



# Strong Profit Growth



Affine

Following Affine group's adoption, as of January 1st 2006, of the "fair value" method according to IFRS standards, unrealised capital gains on the real estate portfolio are now included in the income, and explain a large portion of the outstanding growth in the group profit. This increase is also a consequence of the continuing development of Affine itself, of Belgian property company Banimmco's entry into the group and of the dynamism of the other subsidiaries, particularly Concerto Développement..

## > Net consolidated profit: +261%

2006 net consolidated profit rose to €62.3m compared to €17.2m in 2005. This amount includes a €36.2m increase in the "fair value" of the real estate assets. Without this contribution, the growth of the net profit amounts to 52%, in spite of a tax burden which is €5.4m higher than last year. Compared to the 2005 figures adjusted according to the "fair value" method, the net consolidated profit grew by 15.5%. This results from the €35.7m contribution of the "fair value" adjustments, which, in addition to further small adjustments, would have brought the 2005 net profit to €53.9m. The net company profit reached €15.1m, compared to €11.0m in 2005 (+37.4%)

## > Record level for new operations: €199m

2006 was very active in terms of new operations. Close to €200m were invested by the group, €76m of which for the acquisition of the majority of Banimmco, €100m through direct purchases of buildings, as well as a 25% stake in the Belgian SICAFI Montea, of which 15% invested through Banimmco. Furthermore, €13m of new lease finance operations was achieved.

## > Rental income: +69%

The rents arising from the properties rose by 68.9%, of which 54.2% resulting from Banimmco's entry into the group (as of March 1st, 2006) and 14.7% coming from the other assets of the group, including new investments and disposals.

The cash-flow from the rental properties activity was €42.1m, showing a 53% increase compared to 2005. The cash-flow from the lease finance sector was stable around €32m.

The occupation rate (in rental value) of the properties (outside Banimmco) was established at 94% as of December 31st.

## > Net asset value: +21%

The value of the properties, including transfer taxes, resulting from the valuation carried out by internationally recognised experts, reached €746m at the end of 2006, compared to €414m at the end of 2005 (+80%). Banimmco's entry into the group contributed €216m to this growth.

Based on shareholders equity group share, of €317m (+€54m compared to adjusted 2005), the replacement NAV amounts to €351m at the end of 2006, showing a 21% increase from 2005 (€291m). Per share NAV is €130 based on the existing number of shares, and €118.5 excluding 2003 and 2005 mandatory convertible bonds issues.

## > Share price: +54%

Following 47% and 32% increases in 2004 and 2005 respectively, the share price has continued its growth to reach €136.70 at the end of the year, yielding a market capitalisation of approximately €370m. During the year, 15,280 new shares were issued as stock dividend and the free float is now around 45%. The average daily trading went up by 40% to reach approximately 2,000 shares.

## > Dividend: +10%

Affine keeps up with its policy of a smoothly increasing dividend: a €4.50 dividend, of which €1.2 paid in November 2006 as interim dividend, will be proposed to the April 26th, 2007 AGM, with a 10% increase over 2005. The shareholder will be offered to be paid the remaining portion of the dividend in shares. The total dividend amount paid in relation to 2006 is €12.1m.

## > Prospects

Affine group will continue its growth in 2007, either through direct purchases or developments of buildings, or through possible new external growth operations, in France or in Europe. The outstanding profit registered in 2006 came partly from a steady increase in the assets value, the evolution of which will be difficult to evaluate in 2007. Consequently this year's profit may be closer to the long term trend of the result, with an increasing contribution of the group subsidiaries.

Euro millions	2005	2005 <sup>2*</sup>	2006
<b>Consolidated profit</b>			
Rental properties	27.9	63.6	91.0
<i>Of which. variation in assets value</i>	-	35.7	36.2
Lease finance	11.0	11.0	10.0
Development operations	2.5	2.5	10.7
Other activities	1.3	2.3	2.3
Financial income and expenses	-15.4	-14.3	-22.5
Other expenses and misc.	-10.7	-10.8	-24.5
<b>Operating profit before tax</b>	<b>16.7</b>	<b>54.4</b>	<b>67.1</b>
Taxes and misc.	0.6	-0.5	-4.9
<b>Net consolidated profit</b>	<b>17.2</b>	<b>53.9</b>	<b>62.3</b>
<i>Of which group share</i>	16.9	53.5	57.6

(\*) adjusted according to "fair value" method



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