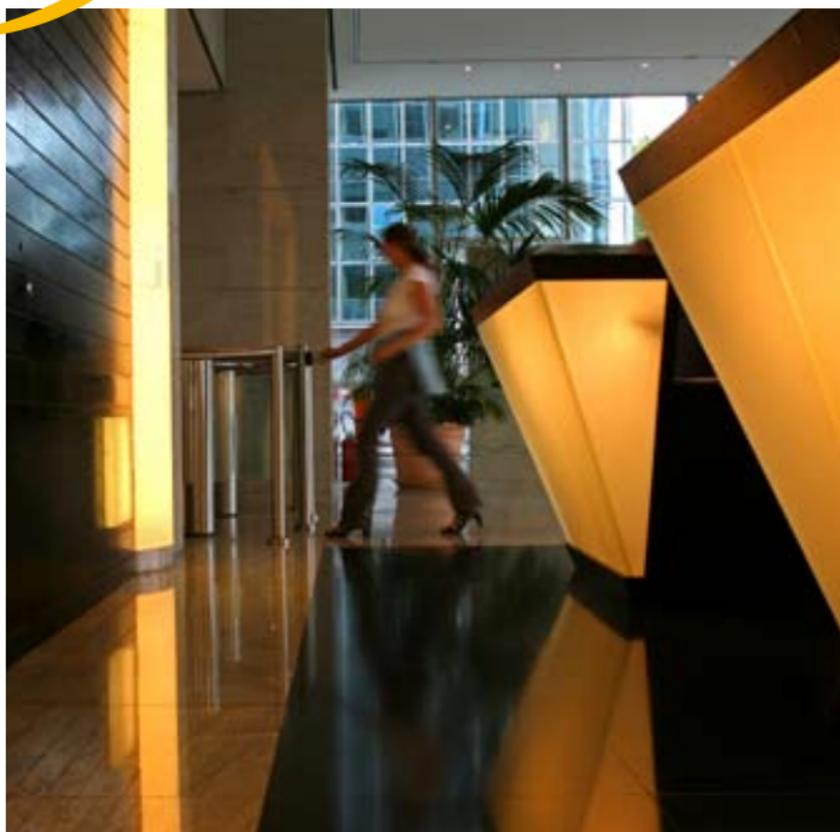
	30/09 2006	31/03 2006	30/09 2005
Rental income	26,740	13,382	26,181
Other services	2,444	976	2,524
Building-related costs	(3,973)	(1,564)	(1,947)
Net rental income	25,211	12,794	26,759
Administrative costs	(961)	(3,074)	(105)
Other operating income and expenses	(14)		97
Increase in the fair value of investment properties	48,119	12,600	40,150
Decrease in the fair value of investment properties			
Total change in the fair value of the investment properties	48,119	12,600	40,150
Operating income	72,355	22,320	66,901
Net financial income/ (expense)	(9,206)	(18,948)	(5,283)
Tax expense	25	94,718	(20,147)
Net income	63,174	98,090	41,471
<i>Net income per share</i>	<i>4.72</i>	<i>7.34</i>	<i>3.10</i>

► Financial results

Statement of changes in shareholders' equity

(in EUR thousand)

	Share capital	Additional paid-in capital	Undistributed reserves and retained earnings	Total shareholders' equity
At 31 December 2005	160,470	39,745	144,691	344,906
Net income (3 months)			98,090	98,090
At 31 March 2006	160,470	39,745	242,781	442,996
Net income (6 months)			63,174	63,174
Restatement of proforma income tax			(4,960)	(4,960)
At 30 September 2006	160,470	39,745	300,995	501,210



Cash flow statement

(in EUR thousand)

31/09 | 31/03
2006 | 2006

Cash flow from operating activities		
Net income	63,174	98,090
<i>Elimination of income/expense items with no cash flow impact:</i>		
Depreciation, amortization and provisions	13	
Reversal of depreciation, amortization and provisions	2	(516)
Allocation of merger costs to the merger premium		
Exit tax liability		35,431
Adjustments for loans at amortized cost	162	(3,996)
Remeasurement of buildings at fair value	(48,119)	(12,600)
Change in provision for deferred taxation	(27)	(129,633)
Discounting	1,368	14,078
Cash flow from operating activities	16,573	854
Change in working capital requirements	(10,401)	506
Net cash from operating activities	6,172	1,360
Investing activities		
Acquisition of investment property	(21)	
Cash flow used in investing activities	(21)	
Financing activities		
Increase/decrease in outstanding borrowings	355	664
Cash flow from (used in) financing activities	355	664
Change in cash and cash equivalent	6,506	2,024
Cash and cash equivalent at the beginning of the period	37,040	35,016
Cash and cash equivalent at the end of the period	43,546	37,040



Comments on **financial statements**

The notes relating to the “Financial results for the period” and “Financial position” paragraphs apply to the pro forma IFRS accounts for the six months to 30 September 2006, compared with the corresponding period of 2005.



■ FINANCIAL RESULTS FOR THE PERIOD

• Rentals

Rentals for the 6 months to 30 September 2006 totalled €26,740,000, reflecting a 2.1% increase over the pro forma accounts to 30 September 2005. This figure is in line with expectations, given the absence of any significant level of vacancy during this period in the three property complexes owned by the company.



- **Property-related charges**

This item includes:

- costs directly attributable to buildings, the majority of which can be rebilled to tenants. The largest items within these charges are property tax and tax on office space levied in the Ile-de-France region, which totalled €1,589,000 at 30 September 2006, and €1,515,000 at 30 September 2005;
- asset management fees of €1,637,000 for the six months to 30 September 2006.

- **Variance in the fair value of investment property**

Valuations were revised by an independent appraiser on 30 September 2006.

The buildings are accounted for at their fair value in the pro forma IFRS accounts.

The variance in fair value is stated as profit in the pro forma IFRS accounts.



► Comments on financial statements

Property valuations at 30 September 2006 (exc. charges) are as follows:

Rives de Bercy	€179,060,000
Europlaza	€390,300,000
Arcs de Seine	€346,340,000
Total	€915,700,000

The fair value of our property complexes rose by €48,119,000 during the period from 1 April 2006 to 30 September 2006, compared with €40,150,000 for the same period of 2005.

• **Net operating revenue and expenditure**

The net financial loss to 30 September 2006 was €9,206,000, reflecting additional charges of €3,923,000, compared with the six months to 30 September 2005. This variance is due in the main to discounting of the exit tax liability (€89,967,000 gross), payment of which is scheduled in stages until 15 December 2009.

• **Tax position**

The tax position at 30 September 2006 was a credit of €25,000, compared with a liability of €20,147,000 at 30 September 2005. This absence of corporation tax



liability at 30 September 2006 arises as a result of adopting the SIIC regime on 1 April 2006, and assumes compliance with the conditions applying to any distribution of rental-generated profits.

The effect of adopting the SIIC regime was reflected in the pro forma IFRS accounts for the 3 months to 31 March 2006. Conversely, the accounts for the period to 30 September 2005 exclude the effects of the exit tax option.

- **Net profit**

Profit for the period was €63,174,000, compared with €41,471,000 at 30 September 2005, representing a profit per share of €4.72, compared with €3.10.

Since the effect of adopting the SIIC regime was reflected in the pro forma accounts to 31 March 2006, the interim accounts presented below do not include any non-recurring items resulting from this change of tax regime.



■ FINANCIAL POSITION

Equity capital rose from €442,996,000 on the first day of the period to €501,210,000 on 30 September 2006. This rise resulted primarily from the profit of €63,174,000 earned during the period and the restatement of €4,960,000 arising as a result of a change in accounting scope.

Cash and liquid assets totalled €43,546,000 at 30 September 2006, reflecting a rise of €9,610,000 during the period. This rise is attributable chiefly to cash flow of €16,573,000 generated by the business during the previous six month period, less increased customer receivables of €9,277,000. Customer receivables consist mainly of invoices issued in respect of Quarter 4 of 2006, but remaining unpaid by tenants at 30 September 2006. The majority of these payments have now been received, and there is no significant risk of bad debt.

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