Affine

Financial Report

CONSOLIDATED STATEMENTS

Financial year to December 31, 2005

CONTENTS

REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED STATEMENTS………………. 3

BALANCE SHEET
ASSETS ………………………………………………………………………………. 6
LIABILITIES ………………………………………………………………………….. 7

PROFIT AND LOSS STATEMENT……………………………………………………………. 8

CHANGE IN SHAREHOLDERS' EQUITY……………………………………………………… 9

CASHFLOW ………………………………………………………………………………….. 12

APPENDIX
1. COMPANY INFORMATION……………………………………………………………. 13
2. ACCOUNTING PRINCIPLES AND METHODS………………………………………….. 13
3. SCOPE OF CONSOLIDATION……………………………………………………….. 24
4. ACTIVITIES IN THE COURSE OF BEING DISCONTINUED………………………………. 26
5. SECTORAL INFORMATION………………………………………………………. 26
6. NOTES TO THE BALANCE SHEET – ASSETS……………………………………….. 30
7. NOTES TO THE BALANCE SHEET – LIABILITIES…………………………………….. 38
8. NOTES TO THE PROFIT AND LOSS STATEMENT…………………………………… 45
9. NOTES TO THE CASHFLOW TABLE………………………………………………. 54
10. COMMITMENTS AND CONTINGENT LIABILITIES……………………………………. . 58
11. FINANCIAL INSTRUMENTS……………………………………………………….. 60
12. WORKFORCE……………………………………………………………………. 61
13. STAFF BENEFITS……………………………………………………………….. 61
14. INFORMATION ON ASSOCIATES…………………………………………………. 62
15. EVENTS AFTER THE CLOSE OF THE FINANCIAL YEAR……………………………… 63
16. BALANCE SHEET RECONCILIATION AT JANUARY 1, 2004
FRENCH STANDARDS COMPARED WITH IFRS STANDARDS………………………. 64
17. ADDITIONAL NOTES TO RECONCILIATION OF BALANCE SHEET ITEMS
AT JANUARY 1, 2004……………………………………………………………. 65
18. BALANCE SHEET RECONCILIATION AS AT DECEMBER 31, 2004
FRENCH STANDARDS COMPARED WITH IFRS STANDARDS………………………. 67
19. ADDITIONAL NOTES TO RECONCILIATION OF BALANCE SHEET ITEMS
AT DECEMBER 31, 2004…………………………………………………………. 68
20. PROFIT AND LOSS STATEMENT RECONCILIATION AT DECEMBER 31, 2004
FRENCH STANDARDS COMPARED WITH IFRS STANDARDS………………………. 70
21. ADDITIONAL NOTES TO RECONCILIATION OF PROFIT AND LOSS STATEMENT ITEMS
AT DECEMBER 31, 2004…………………………………………………………. 71

AFFINE

Société anonyme

4, square Edouard VII

75009 PARIS

REPORT OF THE STATUTORY AUDITORS

ON THE CONSOLIDATED STATEMENTS

FOR THE FINANCIAL YEAR TO DECEMBER 31, 2005

DELOITTE & ASSOCIES

185, avenue Charles de Gaulle

92200 NEUILLY-SUR-SEINE

CAILLIAU DEDOUIT ET ASSOCIES

19, rue Clément Marot

75008 PARIS

Statutory Auditors

Membres de la Compagnie Régionale de Versailles et de Paris

Shareholders,

In accordance with the task assigned to us by your General Meeting, we have proceeded to carry out an audit of the consolidated statements of the company Affine relating to the financial year to December 31, 2005, as attached to this report.

The consolidated statements have been approved by your Board of Directors. It is our responsibility to express an opinion on these statements in light of our audit. These statements have been prepared for the first time in accordance with IFRS standards as adopted in the European Union. They include data relating to the 2004 financial year, restated in accordance with the same rules, for purposes of comparison.

I. Opinion on the consolidated statements

We have carried out our audit in accordance with the professional standards applicable in France; these standards require the implementation of procedural steps aimed at obtaining a reasonable conviction that the consolidated statements do not contain significant anomalies. An audit consists of examining the evidence justifying the data contained in these statements, on the basis of audit testing. It also involves evaluating the accounting principles followed and the significant estimates employed for closing the accounts and evaluating their overall presentation. We consider that our controls provide a reasonable basis for the opinion expressed below.

We certify that the consolidated statements for the financial year are, with regard to the IFRS standards as adopted in the European Union, correct and sincere and provide a reliable image of the assets, financial situation and income generated by the persons and companies included in the consolidation.

II. Justification of our assessments

Pursuant to the provisions of Article L.823-9 of the French Commercial Code relating to the justification of our assessments, we would like to bring to your attention the following items:

As indicated in note 2 "Accounting principles and methods – Depreciation of assets" of the appendix, property assets are subject to a valuation procedure. Our assessment of any provisions for depreciation is based on our verification of the application of the rule described in the appendix and on the comparison between the valuations and the values used for the assets. We have verified the sound basis on which the provisions have been constituted.

Note 2 "Accounting principles and methods – Financial instruments" of the appendix sets out the accounting rules and methods relating to the recording and remuneration of mandatory convertible bonds and the determination of the fair value of derivatives. We have verified the appropriateness of these accounting methods and the information provided in the notes to the financial statements.

The assessments thus made are part of our auditing approach to the consolidated statements taken in their entirety and have therefore contributed to our forming the opinion expressed in the first part of this report.

III. Specific procedures and disclosures

Furthermore, we have also proceeded to a verification of the information provided in the report on the management of the group. We have no observations to bring to your attention as to their sincerity and their conformity with the consolidated statements.

Paris and Neuilly-sur-Seine, April 6, 2006

Statutory Auditors

DELOITTE & ASSOCIES		CAILLIAU DEDOUIT ET ASSOCIES	
Laure SILVESTRE-SIAZ	**Sylvie BOURGUIGNON**	**Rémi SAVOURNIN**	**Jean-Jacques DEDOUIT**

ASSETS *(in thousands of euros)*	**Note**	**31/12/2005**	**31/12/2004**
CASH, CENTRAL BANKS, POSTAL CURRENT ACCOUNTS		**11**	**7**
FIN. ASS. AT FAIR VALUE THROUGH PROFIT OR LOSS		**7 231**	**14 621**
Bonds and other fixed-income securities		-	-
Shares and other variable-income securities	[6.1]	7 191	14 542
Derivatives	[6.2]	40	79
HEDGING DERIVATIVES		**-**	**-**
FINANCIAL ASSETS AVAILABLE FOR SALE	[6.3]	**26 486**	**752**
LOANS AND RECEIVABLES FROM CREDIT INSTITUTIONS	[6.4]	**36 310**	**8 529**
Ordinary accounts receivable		36 198	6 500
Fixed-term deposit accounts and loans		-	-
Related receivables		47	9
Lease financing operations and related receivables	[6.6]	65	2 020
CLIENT LOANS AND RECEIVABLES	[6.5]	**171 509**	**189 207**
Other client receivables		6 611	4 770
Ordinary accounts receivable		2 994	211
Receivables related to rental properties		3 350	1 895
Client receivables (service provision)		20 298	2 855
Lease financing operations and related receivables	[6.6]	138 256	179 476
EXCESS OF RESTATED ASSETS OVER HISTORICAL COST OF PORTFOLIOS COVERED BY INTEREST RATE HEDGES		**-**	**-**
FINANCIAL ASSETS HELD UNTIL MATURITY		**-**	**-**
CURRENT TAX ASSETS		**25**	**2 933**
DEFERRED TAX ASSETS	[6.7]	**327**	**287**
PREPAYMENTS AND OTHER ASSETS	[6.8]	**30 072**	**21 723**
Interim dividends paid over the year		3 098	2 793
Other prepayments and miscellaneous assets		26 974	18 930
NON-CURRENT ASSETS HELD FOR SALE	[6.9]	**1 143**	**-**
HOLDINGS IN COMPANIES CONSOLIDATED BY THE EQUITY METHOD	[6.10]	**22**	**22**
INVESTMENT PROPERTIES	[6.11]	**336 640**	**294 870**
Leased assets		334 803	293 740
Temporarily unleased assets		1 837	1 130
TANGIBLE FIXED ASSETS	[6.12]	**166**	**175**
INTANGIBLE FIXED ASSETS	[6.12]	**464**	**9**
GOODWILL	[6.13]	**4 871**	**3 567**
TOTAL ASSETS		**615 277**	**536 701**

LIABILITIES *(in thousands of euros)*	Note	31/12/2005	31/12/2004
CENTRAL BANKS, POSTAL CURRENT ACCOUNTS		**-**	**-**
FIN. LIAB. AT FAIR VALUE THROUGH PROFIT OR LOSS		**-**	**-**
HEDGING DERIVATIVES		**-**	**-**
DEBTS TO CREDIT INSTITUTIONS	[7.1]	**338 600**	**328 597**
Ordinary accounts payable		13 058	11 952
Fixed-term deposit accounts and borrowings		325 542	316 645
CLIENT PAYABLES	[7.2]	**8 654**	**5 256**
Ordinary accounts payable		2 618	491
Other amounts owed		-	-
Fixed-term deposit accounts and borrowings		6 036	4 765
BONDS		**-**	**-**
EXCESS OF RESTATED ASSETS OVER HISTORICAL COST OF PORTFOLIOS COVERED BY INTEREST RATE HEDGES		**-**	**-**
CURRENT TAX LIABILITIES		**9 581**	**4 756**
DEFERRED TAX LIABILITIES	[7.3]	**8 176**	**5 531**
ACCRUED EXPENSES AND OTHER LIABILITIES	[7.4]	**46 686**	**31 193**
DEBTS RELATED TO NON-CURRENT ASSETS HELD FOR SALE		**-**	**-**
PROVISIONS FOR CONTINGENCY AND LOSS	[7.5]	**236**	**197**
SUBORDINATED DEBT	[7.6]	**801**	**707**
SHAREHOLDERS' EQUITY	[7.7]	**202 543**	**160 464**
SHAREHOLDERS' EQUITY GROUP SHARE		**201 507**	**159 736**
CAPITAL AND RELATED RESERVES		**99 047**	**66 989**
Share capital		47 305	41 012
Premiums		22 119	6 074
Capital component of hybrid instruments (MCBs)		30 009	20 000
Treasury stocks		(386)	(97)
CONSOLIDATED RESERVES		**78 405**	**83 557**
UNREALISED OR DEFERRED GAINS OR LOSSES		**7 185**	**-**
Unrealised gains or losses on derivatives		-	-
Unrealised gains or losses on assets available for sale		7 185	
NET PROFIT OR LOSS		**16 870**	**9 190**
MINORITY INTERESTS		**1 036**	**728**
Minority share of consolidated reserves		657	192
Minority share of consolidated profit or loss		379	536
TOTAL LIABILITIES		**615 277**	**536 701**

PROFIT AND LOSS *(in thousands of euros)*	Note	31/12/2005	31/12/2004
INTEREST AND RELATED INCOME		**8 240**	**9 318**
On fixed-income securities available for sale		-	-
On loans and receivables from credit institutions	[8.1]	399	192
On client loans and receivables	[8.2]	181	310
On financial assets held until maturity		-	-
On lease financing operations	[8.3]	7 660	8 816
On depreciated receivables		-	-
INTEREST AND RELATED EXPENSES		**16 752**	**16 066**
On debts to credit institutions	[8.4]	14 677	14 227
On client payables	[8.5]	393	328
On bonds		-	-
On subordinated debt	[8.6]	1 682	1 309
On lease financing operations		-	-
On loans and receivables		-	202
COMMISSION (INCOME)		**-**	**4**
COMMISSION (EXPENSES)		**938**	**765**
NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	[8.7]	**305**	**476**
NET GAINS OR ASSETS ON FINANCIAL ASSETS AVAILABLE FOR SALE	[8.8]	**1 468**	**1 929**
INCOME FROM OTHER ACTIVITIES	[8.9]	**95 835**	**84 077**
Income from lease financing operations		23 355	15 883
Income from property operations		21 853	28 906
Income from investment properties		49 076	37 427
Other miscellaneous operating income		1 551	1 861
EXPENSES FROM OTHER ACTIVITIES	[8.10]	**60 788**	**53 314**
Expenses from lease financing operations		19 981	11 640
Expenses from property operations		19 312	24 502
Expenses from investment properties		21 192	16 870
Other miscellaneous operating expenses		303	302
NET BANKING INCOME		**27 370**	**25 658**
GENERAL OPERATING EXPENSES	[8.11]	**13 777**	**11 064**
ALLOWANCES FOR AMORTISATION AND PROVISIONS ON TANGIBLE AND INTANGIBLE FIXED ASSETS	[8.12]	**171**	**130**
GROSS OPERATING PROFIT OR LOSS		**13 422**	**14 464**
COST OF RISK	[8.13]	**(172)**	**(20)**
OPERATING PROFIT OR LOSS		**13 250**	**14 444**
SHARE OF COMPANIES CONSOL. BY THE EQUITY METHOD		**-**	**-**
NET GAINS OR LOSSES ON OTHER ASSETS	[8.14]	**682**	**(85)**
- CHANGE IN GOODWILL	[8.15]	**(2 737)**	**3 173**
PROFIT BEFORE TAX		**16 669**	**11 186**
- INCOME TAX	[8.16]	**(580)**	**1 431**
PROFIT BEFORE TAX OF OPERATIONS DISCONTINUED OR IN THE COURSE OF BEING SOLD	[8.17]	**-**	**(30)**
NET PROFIT		**17 249**	**9 726**
MINORITY INTERESTS		**379**	**536**
NET PROFIT - GROUP SHARE		**16 870**	**9 190**
Earnings per share (in euros)	[8.18]	**6,81**	**3,97**
Fully diluted earnings per share (in euros)	[8.18]	**6,23**	**3,81**

Change in shareholders' equity

(in thousands of euros)	Capital and related reserves: Capital	Capital and related reserves: Reserves related to capital [3]	Capital and related reserves: Treasury stocks	Consolidated reserves: Consolidated reserves	Subtotal carried forward (1)
Shareholders' equity at December 31, 2003 [1]	**40,600**	**5,128**		**86,723**	**132,451**
Effect of adoption of IAS/IFRS standards		20,000	(238)	(2,500)	17,262
Net income appropriation 2003				10,260	10,260
Shareholders' equity at January 1, 2004 [2]	**40,600**	**25,128**	**(238)**	**94,483**	**159,973**
Capital increase	412	946			1,358
Elimination of treasury stocks			141	48	189
Issue of preference shares					-
Shareholders' equity component of hybrid instruments					-
Transactions with payment based on shares					-
2004 dividend on 2003 profits				(8,423)	(8,423)
Sub-total of movements related to shareholders	**412**	**946**	**141**	**(8,375)**	**(6,876)**
Change in value of financial instruments and fixed assets affecting shareholders' equity				(1,907)	- (1,907)
Change in value of financial instruments and fixed assets related to profits					- -
2004 profits					-
Sub-total	**-**	**-**	**-**	**(1,907)**	**(1,907)**
Effect of acquisitions and disposals on minority interests				163	163
Change in accounting methods					-
Share of change in shareholders' equity of companies consolidated by the equity method					- -
Other changes				(807)	(807)
Shareholders' equity at December 31, 2004	**41,012**	**26,074**	**(97)**	**83,557**	**150,546**
Effect of adoption of IAS/IFRS standards					-
Net income appropriation 2004				9,190	9,190
Shareholders' equity at 1 January 2005	**41,012**	**26,074**	**(97)**	**92,747**	**159,736**
Capital increase	6,293	16,045		(1,820)	20,518
Elimination of treasury stocks			(289)	97	(192)
Issue of preference shares					-
Shareholders' equity component of hybrid instruments		10,009			10,009
Transactions with payment based on shares					-
2005 dividend on 2004 profits				(9,311)	(9,311)
Sub-total of movements related to shareholders	**6,293**	**26,054**	**(289)**	**(11,034)**	**21,024**
Change in value of financial instruments and fixed assets affecting shareholders' equity					- -
Change in value of financial instruments and fixed assets related to profits					- -
2005 profits					-
Sub-total	**-**	**-**	**-**	**-**	**-**
Effect of acquisitions and disposals on minority interests					-
Change in accounting methods					-
Share of change in shareholders' equity of companies consolidated by the equity method					- -
Other changes [4]				(3,308)	(3,308)
Shareholders' equity at December 31, 2005	**47,305**	**52,128**	**(386)**	**78,405**	**177,452**

[1] French standard [2] IFRS standard [3] Of which €30,009 in hybrid instruments (mandatory convertible bonds - MCB), the balance comprising issue premiums
[4] Most of this corresponds to the exit tax allocated to shareholders' equity

Change in shareholders' equity (continued)

(in thousands of euros)	Unrealised/deferred gains/losses (net of corp. tax): related to exchange adjustments	related to revaluation	Change in value of assets available for sale	Change in value of hedging derivatives	Sub-total carried forward (2)
Shareholders' equity at December 31, 2003					**-**
Effect of adoption of IAS/IFRS standards					-
Net income appropriation 2003					-
Shareholders' equity at January 1, 2004	**-**	**-**	**-**	**-**	**-**
Capital increase					-
Elimination of treasury stocks					-
Issue of preference shares					-
Shareholders' equity component of hybrid instruments					-
Transactions with payment based on shares					-
2004 dividend on 2003 profits					-
Sub-total of movements related to shareholders	**-**	**-**	**-**	**-**	**-**
Change in value of financial instruments and fixed assets affecting shareholders' equity					- -
Variations in value of financial instruments and fixed assets related to profits					- -
2004 profits					-
Sub-total	**-**	**-**	**-**	**-**	**-**
Effect of acquisitions and disposals on minority interests					-
Change in accounting methods					-
Share of change in shareholders' equity of companies consolidated by the equity method					- -
Other changes					-
Shareholders' equity at December 31, 2004	**-**	**-**	**-**	**-**	**-**
Effect of adoption of IAS/IFRS standards					-
Net income appropriation 2004					-
Shareholders' equity at January 1, 2005	**-**	**-**	**-**	**-**	**-**
Capital increase					-
Elimination of treasury stocks					-
Issue of preference shares					-
Shareholders' equity component of hybrid instruments					-
Transactions with payment based on shares					-
2005 dividend on 2004 profits					-
Sub-total of movements related to shareholders	**-**	**-**	**-**	**-**	**-**
Change in value of financial instruments and fixed assets affecting shareholders' equity			7,185		- 7,185
Change in value of financial instruments and fixed assets related to profits					- -
2005 profits					-
Sub-total	**-**	**-**	**7,185**	**-**	**7,185**
Effect of acquisitions and disposals on minority interests					
Change in accounting methods					
Share of change in shareholders' equity of companies consolidated by the equity method					
Other changes					
Shareholders' equity at December 31, 2005	**-**	**-**	**7,185**	**-**	**7,185**

Change in shareholders' equity (continued)

(in thousands of euros)	Sub-totals (1) + (2) carried forward	Net profit group share	**Share-holders' equity group share**	**Share-holders' equity minority share**	**Total con-solidated share-holders' equity**
Shareholders' equity at December 31, 2003	**132,451**	**10,260**	**142,711**	**2,640**	**145,351**
Effect of adoption of IAS/IFRS standards	17,262		17,262		17,262
Net income appropriation 2003	10,260	(10,260)	-		-
Shareholders' equity at January 1, 2004	**159,973**	**-**	**159,973**	**2,640**	**162,613**
Capital increase	1,358		1,358		1,358
Elimination of treasury stocks	189		189		189
Issue of preference shares			-		-
Shareholders' equity component of hybrid instruments			-		-
Transactions with payment based on shares			-		-
2004 dividend on 2003 profits	(8,423)		(8,423)	(175)	(8,598)
Sub-total of movements related to shareholders	**(6,876)**	**-**	**(6,876)**	**(175)**	**(7,051)**
Change in value of financial instruments and fixed assets affecting shareholders' equity	(1,907)		- (1,907)	(118)	- (2,025)
Change in value of financial instruments and fixed assets related to profits			- -		- -
2004 profits		9,190	9,190	536	9,726
Sub-total	**(1,907)**	**9,190**	**7,283**	**418**	**7,701**
Effect of acquisitions and disposals on minority interests	163		163	(2,695)	(2,532)
Change in accounting methods			-		-
Share of change in shareholders' equity of companies consolidated by the equity method			- -		- -
Other changes	(807)		(807)	540	(267)
Shareholders' equity at December 31, 2004	**150,546**	**9,190**	**159,736**	**728**	**160,464**
Effect of adoption of IAS/IFRS standards			-		-
Net income appropriation 2004	9,190	(9,190)	-		-
Shareholders' equity at January 1, 2005	**159,736**	**-**	**159,736**	**728**	**160,464**
Capital increase	20,518		20,518		20,518
Elimination of treasury stocks	(192)		(192)		(192)
Issue of preference shares			-		-
Shareholders' equity component of hybrid instruments	10,009		10,009		10,009
Transactions with payment based on shares			-		-
2005 dividend on 2004 profits	(9,311)		(9,311)	(220)	(9,531)
Sub-total of movements related to shareholders	**21,024**	**-**	**21,024**	**(220)**	**20,804**
Change in value of financial instruments and fixed assets affecting shareholders' equity	7,185		- 7,185		- 7,185
Change in value of financial instruments and fixed assets related to profits			- -		- -
2004 profits		16,870	16,870	379	17,249
Sub-total	**7,185**	**16,870**	**24,055**	**379**	**24,434**
Effect of acquisitions and disposals on minority interests			-	140	140
Change in accounting methods			-		-
Share of change in shareholders' equity of companies consolidated by the equity method			- -		- -
Other changes	(3,308)		(3,308)	9	(3,299)
Shareholders' equity at December 31, 2005	**184,637**	**16,870**	**201,507**	**1,036**	**202,543**

Cashflow

		31/12/2005	31/12/2004
Cashflow from lease financing operations	[9.1]	30,945	43,861
Cashflow from other client operations	[9.2]	-19	-449
Cashflow from property development operations	[9.3]	-15,847	24,095
Cashflow from investment properties	[9.4]	27,456	26,449
Cashflow from financial assets and holdings	[9.5]	2,448	698
Cashflow from financing activities	[9.6]	-14,876	-16,171
Cashflow from operating expenses	[9.7]	-8,489	-11,044
Other miscellaneous cashflow from operations	[9.8]	-1,949	2,115
Taxes paid (excluding tax on gains from sale of assets)	[9.9]	-2,917	-8,196
Net cashflow generated by operational activities		**16,752**	**61,358**
Cashflow from lease financing operations	[9.10]	12,867	4,650
Cashflow from other client operations	[9.11]	-2,669	6,996
Cashflow from rental properties	[9.12]	10,753	-41,350
Cashflow from financial assets and holdings	[9.13]	-34,250	-29,986
Cashflow from operating assets	[9.14]	-487	-132
Net cashflow related to investment operations		**-13,786**	**-59,822**
Cashflow from or to shareholders	[9.15]	20,570	-7,144
Other net cashflow from financing activities	[9.16]	-2,506	-4,439
Net cashflow related to financing operations		**18,064**	**-11,583**
Effect of change in exchange rates on cash and cash equivalents	[9.17]	**-10**	**0**
Change in net cash		**21,020**	**-10,047**
Opening cash	[9.18]	10,093	20,140
Closing cash	[9.18]	31,113	10,093
Change in net cash		**21,020**	**-10,047**

APPENDIX

1. COMPANY INFORMATION

On February 28, 2006 the Board of Directors of Affine SA approved the financial statements to December 31, 2005 and authorised their publication. Affine is a French *société anonyme* (limited liability company) quoted on Euronext's Eurolist, included on the SBF 250 index (CAC Small90) and listed in the Next Prime segment.

Affine has the status of a credit institution authorised to market lease financing contracts. Along with some of its subsidiaries, it has also adopted the tax regime of a quoted property development company (SIIC) for its property development activities. Its head office is located at 4 square Edouard VII, Paris 9.

The group's main activities are described in the "Sectoral information" note below. The main events for the period are described in the management report, to which readers are advised to refer.

The Affine group's financial statements have been consolidated by full integration by the finance company MAB Finances SAS.

2. ACCOUNTING PRINCIPLES AND METHODS

The preparation of the consolidated financial statements requires the use of estimates and assumptions liable to impact the sums shown in the financial statements and their accompanying notes. The estimates and assumptions have an impact, in particular, on the valuation of property assets and the fair value of derivatives. The actual sums may differ from these estimates.

FIRST APPLICATION OF IAS/IFRS STANDARDS

Pursuant to EC regulation no. 1606/2002 of July 19, 2002, the Affine group's financial statements for the 2005 financial year and the following financial years have been drawn up in accordance with IAS/IFRS international accounting standards applicable on December 31, 2005, as adopted by the European Union.

With regard to financial instruments, Affine has opted for the early application of standards IAS 32 and IAS 39 as at January 1, 2004.

The impact on the Affine group of the move to international standards at January 1 and December 31, 2004 is described in notes 16 to 21 of the Appendix.

PRESENTATION OF THE FINANCIAL STATEMENTS

The summary documents follow the CNC (French national accountancy council) recommendation no. 2004-R.03 of October 27, 2004 regarding companies governed by the French Banking and Financial Regulatory Committee (CRBF) under international accounting standards.

The statements are shown in thousands of euros.

APPENDIX

2. ACCOUNTING PRINCIPLES AND METHODS (CONTINUED)

LEASE FINANCING CONTRACTS

The standard IAS 17 stipulates that a leasing contract is classified as a lease financing contract if its effect is to transfer to the lessee almost all of the risks and benefits inherent in the ownership of an asset. All other contracts are classified as simple property leasing contracts.
All of the property lease finance contracts in Affine's portfolio are lease financing contracts as defined by IAS 17.

The lessor records a receivable in its balance sheet for an amount corresponding to the net investment in the leasing contract. This treatment is in line with the financial accounting practices used by Affine. The difference between the amount outstanding shown in the consolidated statements and the net book value of the properties in the company statements gives rise to the establishment of an inner reserve. When the annual book amortisation is higher than the annual financial amortisation, the difference leads to an increase in the inner reserve. Conversely, when the annual financial amortisation is higher than the annual book amortisation, the inner reserve is reduced by the appropriate amount.

The impact on the consolidated statements is as follows:

- the inner reserve on the opening of the balance sheet is shown in the consolidated reserves at its amount net of deferred tax;
- the outstanding amount of lease financing operations (financial accounts, including the gross inner reserve) is substituted for the capitalised amount outstanding (company statements);
- the difference between the company profit or loss and the financial profit or loss is carried over into the consolidated profit or loss.

This restatement is carried out by adjusting the allowances for depreciation in accordance with regulations.
When a lease finance contract is renegotiated, the difference between the new financial base and that previously recorded in the accounts is recorded directly in the profit and loss statement in the form of a posting to the inner reserve or an allowance for provisions as appropriate. The same applies to properties in the rental sector transferred to the lease financing sector.

Fixed assets under construction remain subject to the standard IAS 16, on the same basis as tangible fixed assets (refer to the section on tangible fixed assets for further information).

The standard IAS17 stipulates that the initial direct costs of negotiating and setting up contracts must be included in the amount of the initial investment and reduce financial income over the period of the contract. Furthermore, IAS 18 also requires commission received to be deferred.

The net profit of the operation for the lessor corresponds to the amount of interest on the loan. This interest corresponds to the amount of rental income less an allowance for amortisation calculated according to the Effective Interest Rate (EIR) method. The EIR is the rate that evens out the discounted value of future income generated by the contract and the fair value assigned to the asset. The periodic rate applied for calculating financial income is constant, in accordance with the standard IAS 17.

The interest for each period is always identical based on either French or IAS standards, as are outstanding amounts shown on the balance sheet in the case of schedules calculated according to the ITE (interest at maturity) or TEA (interest paid up front) method. In the case of schedules calculated according to the IPA method (interest paid up front), the outstanding amounts shown on the balance sheet can be equalised by reclassifying the income received in advance by deducting the lease financing operations on the asset from the consolidated balance sheet.

Non-guaranteed residual values are revised regularly to calculate the gross investment. In the event of a significant decrease, the pace at which income is spread over the duration of the contract is revised and an adjustment to the financial income recorded previously in the accounts noted in the profit or loss for the period (change of estimate).

APPENDIX

2. ACCOUNTING PRINCIPLES AND METHODS (CONTINUED)

Security deposits paid by lessees are treated by Affine as part of the rights and obligations arising from leasing contracts, and thus subject to the standard IAS 17, and not as financial instruments as defined by the IASB. As such, they are not discounted.

PROPERTY LEASING CONTRACTS

Leasing contracts in which the lessor retains almost all of the risks and benefits inherent in the ownership of an asset are classified as simple property leasing contracts. No property leasing contracts have been subject to reclassification as lease financing contracts.

The standard IAS 17 provides for the financial consequences of all the provisions stipulated in the leasing contract to be spread over the fixed term of the lease. This linear treatment of rental income requires the income to be received over a period of tax exemption, or the early years of the lease in the case of gradual or staged rental payments, to be recorded in the accounts.

All the benefits agreed on negotiating or renewing a simple property leasing contract (works undertaken by the lessee, for example) are recorded in the accounts as constituting the consideration accepted for the use of the leased asset, whatever the nature, form and payment date of these benefits (SIC 15). The cumulative amount of these benefits is recorded as a reduction in rental income over the term of the lease on a linear basis, unless another systematic method is representative of the way in which the benefit pertaining to the leased asset is consumed over time.

Security deposits paid by lessees are treated by Affine as part of the rights and obligations arising from leasing contracts, and thus subject to the standard IAS 17, and not as financial instruments as defined by the IASB. As such, they are not discounted.

Indemnities for eviction are expenses for the financial year, even in the case of renovation works or the reconstruction of a building (IAS 17).

The treatment of inception fees depends on the substantive analysis of the payment made (IAS 17):

- If the payment is in consideration for the tenure of the property (in addition to the rent) it is recorded in the accounts at the same rate as rental income over the term of the contract;
- If the payment is in exchange for a service rendered that is distinct from that of the right to use the asset, it is recorded in the accounts on a basis that reflects the nature of the services rendered and the schedule according to which they are provided.

INVESTMENT PROPERTIES

The IFRS standards draw a distinction between investment properties (governed by IAS 40) and other tangible fixed assets (governed by IAS 16).
Investment properties are real estate (land or buildings) held by the owner in order to earn rental income or increase their capital value or both, rather than to use them in production or in the provision of goods and services, for administrative purposes or to sell them as part of its ordinary business. All of Affine's property assets, made up exclusively of buildings subject to simple property leasing contracts, meet the definition of investment properties subject to standard IAS 40. Fixed assets under construction, however, remain subject to standard IAS 16.

APPENDIX

2. ACCOUNTING PRINCIPLES AND METHODS (CONTINUED)

The standard IAS 40 allows a choice to be made between the fair value model and the cost model. The Company has opted to value its properties according to the amortised cost method. This option requires an initial and subsequent valuation of the investment properties in accordance with the methods set out in IAS 16, i.e.:

- The initial entry in the accounts of the cost of acquisition corresponds to the fair value of the price paid and includes expenses arising directly from the acquisition and setting-up costs (transfer taxes, various fees, etc.);
- The subsequent valuation is based on the historic or revalued cost, less components-based depreciation and loss of value;

Book values are restated for internal disposals as necessary.

Having chosen to adopt the tax regime of a quoted property development company (SIIC), Affine proceeded to revalue its tangible and financial fixed assets on January 1, 2003. The fair value determined at this time in the previous standard was restated according to IFRS standards as a presumed cost on the same date, according to the option made available under standard IFRS 1. Investment properties are therefore shown on the balance sheet:

- at their restated value on January 1, 2003, for properties acquired prior to this date,
- at their acquisition cost for properties acquired after January 1, 2003.

The building is broken down into several elements, whose useful life and method of depreciation are different. Within the group, these components are amortised on a linear basis using the following methods:

	Offices		**Activities**		**Other**	
	Allocation by components	Amort-isation period	Allocation by components	Amort-isation period	Allocation by components	Amort-isation period
Shell	50,00%	60 yrs	60,00%	30 yrs	40,00%	50 yrs
Roofing, facades and waterproofing	17,50%	30 yrs	10,00%	30 yrs	20,00%	25 yrs
General technical installations	22,50%	20 yrs	25,00%	20 yrs	25,00%	20 yrs
Fixtures and fittings	10,00%	15 yrs	5,00%	10 yrs	15,00%	15 yrs

The allocation percentages are only applied to properties already held at the time of the move over to international standards, or in cases where it is impossible to reconstitute the original components. The percentages and amortisation periods used are derived from work by representative professional bodies, the results of which have been analysed and adjusted in line with Affine's portfolio.

IAS 23 offers the option of recording finance costs related to construction operations either as expenses or as fixed assets. Affine, following the approach of the rule applied to construction contracts, records these costs as fixed assets wherever borrowing is specifically allocated to the operation. No borrowing costs were activated in 2005.

Acquisition costs and any finance costs are incorporated into the four components on a *pro rata* basis.

The residual value allocated to buildings is equal to the value of the land.

APPENDIX

2. ACCOUNTING PRINCIPLES AND METHODS (CONTINUED)

The initial direct costs of negotiating and setting up contracts (for example, commissions and legal fees) are recognised in the amount of the leased asset and depreciated over the fixed term of the leasing contract (IAS 17).

Furthermore, IAS 18 requires commission received to be deferred. In simple property leasing contracts, it is spread over the fixed term of the contract.

Properties held via lease financing contracts are subject to mandatory capitalisation and are subject to the standard IAS 40 in the lessee's accounts.
The restatement methods selected are as follows:

- the property is shown as a tangible fixed asset on the balance-sheet assets, in the amount of the residual sum outstanding;
- borrowing equal to the cost of entry to the property is shown as a corresponding liability;
- the fees shown in the individual accounts as operating expenses are deleted from the consolidated statements, and replaced by an entry of a financial expense and a gradual repayment of the loan;
- the amortisation of the fixed asset is shown in accordance with the group's accounting methods;
- the depreciation of the property is shown on the same basis as if the company were the owner of the property.

When a lease financing contract has been legally terminated, the underlying property is transferred to investment property:

- into the category Temporary Unleased Buildings (TUB) if the lessee is billed in the form of occupancy indemnities,
- otherwise as a simple property lease.

The building is then subject to standard IAS 40. The provisions for articles 64 or 57 pertaining to this building are written back, existing depreciation is transferred and new provisions can be constituted if necessary. A new amortisation plan is calculated on the useful life still remaining.

TANGIBLE AND INTANGIBLE FIXED ASSETS

Tangible assets, other than investment properties, are governed by standard IAS 16, and intangible assets by standard IAS 38.

Tangible assets are shown on the balance sheet at their acquisition cost, which corresponds to the fair value of the price paid and includes expenses arising directly from the acquisition and setting-up costs (transfer taxes, various fees, etc.).

The subsequent valuation is based on the historic cost, less depreciation and loss of value. These fixed assets do not by their nature, however, give rise to being broken down into components.

An intangible asset is recorded on the balance sheet if and only if it is likely that the future economic benefits attributable to the asset will go to the business, if it has control of this and if the cost of the asset can be reliably valued. Assets that do not conform to these criteria are entered into the accounts as expenses or incorporated in goodwill in the case of company amalgamations.

APPENDIX

2. ACCOUNTING PRINCIPLES AND METHODS (CONTINUED)

The amortisable amount of an intangible fixed asset is split, generally using a linear model, over the best estimate of its useful life, which cannot normally exceed twenty years.

Generally, the residual value, the amortisation period and the amortisation method are periodically reviewed. Any change is recorded prospectively as an adjustment to future amortisations.

NON-CURRENT ASSETS HELD FOR SALE

When the book value of a non-current asset is to be recovered through a sale rather than through continued use, standard IFRS 5 imposes the following treatment:

- it is recorded in a specific entry on the balance sheet, the "Non-current assets held for sale" line,
- it is valued at the lower of the net book value and the fair value (selling price) net of costs arising from the sale (discounted if applicable)
- the amortisation of the property ceases.

The classification criterion adopted by Affine is the existence of a signed preliminary contract of sale or a signed marketing authorisation (evidence of active marketing, at a market price validated by the principal, which is deemed likely to take place within 12 months). The item is entered in the accounts on the date of the notice recording the change of situation.

If these classification criteria are no longer being met, non-current assets are re-incorporated into their original category and then valued at the lower of the two following amounts:

- Net book value at the date of classification as "available for sale", adjusted by the amounts that would have been entered as amortisations, losses of value and revaluations if the asset had never been classified in this category,
- Recoverable value at the date of the decision to change.

The adjustment is recorded as income from continued operations.

STOCK

Stock is valued at the lower of the historic cost of building expenses and net realisable value. The net realisable value is the estimated selling price during the course of normal business, less the estimated costs of completion and the estimated costs necessary to realise the sale. In practice, depreciation is entered when the realisable value is found to be lower than the historic cost.

Sales force costs are not included in the composition of stock. However, when borrowing is specifically allocated to the operation, Affine records finance costs as stock, in accordance with the option set out in IAS 23.

Entries in the accounts pertaining to construction costs are debited during the course of the financial year to stock accounts without passing through class 6 accounts. This method aims to maintain the stock accounts as permanent inventory by incorporating cost accounting into financial accounting, based on the principle of allocating expenses directly to operations. Changes in stock are recorded through the profit and loss in each cut-off period, in accordance with the methods set out below.

APPENDIX

2. ACCOUNTING PRINCIPLES AND METHODS (CONTINUED)

Affine applies the method of recognising results based on progress towards completion for all long-term contracts, in accordance with the provisions of IAS 11. As a consequence, margin and turnover for property operations are now recorded based on progress towards completion.
The methods for recording at the cut-off point are as follows:

- expenses that do not correspond to progress towards completion and that therefore pertain to a future activity are entered as stock, work in progress or prepayment accounts,
- costs incurred as part of the performance of the contract and corresponding to progress towards completion at the cut-off date are recorded as income and expenses,
- contractual earnings are recorded:
  - a) either as prepayment accounts (income received in advance), a prepayment entry recording the level of income as turnover and allowing, after the deduction of expenses incurred as part of the performance of the contract, the recording of the share of income on completion corresponding to the percentage of progress towards completion,
  - b) or at the end of the contract or in gradual stages, the adjustment then being made through prepayment accounts or the recognition of invoices to be issued.

The profit or loss on completion is taken from the provisional margin stipulated in the operating budget.
The percentage of progress towards completion is determined using the method that measures the works or services carried out and accepted in the most reliable way possible, depending on their nature. The method most commonly used is the ratio of the cost of works and services carried out on the closing date and the forecast total of the costs of performance of the contract.

COMPANY AMALGAMATIONS – GOODWILL

Company amalgamations are recorded in accordance with their acquisition method (fair value).

The acquisition method consists of:

- identification of the purchaser,
- determination of the date of acquisition,
- evaluation of the cost of acquisition,
- allocation of the cost of the group through accounting for the identifiable assets and liabilities at their fair value.

A surplus in the cost of the group over the purchaser's share of interest, or goodwill, represents a payment made on the basis of future economic benefits generated by assets that cannot be identified individually and entered into the accounts separately. Goodwill is initially recorded in the accounts as an asset at cost; it cannot be amortised but may be subject to depreciation.

A surplus in the purchaser's share of interest over the cost of the group (negative goodwill) is recorded as income and expenses.

APPENDIX

2. ACCOUNTING PRINCIPLES AND METHODS (CONTINUED)

BAD DEBTS

Whatever the sector of activity, as soon as a receivable is more than six months overdue at the end of the financial year, all the receivables due from this client are transferred to the "bad debt" account. The same applies when the position of a counterparty leads to the conclusion that there is evidence of the existence of risk (receivership, major financial difficulties, etc.)
In terms of identifying credit risk in accounting terms, a category of "disputed doubtful accounts" is created within doubtful accounts. In addition, restructured debts are included in sound debt.
Outstanding amounts are included in "disputed doubtful accounts" when they have been classified as doubtful for at least one year, or in the event of default or termination of a lease financing contract.
Outstanding amounts restructured according to non-market conditions are identified under sound debt in a specific sub-category until their final maturity date. No outstanding amounts have been identified as falling into this category.

DEPRECIATION OF ASSETS

At each closing date, the business must assess the possible existence of an index demonstrating that an asset could have lost value. If such an index exists, the recoverable value of the asset should be estimated (depreciation test). A loss of value is the amount by which the book value of an asset exceeds its recoverable value. This is equal to the higher of the selling price net of closing costs, and the going value.

Any loss of value is recorded as income, as is any writeback. After recording a loss of value of an amortisable asset, the amortisation allowance must be adjusted for future years, so that the revised book value of the asset, less its residual value, can be systematically split over the remainder of its useful life. The book value of an asset increased following the writeback of a loss of value must not be higher than the book value that would have been defined (net of amortisations) if no loss of value had been recorded for this asset over the course of previous financial years.

Depreciation of lease financing contracts
Lease financing contracts are valued in accordance with their going value. When a lessee is judged to be vulnerable (e.g. seriously compromised financial situation, appearance of unpaid debts, receivership), a loss of value is determined by the difference between the estimated value of the property excluding tax (value of the underlying guarantee) and the net book value if this is higher. This does not affect any contract at this time.

Depreciation of investment properties
Investment properties (Temporarily Unleased Fixed Assets or properties leased under simple leasing contracts) are subject to an asset-by-asset comparison between their net book value and their estimated market value. When the former is higher than the latter, a provision for depreciation is made.

All the group's property assets are subject to regular valuations by international firms of expert assessors. Over the last three years, Affine has had new valuations carried out on a significant proportion of its assets:

- December 31, 2003: 26 buildings representing 26% of the gross value of rental properties,
- December 31, 2004: 16 buildings representing 32% of the gross value of rental properties,
- 31 December 2005: 58 buildings representing 74% of the gross value of rental properties,

Buildings that have not been externally assessed over the course of the financial year are subject to an internal update using the same methodology as that used by external experts.

APPENDIX

2. ACCOUNTING PRINCIPLES AND METHODS (CONTINUED)

Depreciation of stock
At the close of each financial year, the forecast cost of production is compared to the expected selling price, net of marketing and other costs entered as expenses. If the selling price is too low compared to the cost of production, a depreciation is recorded for the part corresponding to work in progress (the loss corresponding to work to be done is recorded as a provision for loss).

Depreciation of goodwill
Goodwill is subject to a depreciation test at least once a year. The recoverable value is obtained by discounting the future income generated by the subsidiary.

Depreciation of bad debts
Invoices classified as bad debts are systematically depreciated for 100% of their amount excluding tax, minus deductions for guarantees received.
For free lease financing operations, the portion of the receivables thus depreciated that has not yet matured – which is shown in the item "Other client receivables" is also subject to a provision determined under the same conditions.

FINANCIAL INSTRUMENTS

The valuation and recording in the accounts of financial instruments and the information to be provided are defined by standards IAS 39 and 32. These require the classification of financial instruments, their valuation at the close based on the category selected and the incorporation of the income derived from them in the balance sheet, including embedded derivatives.

Affine has opted to apply these standards early, from January 1, 2004.

The standards define 4 categories of financial assets:
- Speculative assets, valued at their fair value through profit or loss;
- Assets available for sale, valued at their fair value through equity;
- Assets held until maturity, recorded at their amortised cost;
- Loans and receivables, recorded at their amortised cost;

and 2 categories of financial liabilities:
- Trading liabilities, valued at their fair value through profit or loss;
- Other liabilities, recorded at their amortised cost.

The financial assets held by Affine are recorded in the accounts as follows:
- marketable securities as speculative assets,
- non-consolidated securities as "assets available for sale".

Affine only uses derivatives in the context of its debt interest rate hedging policy. These instruments, which are presented as off-balance sheet items at their face value according to French standards, constitute financial assets and liabilities according to IFRS standards and must be shown on the balance sheet at their fair value.
Changes in value are recorded directly as profit or loss, except in 2 situations where they are recorded as equity:
- when the derivative is classified as a Cash Flow Hedge,
- when the derivative is classified as a Net Investment Hedge.

The classification as a hedge is strictly defined, and requires documentation from the outset and prospective and retrospective efficacy tests to be carried out.

APPENDIX

2. ACCOUNTING PRINCIPLES AND METHODS (CONTINUED)

Affine has developed a macro-hedging strategy for its debt based on swaps and caps. However, taking into account the problem of demonstrating the effectiveness of this hedging and its maintenance over time, it has not sought to implement the option offered by IAS 39, which would have made it possible to record changes in the fair value of derivatives through equity, except for the non-effective part of the hedge, which would still have been recorded through the profit and loss statement. Consequently, Affine classifies derivatives as speculative (trading) assets.

The main methods and assumptions adopted for calculating the fair value of financial assets are as follows:

- Investment securities are valued on the basis of market pricing:
- Equity shares are valued on the basis of either their market price (quoted instruments) or in accordance with their net asset value or discounted future income if the amount of the line is sufficiently significant;
- Derivatives are valued through discounting future income estimated on the base of an interest rate curve at the closing date.

All financial liabilities are recorded on the balance sheet at their amortised cost.

Issuing costs for borrowing, including mandatory convertible bonds, are recorded according to IFRS standards by deducting the face value of the borrowing and recognised through incorporating them into the calculation of the effective interest rate.

International standards require all sums subject to deferred payment or collection that is not in line with current practice to be discounted. The values of these debts or receivables are discounted and a financial expense or income item is entered into the profit and loss account for the payment deferral period. Exit tax is therefore subject to discounting in the Group's accounts.

Recording of mandatory convertible bonds (MCBs)
IAS 32 defines the conditions for classifying instruments that are classified as subordinated debt according to French standards, as equity.

As Affine is not under any obligation to redeem its mandatory convertible bonds in cash, the number of shares to be issued being fixed in advance and the option of early redemption being at the company's discretion, MCB contracts are classified as equity instruments under IFRS standards.

The payment of an interim dividend on November 15 each year, however, requires a debt to be recorded at the start of the financial year for the discounted amount of the interim dividend.

The company is free to exercise the early redemption option or not; this has a nil value.

PROVISIONS

Provisions are recorded in the accounts when the Group has a current obligation (legal or implicit) arising from a past event, where it is probable that an outflow of resources representing an economic benefit will be necessary to extinguish the obligation and where the amount of the obligation can be estimated reliably.

Where the Group expects the provision to be repaid, for example as the result of an insurance policy, the repayment is recorded as a separate asset but only if the repayment is almost certain.

APPENDIX

2. ACCOUNTING PRINCIPLES AND METHODS (CONTINUED)

If the impact of the time value of money is significant, provisions are determined by discounting expected future cash flows at a discount rate before tax that reflects the current market assessment of the time value of money and, if applicable, the risks specific to the liability. When the provision is discounted, the increase in the provision related to the passing of time is recorded as a financial expense.

TREASURY STOCKS

These are deducted from shareholders' equity pursuant to standard IAS 32.33.

Capital gains or losses from sales of assets are also subject to elimination from profit or loss in consideration of shareholders' equity.

TAXES

The consolidated tax expense takes account of deferred taxes.

Deferred taxes are derived from the existence of temporary differences in deductions or assessments. A temporary difference arises when, as a consequence of operations already recorded in the consolidated statements, positive or negative differences are liable to show in the future between the company's taxable income for tax reporting purposes and the book result.

A calculation must therefore be made of deferred assessments resulting from:

- Consolidation entries and specific restatements carried out,
- A time lag between the entry in the accounts of an income or expense item and its inclusion in the taxable profits of a subsequent year.
- Tax losses that can be carried forward of companies within the scope of consolidation in so far as they are likely to be offset against future taxable profits.

Deferred taxes are determined in accordance with the liability method of tax allocation. The rate applied in 2005 was 33 1/3% plus an additional contribution of 3.3% compared with 33 1/3% plus additional contributions of 1.5% and 3.3% in 2004.

Deferred taxes cannot be subject to discounting.

STAFF BENEFITS

The standard IAS 19 requires all staff benefits to be recognised on the balance sheet. This applies principally (but not only) to retirement pensions and other benefits subsequent to employment. The costs of staff benefits must be taken into account for the period over which rights are acquired.

Retirement benefits are subject to the establishment of a provision equal to the discounted value of future benefits. An individual calculation is made for each employee present on the date the books are closed, taking account of the likelihood of departure and death.

As regards employee share ownership schemes, the standard IFRS 2 stipulates that they must be systematically recorded as a charge, whether they relate to existing shares or shares to be issued, and whatever the hedging strategy. The Group uses the intrinsic value accounting method to value free share allocation schemes: the valuation is based on the value of the share on the date of the initial allocation. The charge is spread over the acquisition period and adjusted at each year-end according to the probability of new shares being issued, the final charge recorded being based on the number of shares actually issued.

APPENDIX

3. Scope of consolidation

Amendments to Affine's scope of consolidation were made after the closing of the accounts to December 31, 2004:

- Seven businesses acquired over the course of the financial year entered the scope of consolidation: SAS Challenge on February 2, SAS St Cyr on February 16, BFI SARL on April 22, Affinvestor Gmbh on May 23, SARL CASF on June 28, SNC Jardin des Quais on October 1 and SARL OS'UP on November 16;
- Concerto Développement created a subsidiary in Spain, Concerto Développement Iberica; it also absorbed its subsidiary Cepco on April 17, 2005 through a Universal Transfer of Assets;
- Affine bought back the 2,839 Concerto Développement stocks held by its subsidiary Civile Anjou, which led to a change in the percentage of interests in Concerto group companies; it also acquired five Promaffine stocks, which slightly changed its share of interests in the company and its subsidiaries;
- The subsidiaries Challenge, St Cyr, Bondoufle and Courbet were absorbed by Affine on September 26 through a Universal Transfer of Assets;
- Affine sold 12,000 Edouard VII Facility stocks and all of its interests in the subsidiary SAS Rue des Rosiers to third parties;
- The companies Novaffine, Arsène Houssaye and 30 Friedland left the scope of consolidation as a result of being dissolved.

Information on company groupings

(in thousands of euros)

Name	Challenge	St Cyr	Affinvestor	BFI	CASF	OS'UP	Jardin des Quais
Description	Company holding a warehouse through a lease financing contract	Company holding a warehouse through a lease financing contract	Company owning a property complex in Berlin	Company owning business centres	Company owning business centres	Company owning business centres	Company holding a shopping centre in Berlin through a lease financing contract
Date of acquisition	02/02/2005	16/02/2005	23/05/2005	22/04/2005	28/06/2005	16/11/2005	01/10/2005
Percentage of voting rights acquired	100%	100%	94%	100%	66%	100%	50%
Share of fair value held	65	120	23	-390	32	-17	15
Acquisition price of stocks	8,652	9,209	588	150	75	706	3,436
Goodwill	8,587	9,089	565	540	43	723	3,421
Contribution to income since acquisition	N/A	N/A	-156	-333	0	39	-1,226

The contribution to income of SAS Challenge and SAS St Cyr cannot be shown as these companies were absorbed by Affine.

The goodwill generated by the acquisition of Challenge, St Cyr and Jardin des Quais is derived from the valuation of properties held by these companies under lease financing contracts; this goodwill was allocated to underlying assets through the creation of a valuation variance.

APPENDIX

3. Scope of consolidation (continued)

The goodwill generated by the acquisition of Affinvestor is derived from the valuation of the option held by the company on the acquisition of a property complex in Berlin; this goodwill was allocated to assets acquired subsequently with the creation of a valuation variance.

The goodwill derived from the acquisition of BFI, CASF and OS'UP is based on estimated future profits; they remain included as goodwill but are not subject to allocation to an asset or group of assets.

Information on company disposals

(in thousands of euros)

Name	Edouard VII	Rue des rosiers
Date of disposal	22/04/2005	23/12/2005
Percentage of voting rights disposed of	20%	100%
Sale price of stocks	150	635

Information on assets and liabilities sold and cash disposed of is given in note 9.13.

Companies included in the scope of consolidation at December 31, 2005:

	Consolidated by	% interest	% control
* AFFINE SA (parent company)			
* 2/4 BLD HAUSSMANN SAS	Proportional integration	49.6942%	50.0000%
* AFFINVESTOR Gmbh	Full integration	94.0000%	94.0000%
* ANJOU SC	Full integration	99.3883%	100.0000%
* ATIME SAS	Equity method	33.5407%	33.5417%
* ATIT SC	Full integration	99.3877%	100.0000%
* BERCY PARKINGS SCI	Full integration	99.9994%	100.0000%
* BRETIGNY SCI	Full integration	99.9994%	100.0000%
* COUR DES CAPUCINES SA	Full integration	99.5994%	100.0000%
* JARDIN DES QUAIS SNC	Proportional integration	50.0000%	50.0000%
* LOGISIIC SA	Full integration	99.7600%	100.0000%
* LUMIERE SAS	Full integration	67.9061%	67.9061%
* SIPEC SAS	Full integration	100.0000%	100.0000%
* TRANSAFFINE SNC	Full integration	99.9970%	100.0000%
* EDOUARD VII Facility SAS	Full integration	80.0000%	80.0000%
* BFI SARL	Full integration	80.0012%	100.0000%
* CASF SARL	Full integration	52.8008%	66.0000%
* OS'UP SARL	Full integration	80.0000%	100.0000%
* PROMAFFINE SAS	Full integration	69.9970%	69.9970%
* 29 COPERNIC SCI	Proportional integration	34.9985%	50.0000%
* DOLE SARL	Proportional integration	34.9985%	50.0000%
* CONCERTO Développement SAS	Full integration	66.9919%	66.9919%
* COCHETS PROJECT SCI	Full integration	66.3220%	99.0000%
* AULNES Développement SCI	Full integration	33.4960%	50.0000%
* CONCERTO Développement Iberica	Full integration	50.2439%	75.0000%

APPENDIX

3. SCOPE OF CONSOLIDATION (CONTINUED)

All the companies included in the scope closed their accounts on December 31.

4. ACTIVITIES IN THE COURSE OF BEING DISCONTINUED

The Affine group has no short-term plans to discontinue any of its activities.

5. SECTORAL INFORMATION

IFRS standards (IAS 14) require sectoral information to be presented in the two forms most pertinent to the company's activities, the first level showing a breakdown of all income or expenses to be allocated, and the second showing the values of assets and revenues as a minimum.

Affine provides sectoral information according to the breakdown already used for its financial communications:

- First level: by sector of activity: Investment properties, Lease financing, Business centres and Property development;
- Second level: by geographic region: Paris, Paris region, Other regions and International.

Operational activities are organised and managed separately according to the nature of the products or services sold.
The lease financing sector finances the acquisition of professional property assets through leasing contracts combined with a unilateral promise to sell.
The investment property sector lets out offices, warehouses, business and commercial premises to business clients. Affine also owns a number of residential properties.
The business centre sector lets out fully equipped offices and provides ancillary services. Business centres are service providers; they do not own their premises.
The property development sector is involved in the development of logistics complexes (Concerto group) and office and residential buildings (Promaffine group). Group companies work either on their own behalf as developers, or on behalf of third parties under development or project management assistance contracts.

APPENDIX

5. SECTORAL INFORMATION (CONTINUED)

The following tables show, for each sector of activity, information on income from ordinary activities, their results and certain information relating to assets and liabilities for the financial years to December 31, 2004 and 2005.

Financial year to 31-12-2005 *(in thousands of euros)*	***Lease financing***	***Investment properties***	***Business centres***	***Property development***	***Elimination***	***Total***
SECTORAL INCOME						
External sectoral income	31,015	47,908	1,168	21,853		101,944
Inter-sectoral income						-
Total sectoral income	**31,015**	**47,908**	**1,168**	**21,853**	**-**	**101,944**
RESULTS						
Sectoral profit	5,572	23,752	(325)	(67)		28,932
Unallocated expenses						491
Net profit from activities being discontinued						-
Profit or loss						**29,423**
Allocated financial expenses	(4,763)	(10,012)	(4)	(115)		(14,894)
Unallocated net expenses						(1,342)
Allocated financial income	19	18	-	26		63
Operating results						**13,250**
Share in profits of companies consolidated by the equity method	-	-	-	-	-	-
Gains or losses on other assets						683
Change in value of goodwill		2,737				2,737
Earnings before tax						**16,670**
Tax on profits						579
Minority interests						(379)
Net profit						**16,870**
OTHER INFORMATION						
Sectoral assets	138,321	344,191	1,306	3,711		487,529
Holdings in companies consolidated by the equity method				22		22
Unallocated assets						127,726
Total consolidated assets						**615,277**
Sectoral liabilities	95,227	239,525	864	5,162		340,778
Unallocated liabilities *						274,499
Total consolidated liabilities						**615,277**
Investment costs	4,839	136,334	1,038	11	-	142,222
Amortisation expense	-	10,866	61	18	-	10,945
Other non-disbursed expenses	261	1,266	7	174	-	1,708

* Unallocated liabilities include shareholders' equity.

APPENDIX

5. SECTORAL INFORMATION (CONTINUED)

Financial year to 31-12-2004 *(in thousands of euros)*	*Lease financing*	*Investment properties*	*Business centres*	*Property development*	*Elimination*	*Total*
SECTORAL INCOME						
Exernal sectoral income	24,699	37,427	-	28,906	-	91,032
Intersectoral income					-	-
Total sectoral income	**24,699**	**37,427**	**-**	**28,906**	**-**	**91,032**
RESULTS						
Sectoral profit	7,511	19,326	-	2,282	-	29,119
Unallocated expenses						890
Net profit from activities being discontinued						(30)
Profit or loss						**29,979**
Financial expenses	(6,111)	(8,594)	-	(45)		(14,750)
Unallocated net expenses						(1,310)
Financial income	345	148	-	2		495
Operating results						**14,414**
Share in profits of companies consolidated by the equity method	-	-	-	-	-	-
Gains or losses on other assets						(85)
Change in value of goodwill	-	(3,173)	-	-	-	(3,173)
Earnings before tax						**11,156**
Tax on profits						(1,431)
Minority interests						(535)
Net profit						**9,190**
OTHER INFORMATION						
Sectoral assets	181,496	299,472	-	3,567		484,535
Holdings in companies consolidated by the equity method				22		22
Unallocated assets						52,144
Total consolidated assets						**536,701**
Sectoral liabilities	111,281	216,731	-	6,541		334,553
Unallocated liabilities *						202,148
Total consolidated liabilities						**536,701**
Investment costs	4,754	91,614	-	10	-	96,378
Amortisation expense	-	8,714	-	25	-	8,739
Other non-disbursed expenses	234	527	-	84	-	845

* Unallocated liabilities include shareholders' equity.

APPENDIX

5. SECTORAL INFORMATION (CONTINUED)

The following tables show, for each geographic region, information on income from ordinary activities, investments and certain information relating to assets for the financial years to December 31, 2005 and 2004.

Financial year to 31-12-2005 *(in thousands of euros)*	*Paris*	*Paris region*	*Other regions*	*Inter-national*	*Elimination*	*Total*
SECTORAL INCOME						
External sectoral income	41,777	16,322	7,318	5,511	-	70,928
Intersectoral income						-
Total sectoral income	**41,777**	**16,322**	**7,318**	**5,511**	**-**	**70,928**
OTHER INFORMATION						
Sectoral assets	49,372	203,712	214,109	19,218		486,411
Unallocated assets						128,866
Total consolidated assets						**615,277**
Investment costs	16,655	34,014	72,225	19,328	-	142,222

Financial year to 31-12-2004 *(in thousands of euros)*	*Paris*	*Paris region*	*Other regions*	*Inter-national*	*Elimination*	*Total*
SECTORAL INCOME						
External sectoral income	42,170	16,476	7,387			66,033
Intersectoral income						-
Sectoral income	**42,170**	**16,476**	**7,387**	**-**	**-**	**66,033**
OTHER INFORMATION						
Sectoral assets	62,302	236,423	182,550			481,275
Unallocated assets						55,426
Total assets						**536,701**
Investment costs	775	79,440	16,163	-	-	96,378

APPENDIX

6. NOTES TO THE BALANCE SHEET - ASSETS

Note 6.1 – SHARES AND OTHER VARIABLE INCOME SECURITIES

In thousands of euros	At 31.12.2005	At 31.12.2004
Investment securities	7,191	14,542
Related receivables		
Total	**7,191**	**14,542**

Investment securities are made up exclusively of money market mutual funds (SICAV).
As a result they are shown as cash equivalents in the cashflow table.
Investment securities are considered to be at their fair value resulting from sale or purchase operations carried out at the end of the period.

Note 6.2 – DERIVATIVES

The amount of €40 K represents the fair value of caps (€79 K in 2004).

Note 6.3 – FINANCIAL ASSETS AVAILABLE FOR SALE

Financial assets available for sale are made up of equity shares and other long-term securities. The issuing companies are excluded from the scope of consolidation as a result of their lack of activity, or the absence of control arising from the low level of interests held by Affine.
The main investment for the financial year was the acquisition of Altaréa stocks, the variation in fair value of which (net of deferred tax) increased shareholders' equity by €7,185 K.

In thousands of euros	%	Gross	Prov	Net 2005	Net 2004
AFFINE					
Altaréa (ex Imaffine)	3.54%	26,312	-	26,312	2
Sofaris	NS	7	-	7	7
Besinning Schiedam	100.00%	5	-	5	
ANJOU					
MDR Verandah	12.41%	156	-	156	156
USF FUND	10.34%				53
Atémi MBCR	15.00%	6	-	6	6
BFI					
PME net	NA	3	(3)	-	
SIPEC					
G. F. de la Groie(1)	99.76%				113
Miscellaneous holdings					4
Related receivables					411
Total		**26,489**	**(3)**	**26,486**	**752**

(1) No longer belongs to the group

APPENDIX

Note 6.3 – Financial assets available for sale (continued)

Change in depreciation of financial assets available for sale

In thousands of euros	At 31.12.2005	At 31.12.2004
Depreciation at start of financial year	**-**	**-**
Changes in scope	15	
Transfers between items		
Allowances	3	
Sales and buy-outs	(15)	
Depreciation at close of financial year	**3**	**-**

Note 6.4 – Loans and receivables from credit institutions (excluding lease financing)

Maturity dates of receivables

In thousands of euros	Balance sheet items	0 to 3 months	3 months to 1 year	1 year to 5 years	over 5 years
On demand	**36,245**	**36,245**	**0**	**0**	**0**
Accounts	36,198	36,198			
Related receivables	47	47			
On maturity	**0**	**0**	**0**	**0**	**0**
Loans	0				
Related receivables	0				
Totals 2005	**36,245**	**36,245**	**0**	**0**	**0**
Totals 2004	**6,509**	**6,509**	**0**	**0**	**0**

APPENDIX

Note 6.5 – CLIENT LOANS AND RECEIVABLES (excluding lease financing)

The item "Other client loans" records the financing of property operations in the form of traditional loans, and loan accounts representing the cumulative discrepancy between the amount of rents invoiced and calls for capital under the terms of non-SICOMI (professional premises property companies) lease financing contracts.
The item "Ordinary accounts receivable" records cash advances made to group companies.

Maturity dates of receivables

In thousands of euros	Balance sheet items	0 to 3 months	3 months to 1 year	1 year to 5 years	over 5 years
Other net client loans	**6,611**	**4,477**	**204**	**1,058**	**871**
Loans	6,189	4,069	204	1,045	871
Related receivables	421	409		13	
Ordinary accounts receivable	**2,994**	**2,994**	**0**	**0**	**0**
Loans	2,994	2,994			
Related receivables	0				
Related receivables on investment properties	**3,350**	**3,350**			
Client receivables (service provision)	**20,298**	**20,298**			
Totals 2005	**33,253**	**31,119**	**204**	**1,058**	**871**
Totals 2004	**9,731**	**4,999**	**4,491**	**232**	**9**

Details of net receivables related to investment properties

In thousands of euros	At 31.12.2005	At 31.12.2004
Ordinary receivables incl. tax	2,788	1,163
Bad debts incl. tax excl. termination charges	1,891	2,053
Bad debts on termination charges incl. tax	-	-
Provision for bad debts excl. termination charges	(1,329)	(1,321)
Provision for bad debts on termination charges	-	-
Total related receivables	**3,350**	**1,895**

* Provisions correspond to the amount of receivables excl. tax.

Change in depreciation for bad debt (investment properties)

In thousands of euros	At 31.12.2005	At 31.12.2004
Depreciation at start of financial year	**1,321**	**1,208**
Changes in scope	189	1
Transfers between items		
Allowances	270	347
Sales and buy-outs	(451)	(235)
Depreciation at close of financial year	**1,329**	**1,321**

APPENDIX

Note 6.5 – CLIENT LOANS AND RECEIVABLES (CONTINUED) (excluding lease financing)

Details of client receivables (service provision)

In thousands of euros	At 31.12.2005	At 31.12.2004
Ordinary clients	20,177	2,032
Client invoices to be issued	51	687
Bad debts	418	336
Depreciation for bad debts	(350)	(200)
Total	**20,296**	**2,855**

Change in depreciation for bad debt (service provision)

In thousands of euros	At 31.12.2005	At 31.12.2004
Depreciation at start of financial year	**200**	**263**
Changes in scope		
Transfers between items		
Allowances	172	19
Sales and buy-outs	-22	-82
Transfers		
Depreciation at end of financial year	**350**	**200**

Note 6.6 – LEASE FINANCING OPERATIONS AND RELATED RECEIVABLES

Maturity dates of receivables (excluding related receivables)

In thousands of euros	Balance sheet items	0 to 3 months	3 months to 1 year	1 year to 5 years	over 5 years
Leasing operations	132,981	6,700	17,807	79,535	28,939
Operations underway	4,200				4,200
Totals 2005	**137,181**	**6,700**	**17,807**	**79,535**	**33,139**
Totals 2004	**178,214**	**7,565**	**24,460**	**99,259**	**46,930**

Details of receivables

In thousands of euros	At 31.12.2005	At 31.12.2004
Amounts outstanding	137,181	178,214
Adjustment of value of unrecoverable minimum payments		
Ordinary receivables incl. tax	1,997	4,256
Disputed bad debts incl. tax excl. termination indemnities	2,374	2,462
Disputed bad debts incl. tax on termination indemnities	2,715	2,351
Provisions for disputed bad debts excl. termination indemnities *	-1,701	-1,728
Provisions for disputed bad debts on termination indemnities *	-2,334	-1,966
Income received in advance	-1,911	-2,093
Total lease financing	**138,321**	**181,496**

* Provisions correspond to the amount of bad debt excl. tax.

APPENDIX

Note 6.6 – LEASE FINANCING OPERATIONS AND RELATED RECEIVABLES (CONTINUED)

Change in depreciation for bad debt (lease financing)

In thousands of euros	At 31.12.2005	At 31.12.2004
Depreciation at start of financial year	**3,694**	**4,603**
Changes in scope		
Transfers betw een items		
Allow ances	662	234
Sales and buy-outs	-321	-1,143
Transfers		
Depreciation at end of financial year	**4,035**	**3,694**

Change in gross investments

In thousands of euros	Leased	In progress	Total
Gross values at 31.12.2004	**365,042**	**0**	**365,042**
Increases	**420**	**4,200**	**4,620**
Changes in scope			0
Transfers between items			0
Acquisitions for the financial year	420	4,200	4,620
Writebacks on adjustments in value			
Transfers between items			0
Decreases	**-45,287**	**0**	**-45,287**
Changes in scope	-7,370		-7,370
Transfers between items			0
Sales	-37,917		-37,917
Adjustments in value (depreciation)			
Transfers	**-345**	**0**	**-345**
Gross values at 31.12.2005	**319,830**	**4,200**	**324,030**

Change in financial amortisations

In thousands of euros	Leased	Total
Amortisations at 31.12.2004	**188,848**	**188,848**
Changes in scope		0
Transfers between items	-744	-744
Allowances	25,388	25,388
Sales and buy-outs	-26,319	-26,319
Transfers	-259	-259
Amortisations at 31.12.2005	**186,914**	**186,914**

APPENDIX

Note 6.7 – Deferred tax assets

Details of deferred tax asset accounts

In thousands of euros	At 31.12.2005	At 31.12.2004
MCB and interim coupon	88	76
Discounting of costs excl. MCB	-1	4
Fair value of CAPS	135	149
Deferral of loan expenses	84	58
IFRS restatement - Affinvestor	21	-
Total	**327**	**287**

Note 6.8 – Prepayments and other assets

Details of accounts

In thousands of euros	At 31.12.2005	At 31.12.2004
Capital subscribed but not paid up	**0**	**0**
Other assets	**23,768**	**21,036**
Government - Tax and social security receivables	4,230	7,898
Deposits paid	1,927	3,004
Interim dividend	3,098	2,793
Trade receivables	115	71
Other miscellaneous debtors	1,568	776
Gross stocks (property development)	12,377	5,814
Stock depreciation	-339	-339
Miscellaneous	792	1,019
Prepayments	**6,304**	**687**
Expenses recorded in advance	430	243
Income due	5,874	444
Miscellaneous	-	-
Total	**30,072**	**21,723**

Stocks include €535 K of capitalised borrowing costs.

Change in depreciation

In thousands of euros	At 31.12.2005	At 31.12.2004
Depreciation at start of financial year	**339**	**339**
Changes in scope		
Transfers between items		
Allowances		
Sales and buy-outs		
Transfers		
Depreciation at close of financial year	**339**	**339**

This relates to the depreciation of the stock of SAS Lumière, which is not currently trading.

Note 6.9 – Non–current assets held for sale

Three properties in the course of being sold have been reclassified into this category.

APPENDIX

Note 6.10 – HOLDINGS IN COMPANIES CONSOLIDATED USING THE EQUITY METHOD

In thousands of euros	%	Value at 31.12.2005	Value at 31.12.2004	Contribution to reserves	Contribution to earnings
SAS ATIME	33.5407	22	22	6	0
Total		**22**	**22**	**6**	**0**

Note 6.11 – INVESTMENT PROPERTIES

Change in consolidated fixed assets

In thousands of euros	leasing *	in progress	TUFA**	Total
Gross values at 31.12.2004	**307,686**	**2,300**	**2,304**	**312,290**
Increases	**127,454**	**2,500**	**0**	**129,954**
SIIC revaluation	1,919			1,919
Changes in scope	56,937			56,937
Acquisitions for the financial year	61,822	2,500		64,322
Transfers between items	6,776			6,776
Decreases	**-82,017**	**0**	**0**	**-82,017**
Changes in scope	-20,289			-20,289
Transfers between items				0
Write-off				
Sales	-61,728			-61,728
Transfers	**2,025**	**-3,274**	**345**	**-904**
Gross values at 31.12.2005	**355,148**	**1,526**	**2,649**	**359,323**

* Excluding impact of capitalised initial direct costs (€260 K). **Temporarily unleased fixed assets

Change in amortisations

In thousands of euros	leasing	TUFA	Total
Amortisations at 31.12.2004	**16,127**	**487**	**16,614**
SIIC revaluation	-2,109		-2,109
Move to components	10		10
Changes in scope	301		301
Allowances	10,709	66	10,775
Write-off			
Sales and buy-outs	-3,168		-3,168
Transfers	-106	259	153
Amortisations at 31.12.2005	**21,764**	**812**	**22,576**

APPENDIX

Note 6.11 – INVESTMENT PROPERTIES (CONTINUED)

Change in depreciations

In thousands of euros	leasing	TUFA	Total
Provisions at 31.12.2004	**300**	**687**	**987**
Changes in scope			
Transfers between items			
Allowances	295	87	382
Sales and buy-outs	-229	-774	-1,003
Transfers			
Provisions at 31.12.2005	**366**	**0**	**366**

Two buildings were classified in the category Temporarily Unleased Fixed Assets at December 31, 2005, with a net book value of €1,837 K. The sole provision in existence at December 31, 2004 was written back in full on the basis of an external property assessment.

Two rental properties were subject to a further depreciation during the course of the period for €295 K and four buildings were subject to writebacks for €229 K (€29 K of which related to three buildings that were sold). The total depreciation of €366 K at December 31, 2005 relates to three buildings.

Fair value of investment properties

The fair value, excluding taxes, of investment properties at December 31, 2005 was €395 M.

Note 6.12 – TANGIBLE AND INTANGIBLE FIXED ASSETS

Change in consolidated fixed assets

	Operating fixed assets		
In thousands of euros	**intangible**	**tangible**	**Total**
Gross values at 31.12.2004	**203**	**392**	**595**
Increases	**787**	**203**	**990**
Changes in scope	367	128	495
Acquisitions for the financial year	420	75	495
Transfers between items			0
Decreases	**-283**	**-58**	**-341**
Changes in scope	-276		-276
Transfers between items			0
Write-off		-43	-43
Sales	-7	-15	-22
Transfers	**0**	**0**	**0**
Gross values at 31.12.2005	**707**	**537**	**1,244**

APPENDIX

Note 6.12 – Tangible and intangible fixed assets (continued)

Change in amortisations

	Operating fixed assets		
In thousands of euros	**intangible**	**tangible**	**Total**
Amortisations at 31.12.2004	**194**	**217**	**411**
1st application of components		17	17
Changes in scope	39	29	68
Allowances	17	154	171
Write-off		-40	-40
Sales and buy-outs	-7	-6	-13
Transfers			0
Amortisations at 31.12.2005	**243**	**371**	**614**

Note 6.13 – Goodwill

In thousands of euros	**At 31.12.2005**	**At 31.12.2004**
On BFI stocks	540	-
On CASF stocks	43	-
On Concerto Développement stocks	3,565	3,567
On OS'UP stocks	723	-
Total	**4,871**	**3,567**

7. Notes to the balance sheet - Liabilities

Note 7.1 – Debts to credit institutions

Maturity dates of debts

In thousands of euros	**Balance sheet items**	**0 to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**over 5 years**
On demand	**13,058**	**13,058**	**0**	**0**	**0**
Accounts	13,050	13,050			
Related debts	8	8			
On maturity	**325,542**	**10,158**	**29,373**	**124,775**	**161,236**
Borrowings	324,041	8,657	29,373	124,775	161,236
Related debts	1,501	1,501			
Totals 2005	**338,600**	**23,216**	**29,373**	**124,775**	**161,236**
Totals 2004	**328,597**	**24,810**	**29,706**	**138,845**	**135,236**

APPENDIX

Note 7.2 – Client payables

Maturity dates of debts

In thousands of euros	Balance sheet items	0 to 3 months	3 months to 1 year	1 year to 5 years	over 5 years
Other on-demand debts	**2,618**	**2,618**	**0**	**0**	**0**
Ordinary accounts	2,612	2,612			
Other amounts owed	0				
Related debts	6	6			
Other on-maturity debts	**6,036**	**148**	**234**	**3,030**	**2,624**
Fixed-term dep. acc./borrowings	6,036	148	234	3,030	2,624
Related debts	0				
Totals 2005	**8,654**	**2,766**	**234**	**3,030**	**2,624**
Totals 2004	**5,256**	**491**	**139**	**1,004**	**3,622**

Note 7.3 – Deferred tax liabilities

Details of deferred tax liabilities accounts

In thousands of euros	At 31.12.2005	At 31.12.2004
Altaréa stocks	3,773	-
Components	-	42
Soféavia lease	96	33
Valuation variance Courbet	965	1,062
Courbet lease	206	94
Valuation variance Bondoufle	-	1,994
Bondoufle lease	-	137
Inner reserve	1,626	1,974
Spread of borrowing costs prior to 2002	120	195
Valuation variance Affinvestor	147	-
Facam lease	3	-
Aulnes profit	79	-
Jardins des quais lease	32	-
Valuation variance - Jardin des Quais	1,129	-
Total	**8,176**	**5,531**

APPENDIX

Note 7.4 – PREPAYMENTS AND OTHER LIABILITIES

Details of accounts

In thousands of euros	At 31.12.2005	At 31.12.2004
Other liabilities	**25,077**	**22,855**
Government (Corporation tax, VAT, etc.)	8,056	2,957
Other tax and social security liabilities	833	778
Staff	-	-
Deposits received	6,359	10,347
Suppliers	5,895	4,153
Lessee lease financing loans	1,998	2,195
Balances to be disbursed on investments	667	1,224
Payments received on warranty claims	379	903
Dividends to pay	-	-
Remaining payments on stocks	-	-
Interest to pay on security deposits	-	-
Other miscellaneous creditors	890	298
Prepayments	**21,609**	**8,338**
Interest to pay on swaps	-	-
Other charges to pay	1,655	1,589
Income recorded in advance	17,137	3,873
Investment subsidies	78	157
Miscellaneous	2,739	2,719
Total	**46,686**	**31,193**

Note 7.5 – PROVISIONS FOR CONTINGENCY AND LOSS

In thousands of euros	Opening balance	Allowance for the year	Writeback for the year used	Writeback for the year unused	Change in scope	Closing balance
Provision for misc. risks client disputes	124		145		26	5
Provision for tax risk	51		16			35
Provision for retirement costs	22	2	5			19
Provision for miscellaneous charges		177	297		297	177
Total provisions	**197**	**179**	**463**	**0**	**323**	**236**

Note 7.6 – SUBORDINATED DEBT

The €801 K entered for this item correspond to interest incurred on Mandatory Convertible Bonds (€923 K in 2005 compared with €832 K in 2004), subject to the deduction of issue expenses spread at the Effective Interest Rate (€122 K compared with €125 K in 2004).

APPENDIX

Note 7.7 – SHAREHOLDERS' EQUITY

Hybrid instruments

In thousands of euros	Balance sheet items	0 to 3 months	3 months to 1 year	1 year to 5 years	over 5 years
fixed duration	**30,009**	**0**	**0**	**0**	**30,009**
Mnadatory Convertible Bonds	30,009				30,009
Totals 2005	**30,009**	**0**	**0**	**0**	**30,009**
Totals 2004	**20,000**	**0**	**0**	**0**	**20,000**

1st issue: 2.000 Mandatory convertible bonds with a nominal value of €10,000 issued on October 15, 2003, for a period of 20 years, redeemable *in fine* at parity (200 shares per MCB, initially, adjusted by a coefficient taking into account the possible dilutive effects of a financial operation on the capital); further to the free allocation of 4% of shares to shareholders on November 23, 2005, this parity was amended to 208 shares per MCB.

Annual interest

The coupon, based on the amount of the dividend distributed by the company, is paid as follows:

- an interim dividend of €310.80 per bond on November 15 each year,
- the balance on the dividend payment date.

Early amortisation at the company's discretion

At any time as from October 15, 2008, if the average of 40 closing prices of the share is higher than the issue price per share equal to €50, the company may proceed to an early redemption.

As from October 15, 2013, the company may redeem all or part of the MCBs, with prior notice of thirty calendar days, at a price that will ensure that the initial subscribers receive a gross actuarial rate of return of 11%, this price not to be lower than the nominal value of the MCB.

Early amortisation at the bearer's discretion

As from October 15, 2013, bearers may proceed to early amortisation in shares at any time except between November 15 and December 31 inclusive of each year.

2nd issue: 600 mandatory convertible bonds with a nominal value of €16,682 issued on June 29, 2005, for a period of 20 years, redeemable in fine at parity (200 shares per MCB, initially, adjusted by a coefficient taking into account the possible dilutive effects of a financial operation on the capital); further to the free allocation of 4% of shares to shareholders on November 23, 2005, this parity was amended to 208 shares per MCB.

Annual interest

The coupon, based on the amount of the dividend distributed by the company, is paid as follows:

- an interim dividend of €1.20 per share (1 bond is equivalent to 200 shares for 2005) on November 15 each year,
- the balance on the dividend payment date.

Early amortisation at the company's discretion

At any time as from June 29, 2010, if the average of 40 closing prices of the share is higher than the issue price per share equal to €83.41, the company may proceed to an early redemption.

As from December 29, 2010, the company may redeem all or part of the MCBs, with prior notice of ten working days, at a price that will ensure that the initial subscribers receive a gross actuarial rate of return of 11%.

Early amortisation at the bearer's discretion

As from June 29, 2010, bearers may proceed to early amortisation in shares.

APPENDIX

Note 7.7 – SHAREHOLDERS' EQUITY (CONTINUED)

Treasury stocks

In thousands of euros	At 31.12.04	Acquisitions	Sales	Capital losses	Capital gains	Change in market value	At 31.12. 05
Affine	97	2,430	2,290		149		386
Total	**97**	**2,430**	**2,290**	**0**	**149**	**0**	**386**

Details of consolidated reserves

In thousands of euros	31.12.2005	31.12.2004
Legal reserve	4,227	4,224
Statutory reserves	-	-
Regulated reserves	4	3,448
Excess restated assets/hist.cost	59,992	50,312
Other reserves	(17,189)	1,398
Retained earnings	32,028	24,367
Total consolidated reserves *	**79,062**	**83,749**

* Including minority interests

Inner reserve

In thousands of euros	At 01.01.2005	Change in scope	Change in profit or loss	At 31.12.2005
AFFINE	9,327		(2,670)	6,657
Total inner reserve	**9,327**	**-**	**(2,670)**	**6,657**

The inner reserve is included in shareholders' equity; it has an impact on the consolidated reserves for its amount at the start of the financial year, and on profit or loss for its change over the course of the financial year. In return, the amount of the inner reserve at the close of the financial year is included in the amounts outstanding of lease financing operations.

APPENDIX

Change in excess of restated assets over historical cost

				Portion transferred to a distributable reserve account		
In euros	**Change generated on 1/1/2003**	**Correction**	**Change generated on 1/1/2005**	**Pertaining to fixed assets sold**	**Pertaining to amortisation of revalued portion**	**Change at 31/12/2005**
BUILDING IN LYON BRON	1,261,818					1,261,818
BUILDING IN ISTRES	48,284			-48,284		0
RUE ALBERT CAMUS - AGEN	105,683	-105,000				683
BUILDING IN ST QUENTIN FALLAVIER	995,465				-17,569	977,896
BUILDING IN NANTES LOT NO 8	96,532					96,532
BUILDING IN EVRY	319,021					319,021
BUILDING IN BUC	253,751	-253,751				0
BUILDING IN NANTES LOT NO 9	111,997				-545	111,452
BUILDING IN ECULLY	(34,640)	34,640				0
BUILDING IN DAGNEUX	435,348				-28,021	407,327
BUILDING IN ARNAGE	(2,477)			2,477		0
BUILDING IN BRETIGNY SUR ORGE	213,708					213,708
BUILDING IN VITROLLES	(19,096)	19,096				0
BUILDING IN TRAPPES	1,217,735	-606,327			-22,283	589,125
BUILDING IN ANTONY	386,178	-349,095		-37,083		0
BUILDING IN AIX EN PROVENCE	502,446				-1,039	501,407
BUILDING IN QUINCY SOUS SENART	1,045,144	-1,037,721				7,423
BUILDING IN LANNEMEZAN	(112)	112				0
BUILDING IN ANGERS	98,086			-98,086		0
BUILDING IN ORLEANS	(48,146)	48,146				0
BUILDING IN ST-OUEN L'AUMONE	582,827	-133,962			-25,270	423,595
BUILDING IN BRIANCON	144,151			-144,151		0
BUILDING IN VITROLLES	(20,662)	20,662				0
BUILDING IN AIX EN PROVENCE	75,202					75,202
BUILDING IN SAINT OUEN	349,396				-11,588	337,808
BUILDING IN NANTES	54,435			-54,435		0
BUILDINGS IN LE LARDIN ST LAZARE	19,688			-19,688		0
BUILDING IN FRONTIGNON	(5,515)	5,515				0
BUILDING IN BIARRITZ	143,249					143,249
BUILDING IN MARSEILLE 16èME	169,860					169,860
BUILDING IN VENISSIEUX	222,422				-12,388	210,034
BUILDING IN MALAKOFF	466,758					466,758
BUILDING IN ORLEANS	133,937					133,937
BUILDING IN TOLBIAC MASSENA PARIS	2,938,713			-2,938,713		0
BUILDING IN VILLENEUVE D'ASCQ	17,791					17,791
BUILDING IN SATOLAS-ET-BONCE	332,134			-332,134		0
BUILDING IN BAILLY	428,274					428,274
BUILDING IN SOPHIA ANTIPOLIS	290,913					290,913
SOPHIA ANTIPOLIS (MINERVE)	164,745					164,745
SOPHIA ANTOPOLIS - OREADES	(91,328)	91,328				0
TOLBIAC	5,390,313			-5,390,313		0
BUILDING IN AIX-EN-PROVENCE Les Mi	1,183,250				-20,497	1,162,753
Carried forward	**19,977,278**	**(2,266,357)**	**-**	**(9,060,410)**	**(139,200)**	**8,511,311**

APPENDIX

Change in excess of restated assets over historical cost (continued)

In euros	Change generated on 1/1/2003	Correction	Change generated on 1/1/2005	Portion transferred to a distributable reserve account: Pertaining to fixed assets sold	Portion transferred to a distributable reserve account: Pertaining to amortisation of revalued portion	Change at 31/12/2005
Brought forward	**19,977,278**	**(2,266,357)**	**-**	**(9,060,410)**	**(139,200)**	**8,511,311**
BUILDING IN BELLERIVE-SUR-AI	848,163			-848,163		0
SAINT MICHEL SUR ORGE	541,535	-213,679		-327,856		0
BUILDING IN AULNAY-SOUS-BOI	160,450			-160,450		0
BUILDING IN CORBAS ST-PRIES	123,350			-119,076	-4,274	0
BUILDING IN L'ISLE D'ABEAU	477,217				-12,635	464,582
BUILDING IN CERGY PONTOISE	135,223			-67,611		67,612
BUILDING IN BRIGNAIS	181,727			-181,727		0
BUILDING IN RUEIL Passage St-A	2,703,870				-58,441	2,645,429
CALUIRE	39,699			-39,699		0
VERT ST DENIS	1,380,674	-32,130			-75,100	1,273,444
TRONCHET 2EME	1,356,476	-47,347			-14,214	1,294,915
RUE CASTEJA	1,430,708	-1,097,656		-333,052		0
LE RHODANIEN	622,408	-270,998				351,410
LOGELBACH	75,102			-75,102		0
PANTIN - "TOUR ESSOR"	574,801	44,238				619,039
BAGNOLET	1,495,365					1,495,365
REAUMUR	3,060,235	-1,027,033				2,033,202
PALAISEAU	801,402	-475,388			-3,944	322,070
LE SARI	(54,685)			54,685		0
NOISY PARK	(6,359)			6,359		0
NOISY PARK	(9,117)			9,117		0
SCEAUX ILOT CHARAIRE	49,884	-16,924		-32,960		0
COUDRAY MONCEAU	86,993			-86,993		0
SOPHIA ANTIPOLIS	1,257,136					1,257,136
SOPHIA ANTIPOLIS	73,736				-9,233	64,503
BUILDING IN CHAMPLAN	136,976				-71,854	65,122
VILLEURBANNE	148,776	-37,078				111,698
BONDY	94,477					94,477
BONSAI RENNES	57,438			-57,438		0
BONSAI HOUSSEN	100,255			-100,255		0
CLERMONT 2	41,051			-41,051		0
CLERMONT 1	188,730			-188,730		0
AVIGNON	68,764					68,764
SOPHIA ANTIPOLIS 2	126,090					126,090
SAVIGNY LE TEMPLE (DECATHL	2,987,805	-1,366,829				1,620,976
VITROLLES - TRANSP. BILLON	578,275	-185,276				392,999
LOGNES	1,263,952	-321,426				942,526
ST GERMAIN LES ARPAJON	1,536,097	-534,811				1,001,286
MARSEILLE GRAND ECRAN	(217,766)	217,766				0
VILLEURBANNE	(323,040)	323,040				0
Carried forward	**44,171,151**	**(7,307,888)**	**-**	**(11,650,412)**	**(388,895)**	**24,823,956**

APPENDIX

Change in excess of restated assets over historical cost (continued)

In euros	Change generated on 1/1/2003	Correction	Change generated on 1/1/2005	Portion transferred to a distributable reserve account: Pertaining to fixed assets sold	Portion transferred to a distributable reserve account: Pertaining to amortisation of revalued portion	Change at 31/12/2005
Brought forward	**44,171,151**	**(7,307,888)**	**-**	**(11,650,412)**	**(388,895)**	**24,823,956**
VITROLLES 1	11,229			-11,229		0
VITROLLES 2	72,430	-72,430				0
RILLIEUX	525,934	-79,076			-19,422	427,436
AVIGNON	443,105			-443,105		0
TREMBLAY in France	133,987					133,987
BUILDING IN SEVRES	232,354				-2,059	230,295
TOUR BERCY	17,572,276				-179,479	17,392,797
SIPEC - ST CLOUD			16,983,266			16,983,266
Sub-total investment properties	**63,162,466**	**(7,459,394)**	**16,983,266**	**(12,104,746)**	**(589,855)**	**59,991,737**
Haussmann 2/4 stocks	540,581	-540,581				-
Sub-total financial fixed assets	**540,581**	**(540,581)**		**-**	**-**	**-**
Total Change	**63,703,047**	**(7,999,975)**	**16,983,266**	**(12,104,746)**	**(589,855)**	**59,991,737**

Unrealised or deferred gains or losses

Unrealised gains are made up of unrealised capital gains net of existing tax on the Foncière Altaréa stocks held by Affine.

8. NOTES TO THE PROFIT AND LOSS STATEMENT

Note 8.1 – INTEREST INCOME FROM CREDIT INSTITUTIONS

In thousands of euros	31.12.2005	31.12.2004
Interest on ordinary accounts receivable	387	151
Interest on daily loans and accounts	-	-
Interest on term loans and accounts	12	-
Miscellaneous interest income		41
Total	**399**	**192**

Note 8.2 – INTEREST INCOME FROM CLIENTS

In thousands of euros	31.12.2005	31.12.2004
Interest on other loans to clients	130	282
Interest on adv. acc/def. int. lease fin.	19	27
Interest on ordinary accounts receivable	32	1
Miscellaneous interest income	-	-
Total	**181**	**310**

APPENDIX

Note 8.3 – Interest income from lease financing operations

Breakdown of lease financing interest

In thousands of euros	31.12.2005	31.12.2004
Rent and other	35,514	41,342
Allowances for tax amortisations	(16,140)	(18,143)
Allowances for provisions article 64 or 57	(9,044)	(9,975)
Change in inner reserve	(2,670)	(4,408)
Total interest from lease financing	**7,660**	**8,816**

Conditional rents included in profit or loss for the year: None

Note 8.4 – Interest charges from credit institutions

In thousands of euros	31.12.2005	31.12.2004
Interest on ordinary accounts payable	156	141
Interest on daily accounts and borrowing	-	-
Interest on term accounts and borrowing	14,478	13,738
Miscellaneous interest charges	(3)	158
Charges on fin. inst. financing commitments	46	180
Charges on fin. inst. guarantee commitments	-	10
Total	**14,677**	**14,227**

Note 8.5 – Interest charges from clients

In thousands of euros	31.12.2005	31.12.2004
Interest on term borrowing financial clients	-	-
Interest on ordinary accounts payable	-	-
Interest on lease fin. commitment hedge accounts	313	270
Interest on other term accounts payable	-	1
Interest on lessee loans and lease security deposits	80	57
Other miscellaneous interest charges	-	-
Total	**393**	**328**

Note 8.6 – Interest charges on subordinated loans

In thousands of euros	31.12.2005	31.12.2004
Interest accrued on convertible bonds	1,682	1,309
Total commission	**1,682**	**1,309**

APPENDIX

Note 8.7 – NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

In thousands of euros	31.12.2005	31.12.2004
Interest on fixed income securities	**-**	**-**
Bonds		
Investment securities		
Dividends and other earnings from variable income securities	**-**	**-**
Trading securities		
Investment securities		
Change in fair value of financial assets or liabilities	**-**	**-**
Bonds		
Trading securities		
Investment securities		
Bonds		
Capital gains or losses	**393**	**871**
Bonds		
Trading securities	302	
Investment securities	91	871
Derivatives (trading)	**(78)**	**(395)**
Interest income		
Interest charges	(78)	(395)
Change in fair value		
Capital gains		
Capital losses		
Balance of foreign exchange operations	**(10)**	**-**
Foreign exchange gains	-	
Foreign exchange losses	(10)	
Total	**305**	**476**

Note 8.8 – GAINS OR LOSSES ON FINANCIAL ASSETS AVAILABLE FOR SALE

In thousands of euros	31.12.2005	31.12.2004
Earnings from variable income securities	1,282	12
Capital gains	295	4,063
Capital losses	(121)	(2,182)
Writeback of depreciations	15	36
Depreciations	(3)	
Total	**1,468**	**1,929**

APPENDIX

Note 8.9 – INCOME FROM OTHER ACTIVITIES

Breakdown of income from lease financing operations

In thousands of euros	31.12.2005	31.12.2004
Termination indemnities	-	(951)
Rebilled charges	6,076	6,346
Capital gains from sale of assets	5,588	2,983
Writebacks of provisions article 64 or 57	11,072	5,557
Miscellaneous income	664	82
Depreciation/writebacks on properties	(45)	1,045
Depreciation/writebacks on bad debt	130	(60)
Depreciation/writebacks on accrued income	(3)	969
Recovery of amortised receivables	-	3
Irrecoverable receivables	(127)	(91)
Total income from lease fin. Operations	**23,355**	**15,883**

Breakdown of income from property operations

In thousands of euros	31.12.2005	31.12.2004
Income from sales	6,362	24,815
Change in stock	8,088	(325)
Income from property development contracts	6,519	4,282
Project management fees	884	134
Total income from property operations	**21,853**	**28,906**

Breakdown of income from investment properties

In thousands of euros	31.12.2005	31.12.2004
Rent and other	32,028	26,076
Income from property rentals	-	-
Income from property companies	-	-
Termination indemnities	38	253
Rebilling income	5,422	4,631
Capital gains on sale of assets	9,446	5,896
Miscellaneous income	1,452	444
Recovery of amortised receivables	223	-
Irrecoverable receivables	(298)	(10)
Depreciations/writebacks on property	666	6
Depreciations/writebacks on bad debts	(303)	(111)
Provisions for accrued income TUFA*	17	-
Termination indemnities on TUFA	385	242
Total income from investment properties	**49,076**	**37,427**

*Temporarily unleased fixed assets

Conditional rents included in profit or loss: €591 K

Total amount of minimum income generated
by sub-letting activities not subject to termination: None

APPENDIX

Note 8.9 – INCOME FROM OTHER ACTIVITIES (CONTINUED)

Breakdown of other miscellaneous operating income

In thousands of euros	31.12.2005	31.12.2004
Rebilled expenses	222	275
Writeback of provisions for contingency and loss	463	185
Transfer of charges	546	553
Other miscellaneous banking operating income	320	848
Total other miscellaneous operating income	**1,551**	**1,861**

Note 8.10 – EXPENSES FROM OTHER ACTIVITIES

Breakdown of expenses from lease financing operations

In thousands of euros	31.12.2005	31.12.2004
Allowance amort. lease fin. unleased	0	14
Capital losses from sale of assets	10,111	5,166
Rebillable expenses	6,077	6,346
Non rebillable expenses	3,786	112
Miscellaneous expenses	7	2
Total expenses from lease financing operations	**19,981**	**11,640**

Breakdown of expenses from property operations

In thousands of euros	31.12.2005	31.12.2004
Expenses from dev. Operations	12,469	11,954
Work on development contracts	4,251	12,355
Retrocessions of fees	1,749	125
Taxes	843	68
Total expenses from property operations	**19,312**	**24,502**

Breakdown of expenses from investment properties

In thousands of euros	31.12.2005	31.12.2004
Provision for amortisation	10,709	8,529
Property company losses	-	7
Rental charges fixtures/fittings	-	-
Rebillable expenses	5,410	4,645
Non rebillable expenses	5,007	3,597
Capital losses from sale of assets	-	26
Provision for amortisation TUFA	66	66
Total expenses from investment properties	**21,192**	**16,870**

Rents from sub-letting included in expenses for the year: None

Conditional rents included in expenses for the year: None

APPENDIX

Note 8.10 – Expenses from other activities (continued)

Breakdown of other miscellaneous operating expenses

In thousands of euros	31.12.2005	31.12.2004
Provisions for contingency and loss	179	90
Deferred expenses	-	15
Other miscellaneous banking operating expenses	124	197
Total other miscellaneous operating expenses	**303**	**302**

Note 8.11 – General operating expenses

In thousands of euros	31.12.2005	31.12.2004
Staff costs	**5,860**	**5,094**
Salaries and wages	3,874	3,300
Social security costs	1,828	1,575
Pension costs	-	-
Profit sharing and share ownership	158	219
Other administrative costs	**7,917**	**5,970**
Taxes	1,043	1,621
External services	6,874	4,349
Total	**13,777**	**11,064**

Note 8.12 – Depreciation and provisions for tangible and intangible fixed assets

In thousands of euros	31.12.2005	31.12.2004
Depreciation on intangible fixed assets	17	5
Depreciation on tangible fixed assets	154	125
Total	**171**	**130**

Note 8.13 – Cost of risk

In thousands of euros	31.12.2005	31.12.2004
Net depreciation on fixed income securities		458
Net depreciation client receivables	(133)	(23)
Gains or losses on client receivables	(39)	(455)
Net depreciation on client receivables (services)	-	-
Gains or losses on client receivables (services)	-	-
Net depreciation on stock	-	-
Net depreciation on other assets	-	-
Total cost of risk	**(172)**	**(20)**

APPENDIX

Note 8.14 – NET GAINS OR LOSSES ON OTHER ASSETS

In thousands of euros	31.12.2005	31.12.2004
Balance of sales of operating assets	**(4)**	**(85)**
Capital gains	2	-
Capital losses	(6)	(85)
Balance of operations on consol. securities	**686**	**-**
Capital gains	688	-
Capital losses	(2)	-
Total	**682**	**(85)**

The majority of the capital gain was from the sale of the SAS Rue des Rosiers.

Note 8.15 – CHANGE IN GOODWILL

For 2005 this item shows:

- recognition of negative goodwill of €4 M through profit and loss relating to the incorporation of the company Sipec at fair value,
- the transfer to an expense of goodwill of €1.3 M relating to the acquisition of the company Challenge as a result of the sale of the building held by the company.

Note 8.16 – INCOME TAX

Reconciliation of the consolidated tax charge and the tax payable in the company statements

In thousands of euros	31.12.2005	31.12.2004
Tax payable	7,554	1,546
Change in deferred taxes	(8,134)	(115)
Consolidated tax charge	**(580)**	**1,431**

APPENDIX

Note 8.16 – INCOME TAX (CONTINUED)

Reconciliation of the theoretical tax charge and the recorded tax charge

In millions of euros		Base	Theoretical tax at 33 1/3%
Theoretical tax before add-backs/deductions		**16.43**	**5.48**
Income from the exempt SICOMI sector		(13.17)	(4.39)
Add-backs - deductions		(17.97)	(5.99)
Income consolidated by the equity method	-		
Change in goodwill	*(2.74)*		
Goodwill depreciation	-		
Other consolidation restatements	*(16.83)*		
Provisions excluding tax	*0.23*		
Companies subject to income tax	*(4.45)*		
Other add-backs/deductions	*5.82*		
Miscellaneous		(0.11)	(0.04)
Theoretical tax after add-backs/deductions		**(14.82)**	**(4.94)**
of which companies showing tax loss		*(20.92)*	(6.97)
of which companies showing tax profit		*(13.78)*	(4.59)
Consumption of tax losses		*(0.87)*	0.29
Consolidated tax after allocation of deficits		**(14.65)**	**(4.88)**
Withholding at source			(0.47)
Annual flat-rate tax and tax adjustments			0.01
Tax on unrealised capital gains at 19%			-
Tax on unrealised capital gains at 16.5%			4.14
Tax due abroad			0.58
Additional contribution 1.5%			(0.05)
Social security contribution 3.3%			0.09
Tax charge recorded			**(0.58)**

Note 8.17 – PROFIT NET OF TAX FROM OPERATIONS DISCONTINUED OR IN THE COURSE OF BEING SOLD

The charge for the financial year 2004 corresponded to the income from the sale of the subsidiary Imaffine on September 3, 2004.

APPENDIX

Note 8.18 – EARNINGS PER SHARE

Consolidated net profit (group share) was €16,869,660 for a weighted average of 2,476,751 stocks in circulation during the financial year 2005, to give net earnings per share of €6.81. Treasury stocks, which are deducted from shareholders' equity during consolidation, are excluded from the average number of stocks. The number of stocks in circulation as at December 31, 2005 was 2,684,719.

The diluted net profit per share is calculated in accordance with the stipulations of IAS 33. Earnings per share must be adjusted for the maximum impact of the conversion of ordinary shares into dilutive instruments (convertible bonds or share purchase warrants). The Mandatory Convertible Bonds issued by Affine on October 15, 2003 and June 29, 2005 are classified as dilutive instruments.
In the numerator, net profit (group share) is increased by the savings in financial expenses realised in the case of conversion, in their amount net of tax. The charge pertaining to MCBs net of tax was €1,424,743, which takes consolidated net profit (group share) to €18,294,403 after dilution.
In the denominator, the weighted average of stocks in circulation is corrected by the maximum number of stocks likely to be issued. The calculation of the dilution for the year of issue is carried out on a *prorata temporis* basis according to the issue date of the new instrument. For the following years, the conversion is deemed to have taken place on the first day of the financial year. The weighted average of stocks was increased to 2,937,902 taking account of an average of 461,151 new shares resulting from the conversion of Mandatory Convertible Bonds.
Taking account of the restatements described above, diluted net earnings per share were €6.23 for the financial year 2005.

Note 8.19 – MOVE FROM COMPANY PROFIT TO CONSOLIDATED PROFIT

In thousands of euros	31.12.2005	31.12.2004
Company profit	**10,998**	**16,804**
Company profit of subsidiaries	5,267	2,876
Restatement of lease financing (1)	1,604	818
Provision for retirement pensions	(2)	-
Change in gross inner reserve	(2,637)	(3,425)
Other restatements: 1st consolidation	(78)	292
Elimination of internal dividends	(5,731)	(2,004)
Profit from sales and liquidation		
Internal sale of buildings		(231)
Internal sale of stocks		79
Liquidation of consolidated companies	(94)	(260)
Sale of consolidated stocks	58	(1,359)
Sale of lease-financed buildings held	(1,853)	-
Margin on stock	(450)	-
Cancellation of depreciation on stocks and internal current a/cs	30	125
Other eliminations: merger profits and losses	(406)	(333)
Change in deferred taxes	8,007	72
Depreciation of valuation variances	(1,105)	(341)
Net goodwill/ badwill	2,735	(3,173)
Other IFRS restatements	906	(214)
Consolidated profit	**17,249**	**9,726**

(1) Contracts underwritten by Affine as lessor

APPENDIX

9. NOTES TO THE CASHFLOW TABLE

Note 9.1 – CASHFLOW FROM LEASE FINANCING OPERATIONS

In thousands of euros	31.12.2005	31.12.2004
Income and expenses for the period	31,875	40,213
Income and expenses calculated	(142)	(102)
Change in working capital requirement	(788)	3,750
Total	**30,945**	**43,861**

Note 9.2 – CASHFLOW FROM CLIENT OPERATIONS

In thousands of euros	31.12.2005	31.12.2004
Income and expenses for the period	122	(171)
Income and expenses calculated	-	-
Change in working capital requirement	(141)	(278)
Total	**(19)**	**(449)**

Note 9.3 – CASHFLOW FROM PROPERTY DEVELOPMENT OPERATIONS

In thousands of euros	31.12.2005	31.12.2004
Income and expenses for the period	2,541	4,471
Income and expenses calculated	8,713	3,071
Change in working capital requirement	(27,101)	16,553
Total	**(15,847)**	**24,095**

Note 9.4 – CASHFLOW RELATED TO INVESTMENT PROPERTIES

In thousands of euros	31.12.2005	31.12.2004
Income and expenses for the period	27,788	23,643
Income and expenses calculated	10	(45)
Change in working capital requirement	(342)	2,851
Total	**27,456**	**26,449**

Note 9.5 – CASHFLOW RELATED TO FINANCIAL ASSETS AND HOLDINGS

In thousands of euros	31.12.2005	31.12.2004
Income and expenses for the period	2,074	1,093
Income and expenses calculated	-	-
Change in working capital requirement	374	(395)
Total	**2,448**	**698**

Note 9.6 – CASHFLOW FROM FINANCING ACTIVITIES

In thousands of euros	31.12.2005	31.12.2004
Income and expenses for the period	(14,617)	(15,791)
Income and expenses calculated	-	75
Change in working capital requirement	(259)	(455)
Total	**(14,876)**	**(16,171)**

APPENDIX

Note 9.7 – Cashflow from operating expenses

In thousands of euros	31.12.2005	31.12.2004
Income and expenses for the period	(17,257)	(11,221)
Income and expenses calculated	(692)	438
Change in working capital requirement	9,460	(261)
Total	**(8,489)**	**(11,044)**

Note 9.8 – Other miscellaneous cashflow from operations

In thousands of euros	31.12.2005	31.12.2004
Income and expenses for the period	247	837
Income and expenses calculated	-	-
Change in working capital requirement	(2,196)	1,278
Total	**(1,949)**	**2,115**

Note 9.9 – Taxes paid

Taxes pertaining to the sale of assets have been deducted from this item, retaining only taxes paid on operational activities.

Note 9.10 - Cash flow from lease financing operations

In thousands of euros	31.12.2005	31.12.2004
Acquisitions for the financial year	(4,619)	(4,680)
Disposals for the financial year	17,486	9,330
Tax on disposals	-	-
Total	**12,867**	**4,650**

Note 9.11 – Cashflow from client operations

In thousands of euros	31.12.2005	31.12.2004
New loans granted to clients	(146)	(152)
Net cashflow from accounts receivable (increasing)	(2,872)	(435)
Repayment of client loans	123	4,997
Net cashflow from accounts receivable (decreasing)	226	2,586
Total	**(2,669)**	**6,996**

Note 9.12 – Cashflow related to investment properties

In thousands of euros	31.12.2005	31.12.2004
Acquisitions for the financial year	(56,492)	(65,930)
Disposals for the financial year	67,245	24,580
Taxes on disposals	-	-
Total	**10,753**	**(41,350)**

APPENDIX

Note 9.13 – CASHFLOW RELATED TO FINANCIAL ASSETS AND HOLDINGS

In thousands of euros	31.12.2005	31.12.2004
Acquisition price of subsidiaries (1)	(38,172)	(27,211)
Cash acquired	1,200	1,486
Sale price of subsidiaries (1)	1,141	8,637
Cash disposed of	1,608	(12,518)
Taxes on disposals	(27)	(380)
Total	**(34,250)**	**(29,986)**

(1) including non consolidated holdings

100% of the acquisition/disposal price of the subsidiaries was paid in cash, of which €10,938 K was financed by borrowing.

Assets and liabilities other than cash of the subsidiaries acquired, by major categories (in thousands of euros):

Name	Challenge	St Cyr	Affinvestor	BFI	CASF	OS'UP	Jardin des Quais
Assets acquired	(805)	(636)	-	(1,035)	(153)	(171)	(5,196)
Provisions for liabilities acquired	78	-	-	27	-	-	297
Debts acquired	1,672	1,025	1	848	146	399	4,889
Net goodwill/valuation variance	(8,586)	(9,090)	(565)	(540)	(43)	(723)	(3,421)
Minority interests	-	-	1	-	17	-	-
Net cash on acquisitions	(7,641)	(8,701)	(563)	(700)	(33)	(495)	(3,431)

As regards the SAS Rue des Rosiers, the assets disposed of (excluding cash), amounted to €1,588 K and shareholders' equity and other debts to €20 K, to give negative cash disposal of €1,608 K.

The main information pertaining to acquisitions and disposals of subsidiaries can be found in note 3.

Note 9.14 – CASHFLOW RELATED TO OPERATING ASSETS

In thousands of euros	31.12.2005	31.12.2004
Acquisitions for the financial year	(494)	(213)
Disposals for the financial year	7	81
Taxes on disposals	-	-
Total	**(487)**	**(132)**

APPENDIX

Note 9.15 – CASHFLOW FROM OR TO SHAREHOLDERS

In thousands of euros	31.12.2005	31.12.2004
Capital increases (cash)	18,916	1,358
Payments on drawdowns of capital		
Dividends paid to Affine shareholders	(7,996)	(8,454)
Dividends paid to minority shareholders of subsidiaries	(220)	(226)
Acquisition of treasury stocks	(139)	
Disposals of treasury stocks, net of tax		178
Issue of shareholders' equity instruments	10,009	
Repayment of shareholders' equity instruments		
Total	**20,570**	**(7,144)**

Note 9.16 – OTHER CASHFLOW FROM FINANCING ACTIVITIES

In thousands of euros	31.12.2005	31.12.2004
Loan issues	89,134	69,497
Loan repayments	(91,640)	(73,936)
Total	**(2,506)**	**(4,439)**

Note 9.17 – EFFECT OF CHANGE IN EXCHANGE RATES

In thousands of euros	31.12.2005	31.12.2004
Exchange rate gains on cash accounts	-	-
Exchange rate losses on cash accounts	(10)	-
Total	**(10)**	**-**

Note 9.18 – DETAILS OF CASH ACCOUNTS

In euros	31/12/2005	31/12/2004
Petty cash	2	1
On-demand bank accounts (1)	(4,451)	5,706
Fixed term deposit accounts - extract (2)	-	-
Marketable securities - extract (3)	14,542	14,433
Net opening cash	**10,093**	**20,140**
Petty cash	5	2
On-demand bank accounts (1)	23,918	(4,451)
Fixed term deposit accounts - extract (2)	-	-
Marketable securities - extract (3)	7190	14,542
Net closing cash	**31,113**	**10,093**
Change in net cash	**21,020**	**-10,047**

(1) Including credit balances corresponding to temporary overdrafts,
excluding those corresponding to financing.

(2) Fixed term deposit accounts with maturity date of less than 3 months,
opened less than 3 months ago.

(3) Bonds acquired less than 3 months before their maturity date, excluding UCITS funds.

APPENDIX

10. Commitments and Contingent Liabilities

Commitments to lease financing contracts for which the group is a lessee

Note: lease financing contracts have been restated to show a net book value in the assets and borrowing in the liabilities.)

Reconciliation of total minimum payments and current value:

	Minimum payments	Current value of minimum payments
Less than 1 year	3,358	2,178
1 year to 5 years	13,306	9,566
Over 5 years	12,636	10,997
Total minimum rental payments	29,300	
Sums representing financing charges	-6,559	
Discounted value of minimum rental payments	22,741	22,741

Commitments to lease financing contracts for which the group is a lessor

Note: lease financing contracts have been restated to show a receivable equal to the outstanding amount remaining due on the contract.)

Reconciliation of total minimum payments and current value:

	Minimum payments	Current value of minimum payments
Less than 1 year	29,705	22,435
1 year to 5 years	78,054	60,919
Over 5 years	38,317	34,702
Total minimum rental payments	146,076	
Financial income not acquired from financing	-28,020	
Discounted value of minimum rental payments	118,056	118,056

Non-guaranteed residual values: €14,925 K.

APPENDIX

10. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

COMMITMENTS GIVEN

In thousands of euros	31/12/2005	31/12/2004
FINANCING COMMITMENTS	**1,894**	**5,900**
Commitments to credit institutions	-	-
Commitments to clients	1,894	5,900
GUARANTEE COMMITMENTS	**51,656**	**10,834**
Commitments to credit institutions	-	-
Commitments to clients	51,656	10,834

COMMITMENTS RECEIVED

In thousands of euros	31/12/2005	31/12/2004
FINANCING COMMITMENTS	**48,910**	**16,634**
Commitments received from credit institutions	48,910	16,634
Commitments received from clients	-	-
GUARANTEE COMMITMENTS	**55,603**	**63,228**
Commitments received from credit institutions	7,942	10,736
Commitments received from clients	47,661	52,492

INVESTMENT COMMITMENTS

During the course of 2005 Affine signed a contract for the acquisition of a new central information system. The remaining balance outstanding was €78 K at the end of the financial year.

DISPUTES AND LITIGATION

Tax audit

The revised assessment sent to Affine in July 2004 for the accounts for 2001 and 2002 was accepted. The financial consequences of the revised assessment have been offset by the application of the same rules of calculation for the 2003 financial year. An abatement has consequently been requested from the tax authorities.

APPENDIX

11. Financial instruments

Risk management policy and hedging operations

In addition to liquidity and cashflow risks managed through confirmed lines of credit, the company systematically covers its interest-rate risk through market operations (principally capping) with leading banking institutions. Interest-rate swap transactions can also be negotiated, with the company being recognised as a counterparty by the institutions concerned.

Interest rate risk

The Affine group manages its interest rate risk by borrowing at both fixed and variable rates (with a fixed rate consolidation option) and by adjusting resources to assets through the use of derivatives.

At December 31, 2005, the outstanding €326 M in debts comprised:

- 45% at a fixed rate (average rate equal to 4.74%),
- 55% at a variable rate (average rate equal to 3.44%) of which €50 M can be consolidated at a fixed rate.

The surplus of fixed-rate assets financed by variable-rate resources was covered in full by caps with an average exercise price of 5.1%.

Credit risk

Putting in place derivatives that aim to limit exchange rate risks exposes the Company to a counterparty's possible insolvency. In order to limit this risk, Affine only carries out hedging operations with major international financial institutions. The €149 M outstanding on derivatives are split between seven counterparties, the largest of which represents an outstanding amount of €38 M.

As regards lease financing, only one client risk consolidated within a group risk exceeds the declaration threshold of 10% of shareholders' equity, the corresponding weighted risk amounting to €9.9 M.

Financial assets valued at fair value through profit or loss

In thousands of euros	Instruments held for trading	Instruments allocated to this item voluntarily	**Total 31/12/2005**	**Total 31/12/2004**
Shares and other variable income securities	7,191		7,191	14,542
Derivatives		40	40	79
Total 2005	**7,191**	**40**	**7,231**	
Total 2004	**14,542**	**79**		**14,621**

APPENDIX

11. Financial instruments (continued)

Fair value

In thousands of euros	Initial cost	Cumulative change in fair value at 1.1.2005	Change in fair value over the period in: shareholders' equity	Change in fair value over the period in: profit or loss	Fair value at 31.12.2005
Financial assets fair value through profit or loss					
Derivatives - caps		79		(39)	40
Financial assets available for sale					
Participating interests	15,531		10,958		26,489
Total	**15,531**	**79**	**10,958**	**(39)**	**26,529**

Securities given in guarantee

In thousands of euros	31.12.2005	31.12.2004
Securities on deposit	29,500	
Non notified Dailly Act mortgages and assignments	198,569	228,142
Mortgages and rent assignment agreements	2,721	2,920
Dailly Act mortgages and assignment agreements	28,238	32,009
Non notified Dailly Act assignments	1,429	2,857
Rent assignment agreements	9,619	13,124
Total	**270,076**	**279,052**

12. Workforce

Average weighted workforce over the financial year

The average workforce was 68, broken down by job type as follows:

- Company officers: 5
- Managers: 38
- Employees: 25

13. Staff benefits

Pensions and other post-employment benefits

Pensions due under various mandatory retirement pension schemes are managed by specialist external organisations. Contributions due for the financial year are recorded in the profit or loss for the period.

The provision for retirement indemnities is constituted in accordance with the stipulations of the standard IAS 19. This provision is already accounted for under French standards. The amount of this provision (€19 K) is insignificant for the group.

APPENDIX

13. STAFF BENEFITS (CONTINUED)

Individual training rights

Group employees have accumulated rights to 939 training hours.

Employee profit sharing scheme

The Board of Directors, meeting on December 19, 2005 proceeded to allocate 3,100 free shares to certain employees further to authorisation from the General Assembly on November 9, 2005 and the recommendations of the Remunerations Committee.

Given that the figure for 2005 is low, the corresponding charge (€3 K) will be recorded in the accounts with the charge for the 2006 financial year.

14. INFORMATION ON ASSOCIATES

Remuneration of management and administration bodies

The amount of gross remuneration paid to the officers of companies in the Group was €1,047,810 for the 2005 financial year.

Other benefits of all kinds offered to the Group's company officers are:

- GSC contributions (unemployment benefits for company heads and directors): €15 K in 2005;
- company car: representing a charge of €4 K in 2005;
- severance pay: a clause providing for the payment of an amount equal to one year's total remuneration paid by all Group companies.

The amount of fees paid to the board directors of Group companies in 2005 was €96,154.

Directors' profit sharing scheme

The Board of Directors, meeting on December 19, 2005 proceeded to allocate 5,300 free shares to certain company officers further to authorisation from the General Assembly on November 9, 2005 and the recommendations of the Remunerations Committee.

Given that the figure for 2005 is low, the corresponding charge (€5 K) will be recorded in the accounts with the charge for the 2006 financial year.

Transactions and operating balances with associates

Affine is in possession of a receivable on the company 212 Paul Doumer, corresponding to the balance of the disposal price of a building. The company 212 Paul Doumer is a secondary subsidiary of the company Holdaffine. The amount of the receivable, accrued interest included, is €4,414 K; interest income for the financial year amounts to €128 K.

MAB-Finances, in its capacity as Affine's management holding company has signed a contract with Affine for the provision of administrative, financial and operational development services, for which a charge of €191 K is shown in the accounts for 2005 (partial amount taking account of the portion incorporated in directors' pay).

APPENDIX

15. EVENTS AFTER THE CLOSE OF THE FINANCIAL YEAR

On February 24, 2006, the Affine group, together with the management of Banimmo, signed a contract for the acquisition from Lend Lease Global Properties (held by Macquarie Global Property Advisors – MGPA) of 88% of the capital in its Luxembourg subsidiary GP Beta Holding, which itself holds all the capital in the Belgian property company Banimmo Real Estate SA/NV, and its French subsidiary Banimmo Real Estate France. This agreement was executed on February 28.

This acquisition was made on the basis of a valuation of €103.5 M for 100% of the group; it was financed from Affine's own resources by means of a bank loan, without any call for capital being issued at the time of the transaction. Affine acquired 75% of the capital whilst Banimmo's current management increased their holding from 12% to 25%. Subsequently, Affine could sell some of its shares to institutional investors, whilst retaining the majority of the capital of GP Beta Holding.

Banimmo is a property company specialising in business property. It has a property asset portfolio with an estimated value at the end of 2005 of €276.3 M. Banimmo's consolidated net profit was €9.8 M in 2005 compared with €13.4 M in 2004.

The Affine group also announced the creation in early 2006 of a new subsidiary, Affine building construction & design (Abcd), dedicated to turnkey construction engineering.

APPENDIX

16. BALANCE SHEET RECONCILIATION AS AT JANUARY 1, 2004, FRENCH STANDARDS COMPARED WITH IFRS STANDARDS

Note	In thousands of euros	Previous accounting standard	Impact of transition to IFRS	IFRS
	Cash, central banks, postal current accounts	7	-	7
17.1	Financial assets at fair value through profit or loss	14,441	824	15,265
	Financial assets available for sale	848	-	848
	Loans and receivables from credit institutions	17,853	-	17,853
17.2	Loans and receivables from clients	242,146	(2,190)	239,956
	Current tax assets	603		603
17.3	Deferred tax assets	-	257	257
17.4	Prepayments and miscellaneous assets	25,759	(5,382)	20,377
17.5	Non current assets held for sale	15,358	(27)	15,331
	Holdings in companies consolidated by the equity method	22	-	22
17.6	Investment properties	217,443	84	217,527
	Tangible fixed assets	262	-	262
	Intangible fixed assets	9	-	9
17.7	Goodwill	7,509	(3,875)	3,634
	TOTAL ASSETS	**542,260**	**(10,309)**	**531,951**
17.8	Financial liabilities at fair value through profit or loss	-	376	376
17.9	Debts to credit institutions	327,437	(2,889)	324,548
	Debts to clients	5,011	-	5,011
17.10	Current tax liabilities	9,296	(408)	8,888
	Deferred tax liabilities	2,269	-	2,269
17.11	Prepayments and miscellaneous liabilities	29,480	(2,190)	27,290
17.12	Provisions for contingency and loss	502	(308)	194
17.13	Subordinated debt	20,297	(19,535)	762
17.14	Negative goodwill (badwill)	2,617	(2,617)	-
	TOTAL DEBTS	396,909	(27,571)	369,338
	Capital and related reserves	45,728		45,728
	Shareholders' equity instruments (MCB)	-	20,000	20,000
	Treasury stocks	-	(238)	(238)
	Consolidated reserves	86,723	(2,500)	84,223
	Unrealised or deferred gains or losses			-
	Income pending allocation	10,260		10,260
	Minority interests	2,640		2,640
	SHAREHOLDERS' EQUITY	145,351	17,262	162,613
	TOTAL LIABILITIES	**542,260**	**(10,309)**	**531,951**

APPENDIX

17. ADDITIONAL NOTES TO RECONCILIATION OF BALANCE SHEET ITEMS AT JANUARY 1, 2004

Note 17.1 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The caps held by the company at January 1, 2004, are recorded on the balance sheet at their fair value, namely an asset of €824 K.

Note 17.2 - CLIENT LOANS AND RECEIVABLES

Taking the Effective Interest Rate into account when calculating lease financing schedules reduces the amounts outstanding by (€2,190 K), corresponding to income received in advance on lease financing operations.

Note 17.3 - DEFERRED TAX ASSETS

The restatement of financial assets and liabilities requires the following deferred tax assets to be recorded:

Recognition of caps and swaps at fair value	*notes 17.1 & 8*	140
Recognition of interim payment on MCB coupon as debt	*note 17.13*	76
Recognition of subscription costs of MCBs at amortised cost	*note 17.13*	9
Recognition of subscription costs of borrowing at amortised cost	*note 17.9*	32
Total		**257**

Note 17.4 - PREPAYMENTS AND OTHER ASSETS

The prepayments and miscellaneous assets items are reduced by treasury stocks (€238 K) deducted from shareholders' equity and charges to be split relating to:

Susbscription premiums for caps now recorded at fair value	*note 17.1*	1,544
Subscription costs for MCBs now recorded at amortised cost	*note 17.13*	199
Subscription costs for borrowing now recorded at amortised cost	*note 17.9*	3,539
Acquisition costs for capitalised investment properties	*note 17.6*	38
Total		**5,320**

On the other hand, they are increased by €175 K as a result of rents from property leasing contracts being spread over the fixed term of the lease.

Note 17.5 – NON–CURRENT ASSETS HELD FOR SALE

The specific valuation of buildings available for sale records a negative impact of €27 K, one of the properties included in this item being offered for sale at a price (net of selling costs) lower than its net book value prior to reclassification.

Note 17.6 - INVESTMENT PROPERTIES

Depreciation of investment properties using the components-based method leads to an increase in cumulative amortisation of €158 K.
Furthermore, building acquisition costs are incorporated in fixed assets in the amount of €38 K, as well as marketing fees spread according to a linear method over the fixed term of the lease in the amount of €204 K.

Note 17.7 - GOODWILL

Residual goodwill, relating to the acquisition in 1992 of the company Sovabail and amortised over 15 years, has been depreciated in full.

APPENDIX

Note 17.8 - FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The swaps held by the company at January 1, 2004, are recorded on the balance sheet at their fair value, namely a liability of €376 K.

Note 17.9 - DEBTS TO CREDIT INSTITUTIONS

Recording the subscription costs for bank borrowing by deducting their nominal value and valuing them at their amortised cost reduces the item by €2,889 K and reduces shareholders' equity by €617 K.

Note 17.10 – CURRENT TAX LIABILITIES

Discounting the exit tax increases opening shareholders' equity by €408 K, offsetting the decrease in tax debt.

Note 17.11 - PREPAYMENTS AND OTHER LIABILITIES

Taking the Effective Interest Rate into account when calculating lease financing schedules reduces the amounts outstanding by (€2,190 K), corresponding to income received in advance deducted from the outstanding amount and receivables related to lease financing operations.

Note 17.12 - PROVISIONS FOR CONTINGENCY AND LOSS

Provisions for contingency and loss are reduced by the amount of the provision for major repair works, which is prohibited under IFRS standards.

Note 17.13 - SUBORDINATED DEBT

Subordinated debt is reduced by the face value of the mandatory convertible bonds issued, which are reclassified as shareholders' equity as a result of their characteristics, i.e. €20,000 K.
Furthermore, a debt of €595 K is recorded, corresponding to the discounted value of the interim dividend the company must pay on October 15 each year, minus subscription costs valued at their amortised cost, i.e. €130 K.

Note 17.14 – NEGATIVE GOODWILL

Negative goodwill is recorded directly through profit and loss, increasing opening shareholders' equity by €2,617 K.

APPENDIX

18. Balance sheet reconciliation as at December 31, 2004, French standards compared with IFRS standards

Note	In thousands of euros	Previous accounting standard	Impact of transition to IFRS	IFRS
	Cash, central banks, postal current accounts	7	-	7
19.1	Financial assets at fair value through profit or loss	14,542	79	14,621
	Financial assets available for sale	752	-	752
	Loans and receivables from credit institutions	8,529	-	8,529
19.2	Loans and receivables from clients	191,300	(2,093)	189,207
	Current tax assets	2,933		2,933
19.3	Deferred tax assets	-	287	287
19.4	Prepayments and miscellaneous assets	26,365	(4,643)	21,722
	Non-current assets held for sale	-	-	-
	Holdings in companies consolidated by the equity method	22	-	22
19.5	Investment properties	294,643	227	294,870
	Tangible fixed assets	175	-	175
	Intangible fixed assets	9	-	9
19.6	Goodwill	7,369	(3,802)	3,567
	TOTAL ASSETS	**546,646**	**(9,945)**	**536,701**
	Financial liabilities at fair value through profit or loss	-		-
19.7	Debts to credit institutions	331,004	(2,407)	328,597
	Debts to clients	5,256	-	5,256
19.8	Current tax liabilities	4,962	(206)	4,756
19.9	Deferred tax liabilities	5,489	42	5,531
19.10	Prepayments and miscellaneous liabilities	33,286	(2,093)	31,193
19.11	Provisions for contingency and loss	643	(446)	197
19.12	Subordinated debt	20,237	(19,530)	707
	Negative goodwill (badwill)	-	-	-
	TOTAL DEBTS	400,877	(24,640)	376,237
	Capital and related reserves	47,086		47,086
	Shareholders' equity instruments (MCBs)	-	20,000	20,000
	Treasury stocks	-	(97)	(97)
	Consolidated reserves	86,157	(2,600)	83,557
	Unrealised or deferred gains or losses		-	-
	Profit or loss for the financial year	11,798	(2,608)	9,190
	Minority interests	728		728
	SHAREHOLDERS' EQUITY	145,769	14,695	160,464
	TOTAL LIABILITIES	**546,646**	**(9,945)**	**536,701**

APPENDIX

19. ADDITIONAL NOTES TO RECONCILIATION OF BALANCE SHEET ITEMS AT DECEMBER 31, 2004

Note 19.1 - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The caps held by the company at December 31, 2004, are recorded on the balance sheet at their fair value, namely an asset of €79 K.

Note 19.2 - CLIENT LOANS AND RECEIVABLES

Taking the Effective Interest Rate into account when calculating lease financing schedules reduces the amounts outstanding by (€2,093 K), corresponding to income received in advance on lease financing operations.

Note 19.3 - DEFERRED TAX ASSETS

The restatement of financial assets and liabilities requires the following deferred tax assets to be recorded:

Recognition of caps and swaps at fair value	*notes 19.1*	148
Recognition of interim payment on MCB coupon as debt	*note 19.12*	76
Recognition of subscription costs of MCBs at amortised cost	*note 19.12*	5
Recognition of subscription costs of borrowing at amortised cost	*note 19.17*	58
Total		**287**

Note 19.4 - PREPAYMENTS AND OTHER ASSETS

The prepayments and miscellaneous assets items are reduced by treasury stocks (€97 K) deducted from shareholders' equity and charges to be split relating to:

Subscription premiums for caps now recorded at fair value	*note 19.1*	1,240
Subscription fees for MCBs now recorded at amortised cost	*note 19.12*	157
Subscription fees for borrowing now recorded at amortised cost	*note 19.7*	3,465
Total		**4,862**

On the other hand, they are increased by €317 K as a result of rents from property leasing contracts being spread over the fixed term of the lease.

Note 19.5 - INVESTMENT PROPERTIES

Depreciation of investment properties using the components-based method leads to an increase in cumulative amortisation of €46 K.
Furthermore, building acquisition costs are incorporated in fixed assets in the amount of €181 K.

Note 19.6 - GOODWILL

Residual goodwill, relating to the acquisition in 1992 of the company Sovabail and amortised over 15 years, has been depreciated in full.
The provision for deferred taxes on the valuation variances of the subsidiaries Immobilière Bondoufle and Courbet, the counterpart of which is goodwill, is recorded in the profit and loss.

Note 19.7 - DEBTS TO CREDIT INSTITUTIONS

Recording the subscription costs for bank borrowing by deducting their nominal value and valuing them at their amortised cost reduces the item by €2,407 K and reduces shareholders' equity by €999 K (cf. notes 2 & 3).

APPENDIX

Note 19.8 - CURRENT TAX LIABILITIES

Discounting the exit tax increases opening shareholders' equity by €206 K, offsetting the decrease in tax debt.

Note 19.9 - DEFERRED TAX LIABILITIES

The restatement of investment properties held by non SIIC subsidiaries requires a deferred tax liability of €42 K to be recorded.

Note 19.10 - PREPAYMENTS AND OTHER LIABILITIES

Taking the Effective Interest Rate into account when calculating lease financing schedules reduces the amounts outstanding by (€2,093 K), corresponding to income received in advance deducted from the outstanding amount and receivables related to lease financing operations.

Note 19.11 - PROVISIONS FOR CONTINGENCY AND LOSS

Provisions for contingency and loss are reduced by the amount of the provision for major repair works, which is prohibited under IFRS standards.

Note 19.12 - SUBORDINATED DEBT

Subordinated debt is reduced by the face value of the mandatory convertible bonds issued, which are reclassified as shareholders' equity as a result of their characteristics, i.e. €20.000 K.
Furthermore, a debt of €595 K is recorded, corresponding to the discounted value of the interim dividend the company must pay on October 15 each year, minus subscription costs valued at their amortised cost, i.e. €125 K.

APPENDIX

20. PROFIT AND LOSS STATEMENT RECONCILIATION AS AT DECEMBER 31, 2004, FRENCH STANDARDS COMPARED WITH IFRS STANDARDS

Note	In thousands of euros	Previous accounting standard	Impact of transition to IFRS	IFRS
21.1	Interest and related income	9,323	(5)	9,318
21.2	Interest and related expenses	(15,350)	(716)	(16,066)
	Commission (products)	4		4
21.3	Commissions (expenses)	(769)	4	(765)
21.4	Gains or losses on financial instruments at fair value through profit or loss	840	(364)	476
21.5	Net gains or losses on financial instruments available for sale	1,942	(13)	1,929
21.6	Income from other activities	84,136	(59)	84,077
21.7	Expenses from other activities	(54,108)	794	(53,314)
	NET BANKING INCOME	26,018	(359)	25,659
21.8	Operating costs	(11,251)	187	(11,064)
	Allowances for amortisation and provisions on tangible and intangible fixed assets	(130)		(130)
	GROSS OPERATING PROFIT OR LOSS	14,637	(172)	14,465
	Cost of risk	(20)		(20)
	OPERATING PROFIT OR LOSS	14,617	(172)	14,445
	Share of companies consolidated by the equity method	0		0
21.9	Net gains or losses on other assets	(30)	(55)	(85)
21.10	Change in goodwill	(778)	(2,395)	(3,173)
	NET PROFIT BEFORE TAX	13,809	(2,622)	11,187
21.11	Income tax	(1,474)	43	(1,431)
21.12	Profit or loss before tax of operations discontinued or in the course of being sold		(30)	(30)
	NET PROFIT	12,335	(2,609)	9,726
	Minority interests	(536)		(536)
	NET PROFIT - GROUP SHARE	11,799	(2,609)	9,190

APPENDIX

21. ADDITIONAL NOTES TO RECONCILIATION OF PROFIT AND LOSS STATEMENT ITEMS AT DECEMBER 31, 2004

Note 21.1 – INTEREST AND RELATED INCOME

Reclassification of interest relating to the subsidiary Imaffine, sold on September 3, 2004, as income net of tax from operations discontinued or in the course of being sold.

Note 21.2 - INTEREST AND RELATED EXPENSES

Interest increased by €716 K as a result of:

Discounting of exit tax debt		202
Spread of subscription costs of MCBs at amortised cost	-	37
Spread of subscription costs of borrowing at amortised cost		884
Cancellation of amortisation of premiums on caps, valued at fair value	-	330
Reclassification of interest related to operations discontinued or being sold	-	3
Total		**716**

Note 21.3 - COMMISSION (EXPENSES)

Reclassification of commission relating to the subsidiary Imaffine, sold on September 3, 2004, as income net of tax from operations discontinued or in the course of being sold.

Note 21.4 - GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE

This item is affected by the change in fair value of caps and swaps.

Note 21.5 - NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AVAILABLE FOR SALE

Reclassification of gains relating to the subsidiary Imaffine, sold on September 3, 2004, as income net of tax from operations discontinued or in the course of being sold.

Note 21.6 - INCOME FROM OTHER ACTIVITIES

This item is reduced by €59 K:
from reclassification of expenses relating to the subsidiary Imaffine, sold on September 3, 2004, as income net of tax from operations discontinued or in the course of being sold,
from reclassification in the same item of the different valuation method for investment properties held for sale for (€27 K),
from the recording of additional rents from property leasing contracts in the amount of €142 K, as a result of tax exempt periods or staged rent payments being spread over the fixed term of the lease,
from a writeback of provisions for depreciation of investment properties as a result of the change in the amount of amortisations from the move to the components-based method in the amount of €16 K.

Note 21.7 - EXPENSES FROM OTHER ACTIVITIES

This item is reduced by €794 K as a result of:

Spreading of marketing costs over the fixed term of the lease		24
Reduction in provisions for amortisation as a result of components-based method	-	186
Cancellation of amortisation of expenses to be split over borrowing costs	-	476
Cancellation of allowance to provision for major repairs	-	138
Reclassification of expenses relating to operations discontinued or being sold	-	18
Total	**-**	**794**

APPENDIX

Note 21.8 - OPERATING EXPENSES

Reclassification of expenses relating to the subsidiary Imaffine, sold on September 3, 2004, as income net of tax from operations discontinued or in the course of being sold.

Note 21.9 - NET GAINS OR LOSSES ON OTHER ASSETS

Capital gains on treasury stocks moved to shareholders' equity.

Note 21.10 – CHANGE IN GOODWILL

This item has changed as a result of:
the recording of negative goodwill as profit or loss,
the depreciation of residual goodwill, relating to the acquisition in 1992 of the company Sovabail,
cancellation of the amortisation of the goodwill period relating to the acquisition of the company Concerto in 2001,
depreciation of the goodwill constituted in return for deferred tax for the property subsidiaries Bandoufle and Courbet, in the amount of (€3,056 K).

Note 21.11 - INCOME TAX

This item is reduced by €43 K as a result of:
deferred tax on the various taxable restatements in the profit and loss statement, namely €6 K,
reclassification of taxes relating to the subsidiary Imaffine, sold on September 3, 2004, as income net of tax from operations discontinued or in the course of being sold, i.e. (€49 K).

Note 21.12 - INCOME NET OF TAX FROM OPERATIONS DISCONTINUED OR IN THE COURSE OF BEING SOLD

This refers to profits from the subsidiary Imaffine, sold on September 3, 2004.