

Management report

2nd part

Financial
& Legal notes

2009



GROUPE AFFINE

Management report

2nd part

Financial
& Legal notes

2009

This document is a free translation into English of the original French "Rapport de gestion" hereafter referred to as the "Management report". It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

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Statutory auditors' report on the consolidated financial statements

Financial year ended 31 December 2009

To the Shareholders:

Pursuant to the engagement assigned to us by your general shareholders' meetings, we submit to you our report for the financial year ended 31 December 2009 on:

- the audit of the consolidated financial statements of Affine as they are enclosed with this report;
- the justification for our assessments;
- the specific audit required by law.

The consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit.

1. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with the auditing standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis or through other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. It also includes assessing the accounting principles used and significant estimates made, as well as the overall presentation of the financial statements. We believe that the evidence which we have collected provides a sufficient and appropriate basis for our opinion.

We certify that the consolidated financial statements are presented fairly under IFRS as adopted by the European Union and give a true and fair view of the assets, financial position and results of the entity composed of the persons and entities included in the consolidation.

Without qualifying the conclusion expressed above, we draw attention to Note 3 to the financial statements relating to the new standards applicable as from 1 January 2009.

2. JUSTIFICATION OF THE ASSESSMENTS

The accounting estimates in preparing the financial statements at 31 December 2009 were made against a backdrop of an illiquid property market and a certain difficulty in predicting the economic prospects. That is the context in which, pursuant to Article L.823-9 of the French Commercial Code, we bring our own assessments to your attention:

Note 3 to the financial statements "Accounting principles and valuation methods" describes the significant estimates and accounting methods used for assigning a value to investment properties. The investment properties are thus recorded at their market value, which is determined by independent appraisers who appraise the company's properties at 31 December of each year.

Our work consisted of reviewing the independent appraisers' reports, assessing the data and assumptions made to serve as a basis for all of these estimates, making sure that the independent appraisers factored in the property market context and verifying that Note 3 to the financial statements provided appropriate information.

These assessments fall within the scope of our audit of the consolidated financial statements, taken as a whole, and have therefore contributed to forming our opinion expressed in the first part of this report.

3. SPECIFIC AUDIT

We have also conducted the specific audit required by law of the information on the group given in the management report in accordance with the auditing standards applicable in France.

We have no observation to make on its fairness and consistency with the consolidated financial statements.

The Statutory Auditors

Paris La Défense, 19 March 2010

KPMG Audit

Department of KPMG S.A.

Isabelle Goalec
Partner

Paris, 19 March 2010

Cailliau Dedouit et Associés

Mohcine Benkirane
Partner

Statement of consolidated financial position

Assets

(in thousands of euros)	Note	31/12/2009	31/12/2008
Savings bank, central banks, post office		122	130
Financial assets at fair value via income		7,673	3,392
Bonds and other fixed-income securities		-	-
Equities and other variable-income securities	[8.1]	3,815	3,306
Derivatives	[8.2]	3,859	86
Hedging derivatives		-	-
Financial assets available for sale	[8.3]	3,410	32,358
Loans and receivables due from financial institutions	[8.4]	31,808	24,845
Ordinary debit balances		31,808	24,765
Term loans and accounts		-	-
Related receivables		-	80
Finance lease transactions and related receivables		-	-
Trade loans and receivables	[8.5]	115,990	126,237
Other trade credit		16,000	14,472
Ordinary debit balances		5,464	5,262
Receivables for investment properties		24,722	17,526
Trade receivables (services rendered)		565	1,464
Finance lease transactions and related receivables	[8.6]	69,239	87,513
Revaluation reserve on interest rate hedged portfolios		-	-
Financial assets held to maturity		-	-
Current tax assets		459	594
Deferred tax assets	[8.7]	4,182	1,536
Other assets	[8.8]	52,955	77,967
Interim dividends paid out during the financial year		2,434	3,651
Other assets		50,521	74,316
Assets classified as held for sale	[8.9]	5,067	6,437
Non-current assets held for sale	[8.10]	87,407	104,249
Interests in associated companies (consolidated under the equity method)	[8.11]	22,119	28,064
Investment properties	[8.12]	951,575	984,039
Leased property		951,575	984,039
Temporarily un-leased property		-	-
Property, plant and equipment	[8.13]	1,503	2,802
Intangible assets	[8.13]	466	773
Goodwill	[8.14]	-	3,661
TOTAL ASSETS		1,284,738	1,397,082

Liabilities

(in thousands of euros)	Note	31/12/2009	31/12/2008
Central banks, post office		-	-
Financial liabilities at fair value via income	[9.1]	21,249	10,744
Hedging derivatives		-	-
Payables due to financial institutions	[9.2]	673,617	723,167
Ordinary credit balances		25,432	6,718
On-maturity accounts & borrowings		648,185	716,449
Trade payables	[9.3]	12,639	12,952
Ordinary credit balances		1,212	929
Other amounts owed		-	-
On-maturity accounts & borrowings		11,427	12,023
Debt securities	[9.4]	15,712	30,087
Revaluation reserve on interest rate hedged portfolios		-	-
Current tax liabilities		3,722	7,472
Deferred tax liabilities	[9.5]	2,899	9,308
Other liabilities	[9.6]	70,768	87,908
Liabilities classified as held for sale	[9.7]	5,020	5,054
Payables on non-current assets held for sale	[9.8]	36,487	27,492
Provisions	[9.9]	8,756	3,762
Equity		433,870	479,137
Equity - group share		347,882	388,995
Share capital and related reserves		166,360	170,435
Share capital		47,800	47,800
Premiums		23,947	23,947
Equity component of hybrid instruments		104,363	104,782
Treasury stock		(9,750)	(6,094)
Other reserves		187,230	239,281
Unrealised or deferred gains or losses		(7)	16,801
Unrealised gains or losses on derivatives		-	2
Unrealised gains or losses on assets available for sale		(7)	16,799
Net profit (loss) for the year		(5,701)	(37,521)
Minority interests		85,988	90,142
Minority share of consolidated reserves		82,979	89,872
Minority share of consolidated earnings		3,008	270
TOTAL LIABILITIES		1,284,738	1,397,082

Statement of consolidated comprehensive income

(in thousands of euros)	Note	31/12/2009	31/12/2008
Interest and related income		5,653	8,026
On fixed-income securities available for sale		-	-
On loans and receivables due from financial institutions	[10.1]	1,111	1,015
On trade loans and receivables	[10.2]	332	283
On financial assets held to maturity		-	-
On hedging derivatives		-	-
On finance leases	[10.3]	4,211	6,728
On impaired receivables		-	-
Interest and related expenses		(29,447)	(40,714)
On payables due to financial institutions	[10.4]	(28,736)	(39,950)
On trade payables	[10.5]	(706)	(760)
On debt securities		-	-
On subordinated debt		(5)	(5)
On finance leases		-	-
On loans and receivables		-	-
Commissions (income)		-	-
Commissions (expenses)		(340)	(1,421)
Net gains or losses on financial instruments at fair value via income	[10.6]	(8,834)	(13,715)
Net gains or losses on financial assets available for sale	[10.7]	10,832	3,743
Income from other activities	[10.8]	313,797	219,564
Income from finance leases		17,776	15,135
Income from real estate transactions		17,528	79,543
Income on investment properties		277,154	120,022
Other miscellaneous operating income		1,339	4,864
Expenses on other activities	[10.8]	(269,683)	(187,953)
Expenses on finance leases		(17,318)	(14,380)
Expenses on real estate transactions		(17,615)	(75,474)
Expenses on investment properties		(233,461)	(97,190)
Other miscellaneous operating expenses		(1,289)	(909)
NET BANKING INCOME		21,978	(12,469)
General operating expenses	[10.9]	(23,120)	(26,411)
Depreciation, amortisation and provisions for pp&e and intangible assets	[10.10]	(463)	(723)
GROSS OPERATING INCOME		(1,604)	(39,603)
Cost of risk	[10.11]	(4,334)	(1,397)
NET OPERATING INCOME		(5,938)	(40,999)
Share of earnings of associated companies (consolidated under the equity method)	[10.12]	(4,382)	975
Net gains or losses on other assets	[10.13]	(22)	46
Change in goodwill	[10.14]	(3,545)	60
PRE-TAX PROFIT		(13,887)	(39,918)
Income tax charge	[10.15]	12,013	4,072
Profit after tax on discontinued operations or those being sold	[10.16]	(819)	(1,406)
NET PROFIT		(2,693)	(37,252)
Net profit - minority interests		3,008	270
NET PROFIT - GROUP SHARE		(5,701)	(37,521)
Earnings per share (€)	[10.17]	(0.76)	(4.72)
Of which group share of discontinued activities		(0.11)	(0.18)
Diluted earnings per share (€)	[10.17]	(0.62)	(3.92)
Of which group share of discontinued activities		(0.09)	(0.15)

Net income and gains and losses recognised directly in equity

(in thousands of euros)	31/12/2009	31/12/2008
Net income	(2,693)	(37,252)
Translation adjustments		
Changes in fair value of financial assets available for sale	(16,808)	(25,531)
Share of the changes in fair value of financial assets held for sale transferred into income	-	-
Effective portion of the change in fair value of cashflow hedges	-	-
Share of the change in fair value of cashflow hedges transferred into income	-	-
Revaluation difference on fixed assets	-	-
Actuarial gains or losses	-	-
Share of other components of the total income of companies recognised according to the equity method	-	-
Income tax effect	-	6,986
Total of the other components of total income, net of tax	(16,808)	(18,545)
NET INCOME AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	(19,501)	(55,797)
Of which group share	(22,509)	(56,067)
Of which minority interests	3,008	270

Statement of changes in consolidated equity

(in thousands of euros)	Share capital and capital reserves				Total gains and losses recognised directly in equity	Net profit – Group share	Equity – Group share	Equity – minority interests	Total consolidated equity
	Share capital	Reserves related to share capital	Treasury stock	Consolidate reserves					
Equity as at 31/12/2007	47,700	129,193	(5,399)	184,247	35,344	78,159	469,244	100,738	569,982
Share capital increase	100	160	-	(71)	-	-	189	-	189
Elimination of treasury stock	-	-	(696)	-	-	-	(696)	-	(696)
Preference share issue	-	-	-	-	-	-	-	-	-
Equity component of hybrid instruments	-	(624)	-	(7,811)	-	-	(8,435)	-	(8,435)
Transactions involving share-based payments	-	-	-	-	-	-	-	-	-
2007 net profit allocation	-	-	-	78,159	-	(78,159)	-	-	-
Dividend distribution	-	-	-	(13,330)	-	-	(13,330)	(7,700)	(21,030)
Sub-total of shareholder-related transactions	100	(464)	(696)	56,947	-	(78,159)	(22,272)	(7,700)	(29,972)
Changes in gains and losses recognised directly in equity	-	-	-	21	(18,543)	-	(18,522)	-	(18,522)
Earnings in 2008	-	-	-	-	-	(37,521)	(37,521)	270	(37,251)
Sub-total	-	-	-	21	(18,543)	(37,521)	(56,043)	270	(55,773)
Impact of acquisitions and disposals on minority interests	-	-	-	-	-	-	-	-	-
Changes in accounting policies	-	-	-	-	-	-	-	-	-
Share of change in equity of companies accounted for under the equity method	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	(1,936)	-	-	(1,936)	(3,166)	(5,102)
Equity as at 31/12/2008	47,800	128,729	(6,094)	239,280	16,801	(37,521)	388,995	90,142	479,137
Share capital increase	-	-	-	-	-	-	-	-	-
Elimination of treasury stock	-	-	(3,656)	(213)	-	-	(3,869)	-	(3,869)
Preference share issue	-	-	-	-	-	-	-	-	-
Equity component of hybrid instruments	-	(419)	-	(4,497)	-	-	(4,916)	-	(4,916)
Transactions involving share-based payments	-	-	-	-	-	-	-	-	-
2008 net profit allocation	-	-	-	(37,521)	-	37,521	-	-	-
Certificate of deposit attached to a building	-	-	-	161	-	-	161	-	161
Bonus shares	-	-	-	(1,228)	-	-	(1,228)	-	(1,228)
Dividend distribution	-	-	-	(8,114)	-	-	(8,114)	(5,980)	(14,094)
Dividends on treasury stock	-	-	-	512	-	-	512	-	512
Priority dividends	-	-	-	(836)	-	-	(836)	-	(836)
Sub-total of shareholder-related transactions	-	(419)	(3,656)	(51,736)	-	37,521	(18,290)	(5,980)	(24,270)
Changes in gains and losses recognised directly in equity	-	-	-	-	(16,808)	-	(16,808)	-	(16,808)
Earnings in 2009	-	-	-	-	-	(5,701)	(15,085)	3,008	(2,693)
Sub-total	-	-	-	-	(16,808)	(5,701)	(22,509)	3,008	(19,501)
Impact of acquisitions and disposals on minority interests	-	-	-	151	-	-	151	(651)	(500)
Changes in accounting policies	-	-	-	-	-	-	-	-	-
Share of changes in equity of companies accounted for under the equity method	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	(465)	-	-	(465)	(531)	(996)
EQUITY AS AT 31/12/2009	47,800	128,310	(9,750)	187,230	(7)	(5,701)	347,882	85,988	433,869

Consolidated cash flow statement

(in thousands of euros)	Note	31/12/2009	31/12/2008
I – Transactions related to operating activities			
Consolidated net profit (including minority interests)		(2,693)	(37,252)
Net depreciation and provision charges		10,672	3,791
Unrealised gains and losses from changes in fair value		43,676	46,852
Other calculated income and expenses (including discount calculations)		6,357	3,007
Capital gains or losses on sales of assets		(24,322)	(2,644)
Net carrying value of fixed assets sold		166,996	51,042
Income from disposals of fixed assets		(191,318)	(53,686)
Dilution profits and losses			
Share in profits of companies consolidated under the equity method		4,382	2,554
Dividends and returns from income of non-consolidated companies		(1,879)	(1,783)
Operating cash flow after net cost of debt and tax		36,193	14,526
Net cost of debt		30,110	39,526
Tax expense (including deferred tax)		(12,013)	(4,073)
Operating cash flow before net cost of debt and tax		54,290	49,979
Tax paid		1,518	(3,603)
Changes in inventories		12,651	(10,659)
Change in trade receivables and related receivables		(48)	16,283
Change in suppliers and other creditors		(3,786)	(7,879)
Other changes in working capital requirement related to operating activities		9,159	888
Cash flow from discontinued activities		347	2,738
NET CASH FLOW FROM OPERATING ACTIVITIES		74,132	47,746
II – Investment transactions			
Finance leases		4,093	3,066
Cash paid for acquisitions		(5)	(27)
Cash received for disposals		4,098	3,094
Investment properties		50,473	(170,638)
Cash paid for acquisitions		(98,887)	(199,315)
Cash received for disposals		149,360	28,677
Cash paid for acquisitions of tangible and intangible fixed assets		(721)	(686)
Cash received for disposals of tangible and intangible fixed assets		79	56
Investment subsidies received		-	-
Cash paid for acquisitions of financial assets		(64)	(9,916)
Cash received for disposals of financial assets		24,517	46
Consolidated shares		(12,503)	2,312
Cash paid for acquisitions		(9,767)	(13,448)
Cash received for disposals		151	24,616
Impact of changes in consolidation		(2,886)	(8,856)
Dividends received (companies consolidated under the equity method, non-consolidated shares)		3,449	3,449
Change in loans and advances outstanding		318	(3,472)
Other cash flows related to investment activities		(270)	5,011
Cash flow from discontinued activities		(186)	(356)
NET CASH FLOW FROM INVESTMENT ACTIVITIES		69,184	(171,127)
III – Financing transactions			
Amounts received from shareholders in capital increases		-	5
Paid by shareholders of the parent company		-	5
Paid by minority interests of consolidated subsidiaries		-	-
Purchases and sales of treasury shares		(5,219)	(4,109)
Dividends paid during the year		(13,865)	(22,987)
Dividends paid to shareholders of the parent company		(6,404)	(12,933)
Dividends paid to minority interests of consolidated subsidiaries		(7,461)	(10,054)
Increase/decrease in subordinated debt		-	-
Change in guarantee deposits given and received		(7,740)	3,586
Issues or subscriptions of debt or borrowings		153,045	272,752
Repayment of loans and borrowings		(234,196)	(107,753)
Net cost of debt: interest paid		(30,956)	(41,562)
Other cash flows related to financing activities		846	2,036
Cash flow from discontinued activities		(68)	(78)
NET CASH FLOW FROM FINANCING ACTIVITIES		(138,152)	101,890
NET CHANGE IN CASH (I+II+III)		5,164	(21,492)
Impact of foreign currency transactions			
Cash and cash equivalents at opening		21,175	42,667
Cash and cash equivalents at closing		26,339	21,175
NET CHANGE IN CASH		5,164	(21,492)

Cash and equivalents

(in thousands of euros)	Notes	31/12/2009	Reclassification of BFI in discontinued operations	31/12/2009
Savings bank, central bank, post office		122	5	127
Liquid bank assets	7-4	31,808	945	32,754
Liquid bank assets in other assets	7-8	748		748
Investment securities	7-1	2,022	0	2,022
Sub-total (1)		34,700	950	35,650
Bank overdrafts (a)	8-2	(8,230)	(1,055)	(9,285)
Bank overdrafts in other liabilities	8-6	(26)		(26)
Sub-total (2)		(8,256)	(1,055)	(9,311)
TOTAL (1) + (2)		26,444	(105)	26,339

(a) These credit lines granted by the CFF and Société Générale for €17 million do not appear as bank overdrafts but as financial liabilities.

(in thousands of euros)	Notes	31/12/2008	Reclassification of BFI in discontinued operations	31/12/2008
Savings bank, central bank, post office		130	3	133
Liquid bank assets	7-4	24,765	2,014	26,778
Liquid bank assets in other assets	7-8	265		265
Investment securities	7-1	1,760	82	1,842
Sub-total (1)		26,920	2,098	29,018
Bank overdrafts	7-2	(6,711)	(937)	(7,648)
Bank overdrafts in other liabilities	7-6	(194)		(194)
Sub-total (2)		(6,906)	(937)	(7,843)
TOTAL (1) + (2)		20,014	1,161	21,175

Notes to the consolidated financial statements

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1. CORPORATE INFORMATION

On 5 March 2010, the Board of Directors of Affine SA approved the financial statements for the year ended 31 December 2009 and authorised their publication. Affine is a société anonyme (public limited company) listed in Compartment C of Euronext Paris; it is included in the SBF 250 (CAC Small90) Index. Affine has also been included in the EPRA Index since 19 June 2006.

Affine is a financial institution authorised to market finance leases. It has also, together with some of its subsidiaries, adopted listed real-estate investment trust ("SIIC") tax status for its rental property business. Its registered office is at 4 square Edouard VII, Paris 9th arrondissement.

Compliance with the shareholding ceiling for SIIC investment trusts: SIIC investment trusts set up before 1 January 2007 are

required to comply with a shareholding ceiling for their capital of 60% by one single shareholder or a group of shareholders acting in concert.

Affine complies with this obligation since no more than 60% of its capital (capital and voting rights) is held directly or indirectly by one or more shareholders acting in concert as defined in Article L.223-10 of the Commercial Code.

The Group's main business activities are set out in the "Segment reporting" note below. The main events during the year are described and should be consulted in the separate management report.

The financial statements of the Affine Group are fully consolidated by the finance company MAB Finances SAS.

2. KEY EVENTS OF THE YEAR

Affine Group:

■ Delivered

- a logistics platform at Vilvorde located in the outskirts of Brussels,
- a storage area for the entire Molina logistics site in St Etienne, France.

■ Acquired:

- under a Vente en l'Etat Futur d'Achèvement (VEFA – purchase of property not yet complete) contract, 2,790 m² of retail space under construction in Arcachon, France.
- a shopping mall in Paris,
- 32,968 AffiParis shares, thereby raising its investment from 63.74% to 64.88%,
- 185 shares of Société St Etienne Molina from Générale Immobilière Logistique.

■ Sold

- a warehouse in Saint Quentin Fallavier,
- a logistics platform in Azuqueca de Henares in the Madrid region,
- two office buildings in Marseilles,
- an office building in Toulouse,
- an office building in Antwerp north of Brussels,
- retail outlets in Paris Bercy,
- a warehouse in Bondy,
- two office buildings in Brussels,
- a shopping mall at Eklo in Brussels,
- an office platform in Sèvres,
- an office building in Nantes,
- an office building in Avignon,
- an office property complex in Sophia Antipolis,
- an office platform in Bailly.

3. ACCOUNTING PRINCIPLES AND POLICIES

FRAME OF REFERENCE AND PRESENTATION OF FINANCIAL STATEMENTS AS ADOPTED BY THE EUROPEAN UNION

In accordance with EC regulation no. 1606/2002 of 19 July 2002, the Affine Group's financial statements are drawn up pursuant to the IAS (International Accounting Standards) /IFRS (International Reporting Standards) applicable at the end of the reporting period, as adopted by the European Union. Since the Affine Group is not affected by the IAS 39 exclusion relating to accounting treatment of financial instruments nor by standards not yet adopted by the European Union, these statements also conform to the IASB's IFRS.

The international accounting standards are published by the IASB (International Accounting Standards Board) and adopted by the European Union. They include the IFRS and the IAS as well as the interpretations regarding their mandatory application as of the statement date.

The new standards and the amendments to the existing standards, applicable on 1 January 2009 and published in the Official Journal of the European Union on the accounts closing date have been applied. They include:

- Revised IAS 1 "Presentation of Financial Statements": The revised standard introduces from 30 June 2009 the notion of "Statement of net income and profits and losses recognised directly in equity"; the Affine Group opted for a separate presentation reported after the Statement of Consolidated Income,
- Amendment to IFRS 7: "Improving disclosures about financial instruments",
- Revised IAS 40 "Investment property", properties under construction or renovation are now reported in the balance sheet at fair value. The Group applies this rule for developments that started on or after 1 January 2009; the impact on 2009 consolidated earnings is an unrealised capital gain of €5,996,000.
- IFRS 8 "Operating segments": the Company intends to supply a segment report (see page 39 of the Notes) reflecting the details of the table under the heading "Financial summary" in the Management Report.

The adoption by the European Union of the standards and interpretations below has no impact on the Group's financial statements.

- The revised version of IFRS 2 "Share-based payments- vesting conditions and cancellations",
- IFRIC 15: "Agreements for the construction of real estate",
- The revised versions of IAS 32 and IAS 1 "Puttable financial instruments and obligations arising on liquidation",

- The revised versions of IFRS 1 and IAS 27 "Elements on determining the cost of an investment in the separate financial statements",
- Revised IAS 23 "Borrowing costs",
- Amended IAS 19 "Employee benefits".

The published standards, interpretations and amendments which are mandatory but have not yet been approved by the European Union should not have a material impact on the Group's financial statements.

The Group did not pre-empt the application of standards and interpretations which are not mandatory on 1 January 2009.

The business activities of the consolidated companies are not seasonal.

The financial statements are presented in thousands of euros.

COMPARABILITY OF THE FINANCIAL STATEMENTS

The accounting principles and methods of calculation adopted in the financial statements as at 31 December 2009 are identical to those used in the financial statements of the previous period.

USE OF ESTIMATES AND ASSUMPTIONS

Preparing the consolidated financial statements requires the use of estimates and assumptions that may affect the amounts set out in the financial statements and the accompanying notes. These particularly relate to real estate valuations and the fair value of derivatives. Amounts confirmed during the disposal of these assets may differ from these estimates.

Due to the financial crisis and the slump in real estate markets, the assumptions, estimates and appraisals used in the presentation of the financial statements as at 31 December 2009 were prepared against a backdrop of high market volatility and profound difficulty in forecasting the economic outlook.

Material factors likely to lead to material adjustments of amounts during the 2010 period specifically include:

■ Fair value of investment properties: the nature of the assumptions used by the independent appraisers may have far-reaching impacts on both the change in fair value which is directly reported in the income statement, and on the value in assets of the real-estate portfolio. These assumptions include in particular:

- The market rental value (MRV),
- The market rate of return,
- Works to be carried out.

The impact of sensitivity simulations on the change in rates of return on fair value change can be found in the section entitled "Property portfolio valuation method".

■ Fair value of financial instruments: the nature of the assumptions used by banks may have far-reaching impacts on the fair value change which is directly reported in the income statement; the Group is not in a material position to estimate the cost of the potential impact of a change in rates.

■ Vacancy risk linked to possibilities of leave and/or end of lease: Three-year maturity or final maturity of leases in force as at 31 December 2009 (excluding Banimmo)- Impact in terms of rents.

(in thousands of euros)	In 2010
Next exit date	7,032

FINANCE LEASES

IAS 17 requires a lease to be classified as a finance lease where it transfers to the lessee almost all the risks and benefits of ownership of an asset. All other leases are classified as investment property leases.

All property leases in the Affine portfolio are finance leases as defined by IAS 17.

The lessor records a receivable on its balance sheet for the amount corresponding to the present value of the conditional rents to be received.

When a finance lease is renegotiated, the difference between the new financial base and the previously recorded carrying value is directly posted to the income statement.

Property under construction is still subject to IAS 16, in the same way as property, plant and equipment (see relevant chapter).

IAS 17 specifies that initial direct costs incurred in negotiating and setting up leases must be included in the initial investment amount and deducted from the finance income over the term of the lease.

The lessor's net profit on the transaction corresponds to the amount of interest on the loan. This interest is calculated using the effective interest rate ("EIR") method. The effective interest rate is the rate that balances the cumulative discounted value of minimum lease payments and the residual value not covered by a guarantee. The periodic interest rate used to calculate financial income is constant pursuant to IAS 17.

Guarantee deposits paid by lessees are treated by Affine as part of the rights and obligations arising from finance leases and are thus subject to IAS 17.

When a finance lease is legally terminated, the underlying property is transferred to investment properties under the temporarily un-leased buildings ("TUL") category even where the lessee still occupies the premises and pays a rental payment.

The property is then subject to IAS 40 in view of Affine's preference for re-letting under operating leases.

INVESTMENT PROPERTY LEASES

Investment property leases comprise operating leases in respect of property owned by the Group or leased by the Group under a finance lease.

Leases whereby the lessor retains almost all the risks and benefits inherent in the ownership of the asset are classified as investment property leases.

IAS 17 provides for the financial consequences of all the provisions of the finance lease to be amortised over the fixed term of the lease. This straight-line amortisation of the rent results in accrued income being recognised over an exemption period, or the early years of the lease in the case of gradual or staged rental payments.

All the benefits agreed upon when negotiating or renewing an investment property lease are recognised as part of the

consideration accepted for the use of the leased asset, regardless of the nature, form and payment date of these benefits (SIC 15). The total amount of these benefits is deducted from rental income over the term of the lease on a straight-line basis, unless another systematic method is representative of the way in which the benefit pertaining to the leased asset is consumed over time.

Deposits paid by lessees are treated by Affine as part of the rights and obligations arising from leases and are thus subject to IAS 39.

Compensation for eviction is expensed during the year, even in the case of the renovation or reconstruction of a building (IAS 17).

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

- Where the payment is in consideration for the enjoyment of the property (on top of the rent) it is recognised with rental income over the term of the lease;
- Where the payment is in return for a service rendered other than the right to use the asset, it is recognised on a basis that reflects the nature of the services rendered and the timeframe over which they are provided.

INVESTMENT PROPERTIES

IFRS draw a distinction between investment properties (governed by IAS 40) and other property, plant and equipment (governed by IAS 16).

Investment properties are real estate (land or buildings) held by the owner, or by the lessee under a finance lease, to earn rental income or appreciate the capital value or both, rather than to use them for production, the provision of goods and services, or for administrative purposes, or to sell them in the ordinary course of business.

If repairs are carried out on investment properties, they remain in this category as investment properties under construction.

Affine Group has opted for the fair value method provided for under IAS 40 and any changes in investment property values are posted to income (see "Property valuation method" below).

Initial direct costs for negotiating and implementing agreements (for example, commissions and legal fees) are recognised in the amount of the leased asset and amortised over the fixed life of the lease agreement (IAS 17).

Properties held under finance leases must be capitalised and are subject to IAS 40 for the lessee. The following methods were used for restatement:

- Recording the asset as an investment property in the assets on the balance sheet for the residual amount;
- Parallel entry in liabilities of a loan equal to the property's entry price;
- Cancellation in the consolidated statements of the fee recorded in operating expenses in the company statements, with offsetting entries of a financial expense and progressive loan repayments.

Minimum lease rental payments are broken down between interest costs and repayment of the liability.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of:

Operating buildings

Buildings subject to IAS 16 are those that do not correspond to the provisions of IAS 40.

In accordance with IAS 16, operating buildings are:

- recorded at acquisition cost corresponding to the price paid including directly related costs of acquisition and renovation to market standards (transfer duties, fees, other costs etc);
- valued at historic cost less cumulative amortisation by component and impairments in value.

When a building under construction for future use as an investment property is completed, it is recorded as an investment property (IAS 40) at its fair value; the difference between the fair value at this date and the prior carrying value is recorded in the income statement in value adjustments.

Operating property, plant and equipment

Depreciation is calculated on the straight-line method over the projected useful life of the asset:

■ Depreciation periods are as follows:

Office equipment:.....	3 to 5 years
IT equipment:.....	3 years
Fixtures and fittings:.....	5 to 10 years
Vehicles:.....	4 to 5 years
Furniture:.....	4 to 10 years

Operating buildings they are amortised on the basis of the FSIF (*Fédération des Sociétés Immobilières et Foncières*) grid used by Affine for its investment properties in the individual financial statements.

INTANGIBLE ASSETS

Intangible assets are governed by IAS 38.

An intangible asset is recognised in the balance sheet where and only where it is likely that the future economic benefits attributable to the asset will flow to the company, where it has control over the asset and where the cost of the asset can be reliably measured. Assets that do not satisfy these criteria are expensed or included in goodwill in the case of business combinations.

The amortisable amount of an intangible fixed asset is amortised using a straight-line model, over the best estimate of its useful life, which cannot normally exceed twenty years.

Generally speaking, the residual value, the amortisation period and the amortisation method are reviewed on a regular basis. Any change is recognised prospectively as an adjustment to future amortisation.

PROPERTY VALUATION METHOD

Fair value

Investment properties are initially valued at cost, including transaction costs. After the properties are initially recorded, they are valued at fair value, with the change in fair value from one year to another posted to the income statement. Fair value excludes registration fees and is valued either by an external property appraiser or by an internal appraiser.

The methodology for determining the fair value of a business property consists of using the value of the buildings obtained by capitalising the rental income and the market price for recent transactions involving properties with similar characteristics. This method of capitalisation reflects such things as the rental revenues from existing lease contracts and assumptions on rental revenues for future lease contracts, taking current market conditions into consideration.

Most of the time, the Affine Group uses the values provided by the independent appraisers.

Future expenses are charged to the carrying value of the asset only if it is probable that the future economic benefits associated with the asset will remain owned by the Group and that the cost of this asset can be reliably estimated. All other expenses for repair and maintenance are recognised in the statement of income for the period during which they are incurred.

Appraisals are made twice a year, on the reporting dates; the changes to the fair value of investment properties are recognised in the income statement.

Most buildings in the portfolio are valued twice a year by independent appraisal firms. For the 31/12/2009 financial statements, the appraisers used were as follows:

- Ad Valorem,
- Cushman & Wakefield,
- BNP Real Estate,
- Foncier Expertise,
- CBRE,
- Jones Lang Lasalle,
- De Crombrughe & Partners.

A company valuation is carried out internally for buildings whose value is not material on the reporting date.

For one of its assets, there was a change in appraisal compared with 2008 (details provided in the sub-section "Valuation methods used by external appraisers").

(in thousands of euros)	31/12/2008	31/12/2009	Change
Change in fair value via income	(46,852)	(43,676)	3,176
Change in fair value via equity	-	-	-

■ Affine

52 of the 60 buildings under operating leases, or 91.7% of the rental portfolio's gross value, were subject to external appraisals at the end of 2009 by four independent appraisal firms: BNP Real Estate, Ad Valorem, Cushman & Wakefield and Foncier Expertise. Of the eight remaining buildings, one was subject to an internal appraisal and the seven others were valued at the amount used in the promise of sale.

■ Other companies

For Affine-dedicated subsidiaries:

10 of the 14 buildings included in Affine's subsidiaries, or 72% of the rental portfolio's gross value, were subject to external appraisals at the end of 2009 by five appraisal firms: BNP Real Estate, Ad Valorem, CBRE, Jones Lang Lassalle and Cushman & Wakefield. One building representing an immaterial value of the rental portfolio's gross value was appraised internally. The three other buildings under construction representing 24.8% of the gross rental value are estimated at their historic cost.

For AffiParis:

Nine assets were appraised by BNP Real Estate, Cushman & Wakefield and Jones Lang Lassalle; they represent 94.9% of the total portfolio value of the AffiParis Group. Two of them have been reclassified under the heading "Assets classified as held for sale".

Six other assets of the AffiParis Group, which are primarily comprised of non-Paris assets, were appraised internally; they represent 2.9% of the gross portfolio value.

The fair value used for four other assets corresponds to the price of a signed mandate or an offer to sell accepted by both parties; they represent 2.15% of the portfolio's gross value.

For Banimmo:

For the reporting at 31 December 2009, the entire portfolio of Banimmo, i.e. 17 buildings, was appraised by an independent appraisal firm, De Crombrughe & Partners.

Properties purchased during the year and those subject to a purchase offer or sales commitment are stated at market value. Properties for which a sale procedure has begun are shown on a separate line in the balance sheet. The gain or loss on sale of an investment property is calculated in relation to the most recent fair value recorded in the balance sheet at the close of the preceding financial year.

▴ Valuation methods used by external appraisers

The appraisal firms applied the income capitalisation method together with the discounted cash flow (DCF) method and the comparables method.

They capitalised a market rent at a market capitalisation rate after deducting the differences between the rents under consideration and the market rental values estimated on the appraisal day, discounted at the current financial rate, over the outstanding period until each lease renewal date.

One of them combined this valuation method by calculating the arithmetic mean of the valuations determined according to the capitalisation method and the comparables method.

The methods used between 2008 and 2009 are different for a single asset (see "Valuation methods retained by external appraisers").

The principal assumptions used to estimate the fair value relate to the following: current rents, future rents expected based on fixed lease commitments; vacant periods; the building's current occupancy rate and its maintenance requirements; and the appropriate capitalisation rates equivalent to the return on investment. These valuations are regularly compared with market data relating to return on investment, actual Group transactions, and transactions announced by the market.

For the Baudry building, an AffiParis Group asset, Cushman & Wakefield used a valuation based on weighting two methods, the DCF for 75% and capitalization for 25%. The latter reasoned that the portfolio approach based on the DCF seemed more suitable for the class of assets under appraisal considering, in particular, the wish of the lessor (Baker MacKenzie) to stay in the premises for a lengthy period. Nevertheless, in order to reflect the current situation of the real estate market, the appraiser thought it would be best to weight this portfolio approach, based on DCFs, by using an approach based on capitalisation rates.

The value used as at 31 December 2009 is therefore weighted as follows:

- DCF approach: 75%,
- Income capitalisation approach: 25%.

Summary table of change in fair value (excluding costs intended for sale)

■ As at 31/12/2009

(in thousands of euros)	01/01/2009	Acquisitions or works	Transfers ⁽¹⁾	Disposals	Changes in fair value	31/12/2009
BY ASSET TYPE						
Industrial premises, warehouses	196,811	14,922	-	(2,568)	(3,492)	205,673
Offices	694,519	28,340	2,521	(118,138)	(32,848)	574,394
Retail*	126,969	86,007	-	(14,243)	(3,807)	194,926
Other	68,395	293	(1,619)	(540)	(3,529)	63,001
TOTAL	1,086,695	129,562	903	(135,489)	(43,676)	1,037,995
BY AREA						
Paris – business district	131,624	292	-	(2,640)	(7,722)	121,554
Paris – outside business district	72,319	167	-	(4,800)	(1,850)	65,836
Paris region – outside Paris	297,639	31,336	-	(8,496)	(15,766)	304,713
Other French cities	333,802	71,821	2,521	(28,641)	(4,973)	374,529
Other	251,310	25,947	(1,619)	(90,913)	(13,364)	171,362
TOTAL	1,086,695	129,562	903	(135,489)	(43,676)	1,037,995

⁽¹⁾ The Transfers column corresponds to the transition of the two buildings initially classified in IAS 16, which have been reclassified in IAS 40, and the reclassification of a plot of land in inventories and a building in IAS 16.

* In the "Retail" section, there is an increase in the Acquisitions or works column of €86,007, of which €69,366,000 is related to €34,554,000 in buildings under construction and an acquisition for €34,812,000.

■ As at 31/12/2008

(in thousands of euros)	01/01/2008	Acquisitions or works	Disposals	Changes in fair value	31/12/2008
BY ASSET TYPE					
Industrial premises, warehouses	180,579	38,761	(3,350)	(19,179)	196,811
Offices*	600,141	178,790	(57,840)	(26,573)	694,519
Retail	98,797	30,451	(7,191)	4,913	126,969
Other	72,875	1,467	(2,237)	(3,709)	68,395
TOTAL	952,391	249,469	(70,618)	(44,547)	1,086,695
BY AREA					
Paris – business district	114,700	20,937	-	(4,013)	131,624
Paris – outside business district	65,897	52,156	(43,900)	(1,833)	72,319
Paris region – outside Paris	293,522	29,496	(12,777)	(12,602)	297,639
Other French cities	305,796	56,192	(6,750)	(21,436)	333,802
Other	172,476	90,688	(7,191)	(4,663)	251,310
TOTAL	952,391	249,469	(70,618)	(44,547)	1,086,695

* In the "Offices" section, in the Acquisitions or works column an increase of €178,782 should be noted, of which:

- €73,132,000 is from acquisitions on the AffiParis Group,
- €19,696,000 on Affine,
- €81,419,000 on Banimmo.

Works and/or acquisitions carried out as at 31 December 2009 amounted to a total of €129,562,000 compared with €249,469,000 as at 31 December 2008, i.e. a decline of 48.1%.

► **Reconciliation between the values on the balance sheet [8.12] and the values appraised by independent appraisers on 31 December 2009**

(in thousands of euros)	Fair value	Appraisals	Differential	Comments
Cushman & Wakefield	203,614	204,560	(946)	(€946,000) breaks down into €(1,046,000) on the Baudry building because the deferred payment granted to the main tenant is cancelled, and €176,000 linked to the recognition of works
BNP Real Estate	218,941	218,845	96	Recognition of €96,000 of works
Ad Valorem	184,110	184,110	-	
Jones Lang Lassalle	36,850	36,850	-	
De Crombrughe & Partners	233,401	241,476	(8,075)	Differentials stem from the Belgian tax provisions (sale of companies is tax free)
CBRE	8,050	8,050	-	
Foncier Expertise	1,045	1,045	-	
Purchase	34,812	-	34,812	The cost of the acquisition made on 07/12/2009 served as fair value on 31/12/2009
Internal appraisal	6,050	-	6,050	
Under construction	23,714	-	23,714	The construction of the relevant properties began before 01/01/2009, they are at historic cost
Marketing fees	988		988	
[8.12] INVESTMENT PROPERTIES	951,575	894,936	56,640	

► **Reconciliation between the values on the balance sheet [8.12] and the values appraised by independent appraisers on 31/12/2008**

(in thousands of euros)	Fair value	Appraisals	Differential	Comments
Cushman & Wakefield	116,491	123,410	(6,919)	of which (€2,599,000) corresponds to one of the buildings of which a portion is reclassified in IAS 16, and on another building the appraiser did not take our share but the pool
BNP Real Estate,	356,226	363,269	(7,043)	For 4 assets the Group used a lower value than the appraisals for an amount of (€1,851,000), (€2,116,000) eliminated on the discounted receivable already integrated in the appraisal value and (€2,626,000) linked to the elimination of an internal sale.
Ad Valorem	231,758	243,330	(11,572)	The differential corresponds to two buildings sold in 2008 but for which appraisals had been launched (€10,200.00).
Jones Lang Lassalle	6,100	6,300	(200)	The book fair values were revised downwards compared with the appraisals
De Crombrughe & Partners.*	240,318	246,310	(5,993)	Differentials are due to the Belgian tax provisions
CBRE	9,000	9,000	-	
Internal appraisal	8,501	-	8,501	
Under construction	15,416	-	15,416	The buildings in question are stated at historic cost.
Marketing fees	230		230	
[8.12] INVESTMENT PROPERTIES	984,039	991,619	(7,580)	

* Are included in marketing fees for €1,363,000.

Properties purchased during the year and those subject to a purchase offer or sales commitment are stated at market value.

NON-CURRENT ASSETS HELD FOR SALE

Where the carrying amount of a non-current asset is to be recovered through disposal rather than through continued use, IFRS 5 requires the asset to be posted to a specific balance sheet item, namely "non-current assets held for sale".

As at 31 December 2009, 26 assets are shown in this line (Note [8.10]):

- the value of seven of them corresponds to external appraisals,
- the value of twelve of them corresponds to signed mandates, offers accepted by both parties and/or commitments to sell,

- the seven others were valued on the basis of internal appraisals reflecting their probable sale value.

By correlation, the liabilities directly related to these assets have been reclassified in Note [8.7] "Liabilities linked to non-current liabilities held for sale".

Disposal of assets

The gain or loss on sale of an investment property is calculated in relation to the most recent fair value recorded in the balance sheet of the preceding financial year.

This amounted to €24,691,000 as at 31 December 2009 versus €6,139,000 as at 31 December 2008.

Reconciliation between the values on the balance sheet [8.10] and the values appraised by independent appraisers on 31 December 2009

(in thousands of euros)	Fair value	Appraisals	Differential	Comments
External appraisals	41,450	41,450	-	
Internal appraisal	6,555	-	6,555	
Mandates, offers for sale and commitments to sell	39,402	29,480	9,922	Out of 12 assets, 5 were appraised externally at the same time
[8.10] NON-CURRENT ASSETS HELD FOR SALE	87,407	70,930	16,477	

Reconciliation between the values on the balance sheet [8.10] and the values appraised by independent appraisers on 31/12/2008

(in thousands of euros)	Fair value	Appraisals	Differential	Comments
External appraisals	84,108	88,364	(4,257)	(€2,555,000) stem from values used in accounting that were lower than the appraisal value and (€1,702,000) from the Belgian tax provisions
Mandates, offers for sale and internal valuation	20,141	-	20,141	
[8.10] NON-CURRENT ASSETS HELD FOR SALE	104,249	88,364	15,884	

Sensitivity to changes in the assumptions used to measure fair value

On the basis of the portfolio value excluding registration fees and estimated disposal costs, the average rate of return as at 31 December 2009 was 7.16%.

On the basis of an average rate of return for the year of 7.16%, an additional change of 25 basis points would tilt the change in the Group's portfolio value in the other direction by €32.5 million.

ASSETS CLASSIFIED AS HELD FOR SALE

When the sale of an entire business sector is planned, it must be isolated on a specific line. The activities and cash flow must be

clearly distinguished. The Affine Group has initiated the process of selling its subsidiary BFI, whose business is the operation of business centres.

In such a case, the Group must provide the following information:

- A single amount posted to the income statement that includes the total:
 - after tax profit or loss on the activities in question,
 - after tax profit or loss recognised based on the estimated fair value less costs of the sale or disposal of assets or of BFI held for sale.

- An analysis of the single amount in:
- Income, expenses and pre-tax profit or loss on the discontinued activities.

The analysis is presented both in the income statement in “Profit after tax on discontinued operations or those in the process of being sold” and in Paragraph 5 “Activities in the process of being discontinued”.

Net cash flow from operating, investment and financing activities for discontinued operations are isolated on a separate line in the cash flow table.

INVENTORIES AND CONSTRUCTION CONTRACTS

■ Inventories

Inventories and work in progress are recorded at purchase or production cost. At each balance sheet date, they are valued at the lower of cost of construction and net realisable value. Net realisable value is the estimated selling price during the normal course of business, less any estimated costs for completion or execution of the sale. In practice, the value is written off when the realisable value is found to be lower than the historic cost.

Inventories largely consist of land, property reserves and property promotion costs incurred.

CONSTRUCTION CONTRACTS AND VENTES EN L'ÉTAT FUTUR D'ACHÈVEMENT (SALES OF PROPERTY IN A STATE OF PARTIAL COMPLETION – “VEFA”)

For real estate development activities, the margin and revenues for real estate activities are recognised in Affine's statements using the percentage of completion method.

Costs of construction and VEFA contracts are cost prices directly attributable to the contract; marketing expenses are not taken to inventory but borrowing costs are. Marketing and management fees are recorded as expenses.

When it is probable that the total cost of a contract will exceed total income, the Group records a loss at termination as an expense for the period.

The profit or loss upon completion is taken from the projected margin set out in the project budget.

The percentage of completion is determined using the method that most reliably measures the work or services carried out and accepted, depending on their nature. The method used is either the proportion of the cost of work and services carried out at the balance sheet date in relation to the anticipated total contract costs, or a certificate of progress issued by a professional.

BUSINESS COMBINATIONS – GOODWILL

The distinction between acquisitions of isolated assets (IAS 40) and business combinations (IFRS 3) is as follows:

- An entity holding a property or set of properties meets the definition of a business combination and falls under the scope of application of IFRS 3 if the acquired entity corresponds to a business as defined by IFRS 3. Under IFRS 3, a business is defined as an integrated set of activities and assets that is capable of being conducted or managed for the purpose of providing a return or generating lower costs or other economic benefits. If an entity gains control over one or more entities which are not businesses, the grouping of these entities is not considered as a business combination.

- For acquisitions of securities not considered as business combinations, the identifiable assets and liabilities are recognised at cost without recognition of goodwill. These operations usually correspond to transactions on isolated assets, groups of assets which do not constitute a business and on the securities of companies holding such assets.

■ Business combinations

Business combinations are recognised using the acquisition method at fair value.

The acquisition method consists of:

- Identifying the acquiring party,
- Determining the acquisition date,
- Measuring the acquisition cost,
- Allocating the cost of the business combination through recognition of certain and contingent assets and liabilities identifiable at fair value.

An excess of the cost of the business combination over the purchaser's interest (goodwill) represents a payment for future economic benefits generated by assets that cannot be specifically identified and recognised separately. Goodwill is initially recorded at its cost as an asset; it cannot be amortised but may be written down.

An excess in the acquirer's interest over the cost of the business combination (negative goodwill) is recognised immediately in profit or loss.

■ Acquisitions of individual assets

Such assets are recorded under the acquisition method and stated at fair value.

DOUBTFUL RECEIVABLES

Regardless of the business sector, once a receivable has been overdue for over six months at the end of the financial year, it is transferred to the “doubtful receivables” account. The same applies when a counterparty's situation leads to the conclusion that a risk is present (receivership, major financial difficulties, etc.).

Outstanding receivables are included in “non-performing receivables” when they have been classified as doubtful for at least one year, or in the event of the expiry or termination of a finance lease.

Outstanding receivables restructured based on non-market terms are identified as performing receivables in a specific sub-category until their ultimate maturity. No outstanding amounts have been identified as falling into this category.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

■ Operating buildings

When recognising an impairment loss for an amortisable asset, the charge must be adjusted for future years, so that the revised carrying value of the asset, less its residual value, can be depreciated over the remainder of its useful life. The carrying value of an asset that has risen as a result of the reversal of an impairment loss must not exceed the carrying amount that would have been determined (after depreciation) had no impairment loss been recognised for this asset over previous financial years.

Other property, plant and equipment and intangible assets

At each balance sheet date, the company must assess the possible existence of indicators demonstrating that an asset may have been impaired. If such an indicator exists, the recoverable value of the asset should be estimated (impairment test). An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable value. This is equal to the higher of the fair value of the selling price net of disposal costs and its value in use. Any impairment loss is recognised in income, as is any reversal.

IMPAIRMENT OF FINANCE LEASES

Impairment of finance lease receivables is posted to "Trade loans and receivables" (see Note 8.5 to the consolidated balance sheet).

Finance leases are stated based on their recovery value. When a lessee is deemed to be at risk (e.g. very bleak financial position, mounting unpaid debts, receivership), an impairment loss is determined if the difference between the carrying value of the receivable and the present value of future estimated cash flows discounted at the original effective interest rate is negative. No lease is currently affected.

IMPAIRMENT OF INVENTORIES

At each balance sheet date, the forecast cost is compared to the expected selling price, net of marketing costs. If the sale price is lower than the cost, an impairment loss is recognised for the portion relating to work in progress (the loss corresponding to work to be completed is recognised as a provision for liabilities). As at 31 December 2009, the amount of provisions for inventories was €1,843,000 versus €1,917,000 at 31 December 2008.

IMPAIRMENT OF GOODWILL

Goodwill is recorded in the balance sheet at cost. Once a year, it is subject to a standard review and impairment tests. At the date of acquisition, each element of goodwill is allocated to one or more cash-generating units that are forecast to derive economic benefits from the acquisition; consequently, the legal entity is the equivalent of a cash-generating unit. Any impairment of this goodwill is based on the recoverable value of the relevant cash-generating units. The recoverable value of a cash-generating unit is calculated based on the most appropriate method.

If the recoverable value is less than its carrying value, it is irreversibly written off in the consolidated results for the year. The goodwill of the Concerto Développement Group was entirely written off at 31 December 2009 for €3,661,000.

IMPAIRMENT OF DOUBTFUL RECEIVABLES

Invoices classified as doubtful receivables are systematically fully written off for their amount excluding tax, less any deposits or guarantees received.

For free lease financing transactions, the non-matured portion of the receivable thus written off – which is included under "other trade credit" – is also written off, determined under the same conditions.

FINANCIAL INSTRUMENTS

The valuation and recognition of financial instruments and the required disclosures are set out under IAS 39 and 32 and IFRS 7.

The financial assets held by Affine Group are accounted for as follows:

- Investment securities are recorded as trading assets,
- Unconsolidated investments are recorded as "assets available for sale".

Affine Group only uses derivatives as part of its debt interest rate hedging policy. Under IFRS, these instruments are considered as financial assets and liabilities and must be stated at their fair value on the balance sheet.

Changes in value are recognised directly in income, except in two situations where they are recognised in equity as follows:

- When the derivative is classified as a cash flow hedge,
- When the derivative is classified as a net investment hedge

Classification as a hedge is strictly defined and must be documented from the outset; prospective and retrospective effectiveness tests must also be carried out.

Affine Group has developed a macro-hedging strategy for its debt based on swaps and caps. However, given the problem of demonstrating the effectiveness of this hedging and its maintenance over time, Affine has not sought to implement the option provided under IAS 39, which would make it possible to recognise changes in the fair value of derivatives via equity, except for the non-effective portion of the hedge, which would still be recognised in profit or loss. Consequently, Affine classifies derivatives as trading assets.

All financial liabilities are recognised in the balance sheet at depreciated cost except for derivatives that are recognised at fair value.

Issuing costs for loans, including convertible bonds (ORA) and perpetual subordinated loan notes (TSDI), are recorded as a deduction from the nominal value of the loan and recognised by being incorporated into the calculation of the effective interest rate.

These payables or receivables are discounted and interest expense or income is taken to the income statement over the loan repayment period. Accordingly, exit charges owed pursuant to SIIIC status are subject to discounting in the Group's financial statements.

Financial assets at fair value through the income statement

The main methods and assumptions applied to calculate the fair value of financial assets are as follows:

- Equity investments are valued on the basis of either their market price (for listed instruments) or on the basis of their net asset value or their discounted future cash flows if the amount of the line is sufficiently material;
- Equity investments are valued on the basis of either their market price (listed instruments) or on the basis of their net asset value or their discounted future cash flows;
- Derivatives are valued by discounting future flows estimated on the basis of an interest rate curve at the balance sheet date, with this discounting communicated by the various banking counterparties with which these transactions are conducted. This method of determination corresponds to level 3 of the fair value hierarchy of IFRS 7.

Financial liabilities at fair value through profit or loss

These liabilities concern debt related to derivatives.

The debt is valued by discounting future cash flows for which the company is committed to the bank counterparties providing these hedges.

This data is provided in the section entitled "6. Management of financial risk".

RECOGNITION OF CONVERTIBLE BONDS (ORA) AND PERPETUAL SUBORDINATED LOAN NOTES (TSDI)

Convertible Bonds (ORA)

1st issue: 2,000 convertible bonds with a nominal value of €10,000 issued on 15 October 2003, for a period of 20 years, redeemable on maturity at the original issue price of €50 per share (200 shares per convertible bond), adjusted for the possible dilutive effects of financial transactions on the share capital.

After a bonus issue of 4% of shares to shareholders on 23 November 2005, this ratio rose to 208 shares per convertible bond.

Affine's General Meeting of Shareholders held on 26 April 2007 decided to execute a three-for-one stock split on Affine shares by allocating three new shares for every old share effective on 2 July 2007. Accordingly, the exchange ratio has been raised to 624 shares per convertible bond.

■ Annual interest

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

- An interim payment of €323.23 per bond (which corresponds to a fixed interim payment of €0.518 per underlying share),
- The remainder on the day the dividend is paid.

■ Early redemption at the Company's discretion

From 15 October 2008, the Company may convert all or some of the convertible bonds to shares if the average share closing price over 40 consecutive trading sessions exceeds the adjusted issue price.

From 15 October 2013, the Company may redeem all or some of the convertible bonds in cash by giving prior notice of 30 calendar days, at a price guaranteeing the initial subscriber, on the actual redemption date, after taking into account coupons paid in previous years and the interest payable for the period between the last interest payment date before the early redemption date and the actual redemption date, a gross actuarial return of 11%. Under no circumstances may this price be lower than the nominal value of the convertible bond.

■ Early redemption at the holder's discretion

From 15 October 2013, convertible bond holders shall be entitled to request, at any time, excluding the period from 15 November to 31 December inclusive in any year, the redemption of all or some of their convertible bonds at a rate of 624 shares (after adjustment) per convertible bond.

2nd issue: 600 convertible bonds with a nominal value of €16,682, issued on 29 June 2005 for a period of 20 years, redeemable on maturity at the original issue price of €83.41 per share (200 shares per convertible bond), adjusted for the possible dilutive effects of financial transactions on the share capital.

After a bonus issue of 4% of shares to shareholders on 23 November 2005, this ratio rose to 208 shares per convertible bond.

Affine's General Meeting of Shareholders held on 26 April 2007 decided on a three-for-one stock split on Affine shares by allocating three new shares for every old share effective on 2 July 2007. Accordingly, the exchange ratio has been raised to 624 shares per convertible bond.

■ Annual interest

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

- An interim payment of €280.80 per bond (which corresponds to a fixed interim payment of €0.45 per underlying share),
- The remainder on the day the dividend is paid.

■ Early redemption at the Company's discretion

As of 29 June 2010, the Company may convert all or part of the convertible bonds into shares provided that the average share price over 40 consecutive trading days exceeds the issue price, as adjusted.

As of 29 December 2010, the Company may redeem in cash all or some of the convertible bonds, by giving prior notice of ten business days, at a price guaranteeing the original subscriber, on the date of actual redemption, after taking into account the coupons paid in previous years and interest payable for the period from the most recent interest payment date before the early redemption to the date of actual redemption, a gross actuarial return of 11%.

■ Early redemption at the holder's discretion

As of 29 June 2010, holders of convertible bonds will have the right to demand redemption at any time of all or some of their convertible bonds at a rate of 624 shares (after adjustment) per bond.

Following a review of the terms and conditions of the convertible bonds issued by Affine Group, we conclude that, insofar as there is no situation in which the Affine Group could be obligated to repay all or some of the convertible bonds in cash, and since the payment of interest and the recognition of interim payments depend on the distribution of dividends to shareholders. The correct accounting treatment is to post the entire value of the issues to equity from the outset.

Consequently, given that these are equity instruments, the after-tax amounts of all payments made on the convertible bonds, including interim payments, are posted to equity. Accordingly, there is no charge against income.

Payment of the interim dividend payable on 15 November of a given year becomes certain on the date of the General Meeting of Shareholders approving the financial statements for the preceding year. A debt corresponding to the discounted value of the interim dividend is therefore recorded in liabilities and equity on that date.

As such, the only impact on income would be the cancellation of the discounting effect for six months on the interim dividend, which is not material.

■ Perpetual subordinated loan notes (TSDI)

On 13 July 2007, Affine issued €75 million of perpetual subordinated loan notes (TSDI) represented by 1,500 TSDI each with a €50,000 nominal value. The issue was placed with foreign investors, and the notes are listed on the Marché Réglementé (regulated market) of the Luxembourg stock exchange.

■ Term of the TSDI

The TSDI are issued for an unlimited term.

■ Redemption procedures

The TSDI may be redeemed in their entirety (and not in part) at the discretion of the Issuer, at any interest payment date with effect from 13 July 2017, for their nominal value plus unpaid accrued interest (including deferred interest) subject to the prior approval of the General Secretariat of the Banking Commission.

■ Form of the TSDI

No paper document evidencing ownership of the TSDI has been issued. The TSDI are bearer securities and are recorded in the books of Euroclear France which will credit the accounts of the account holders.

■ Ranking of the TSDI

The TSDI and related interest constitute ordinary subordinated bonds, which are direct, unconditional, unsecured and issued for an unlimited term by Affine. They have the same ranking, without priority between them or vis-à-vis other existing or future ordinary subordinated bonds. They rank above all equity securities issued by Affine, investment loans granted to Affine, and lowest ranking subordinated bonds, and they rank after existing or future unsubordinated bonds. In the event of Affine's liquidation, the TSDI will be redeemed at their nominal value after all priority or unsecured creditors have been repaid, but before redeeming the lowest ranking subordinated bonds, equity securities issued by Affine and investment loans granted to Affine.

■ Annual interest

Each TSDI bears interest with effect from the date of issue based on its nominal value at a floating quarterly interest rate equal to the 3-month Euribor plus a margin per annum, payable quarterly in arrears on 13 July, 13 October, 13 January and 13 April of every year, the first time being 13 October 2007. The margin is 2.80% per annum with effect from 13 July 2007 inclusive until the first early redemption date (exclusive) and thereafter 3.80% per annum.

If an Ordinary General Meeting of Shareholders:

- establishes, before an interest payment date, that there are no distributable earnings,
- or establishes that there are distributable earnings, but has not made or approved a dividend in any form, nor effected a

payment in respect of any share class with the exception of a dividend required by the law applying to the issuer due to its status as a listed real estate investment trust ("SIIC") and former SICOMI.

Affine may defer the payment of interest, and the interest thus deferred will accrue interest until the next date on which interest is paid.

Since Affine is not obliged to pay coupons or to redeem the TSDI, whether or not an event outside its control occurs, under IAS 32 all the TSDI must therefore be classified as equity instruments.

Distributions in respect of these instruments, net of any tax, will be treated as dividend distributions.

PROVISIONS

Provisions are recognised where the Group has a current liability (whether legal or implicit) stemming from a past event, where it is likely that an outflow of resources representing financial benefits will be required to settle the liability and where the amount of the liability can be reliably valued.

Where the Group expects the provision to be reimbursed, for example under an insurance policy, the reimbursement is recorded as a separate asset provided reimbursement is virtually certain.

If there is a significant time-value impact, provisions are determined by discounting expected future cash flows at a pre-tax discount rate that reflects the current market assessment of the time-value of money and, if applicable, the risks specific to the liability. Where the provision is discounted, the increase in provision relating to the passage of time is recognised as an interest expense.

TREASURY STOCK

These shares are posted to equity in the same way as capital gains or losses from disposals.

TAXES

Consolidated tax expense includes deferred taxes.

■ Current tax

Group companies which have opted for the special tax treatment applicable to listed real estate investment trusts (SIIC) are exempt from tax on current earnings and on capital gains.

Affine is subject to a specific tax treatment as follows:

- An SIIC segment exempt of tax on current earnings, capital gains and dividends;
- A former SICOMI segment exempt from tax on current earnings, which is applicable to finance lease agreements prior to 1993;
- A tax segment applying to "free" finance leases ("CBL") signed with effect from 1 January 1993 and to "general" finance leases ("CBG") signed prior to 1 January 1996;
- Other business is taxable.

Deferred tax

Pursuant to IAS 12, deferred tax arises from timing differences between the carrying values of assets and liabilities and their tax values.

Under the variable reporting method, deferred tax is calculated based on the known or expected tax rate in the year when the assets will be realised or the liabilities paid.

The impact of changes in the tax rate from one fiscal year to another is recorded in the income of the year during which the change occurs, unless the changes concern a tax asset or liability originally posted to equity.

Deferred tax relating to assets and liabilities posted directly to equity is also posted to equity.

The rates applicable to the year ending 31/12/2009 are as follows:

French companies excluding SIIC	33.33%
German companies	15.82%
Belgian companies	33.99%

In accordance with the standard:

- Deferred taxes cannot be discounted,
- Deferred tax assets and liabilities are offset by entities subject to the same tax authority.

EMPLOYEE BENEFITS

The Group recognises all staff benefits on the balance sheet. These benefits largely relate to pensions and other post-employment benefits. The cost of employee benefits is accounted for in the year when the rights are vested.

Affine's employees come under the National Collective Bargaining Agreement governing financial companies dated 22 November 1968, as amended on 3 October 2008. This Agreement does not provide for any retirement allowance other than the one provided by the general system. The pension plan is a defined contribution scheme.

The allowances follow the same tax and social security regime as redundancy payments, as modified by the law of 25 June 2008 modernising the labour market;

	Voluntary retirement	Forced retirement
Over 10 years' employment	½ month	1/5 of the monthly salary per year
More than 15 years' employment	1 month	} 1/5 of the monthly salary for the first 10 years and 2/15 beyond the 10 th year
More than 20 years' employment	1.5 month	
More than 30 years' employment	1 month	

The applicable base is one twelfth of the gross pay over the final twelve months preceding redundancy or, if more beneficial, one third of the final three months.

Provisions are accrued for retirement commitments in the financial statements according to the assumption of retirement and amounted to €391,000 as at 31 December 2009 versus €328,000 as at 31 December 2008.

The assumptions used in the calculation of the provision are as follows:

	2009	2008
Discount rate:	3.97%	4.54%
Staff turnover:	16% Up to 50 years, 3% thereafter	15% Up to 50 years, 3% thereafter
Employee revaluation coefficient INSEE TD-TV 03-05 mortality table for 2008 and INSEE TD-TV 04-06 mortality table for 2009	1.76%	1.96%

The discount rate corresponds to the most recent average rate of return on bonds issued by private companies.

The calculation of the provision for retirement allowances was performed by ADP, an independent firm.

This provision takes social security charges into consideration.

With regard to employee share ownership schemes, IFRS 2 provides for systematic expensing, for both shares to be issued and existing shares, and regardless of the hedging strategy.

Affine uses the intrinsic value accounting method to value bonus share schemes: the valuation is based on the share price on the date of the initial grant. No assumed probability of future employment is factored into the calculation during the vesting period.

The expense is amortised over the 3-year vesting period, with no discounting.

4. CONSOLIDATION METHODS AND SCOPE

COMPANIES INCLUDED IN THE CONSOLIDATION

The consolidation includes the Group's parent company as well as all other companies over which it directly and indirectly exercises:

- Exclusive control,
- Joint control,
- Significant influence.

Exclusive control automatically exists when the parent company holds over 50% of the voting rights, and is presumed when the parent company holds 40% to 50%. In the latter case, control is evidenced if the parent company has the power to appoint or dismiss the majority of the members of the management or executive bodies or if it has most of the voting rights in the management or executive bodies.

Contractual exclusive control exists when the parent company exercises a dominant influence over the company by virtue of a contract or clauses in the articles of association, provided this complies with national law, even if the dominant company is not a shareholder or partner in this company.

Joint control exists when strategic financial and operational decisions on business activities require the unanimous consent of the parties sharing control. Joint control is defined by virtue of a contractual agreement.

Significant influence automatically exists when the parent company holds over 20% of the voting rights; below this limit,

significant influence may be shown by representation on the executive board or participation in strategic decisions.

CONSOLIDATION METHOD

Companies under exclusive control are fully consolidated and those under significant influence are consolidated under the equity method.

Businesses under joint control may be consolidated using proportionate consolidation or the equity method of consolidation (IAS 31, §25 and 31) depending on whether or not they fulfil the requirements stated above.

SCOPE OF CONSOLIDATION AT THE REPORTING DATE

	2009			2008	
	Consolidation method	% control	% interest	Consolidation method	% interest
AFFINE SA (parent company)					
AFFINE DEVELOPPEMENT 1 SAS	FC	100.00%	100.00%	FC	100.00%
AFFINE DEVELOPPEMENT 2 SAS	FC	100.00%	100.00%	FC	100.00%
AFFINVESTOR GmbH	FC	94.00%	94.00%	FC	94.00%
ANJOU SC (formerly ATIT SC)	FC	100.00%	100.00%	FC	100.00%
BERCYMMO SARL	FC	100.00%	100.00%	FC	100.00%
BRETIGNY SCI	FC	100.00%	100.00%	FC	100.00%
COUR CAPUCINES SA	FC	100.00%	99.99%	FC	99.70%
ARCA VILLE D'ETE SCI (formerly CAPUCINES 2 SCI)	FC	100.00%	100.00%	FC	100.00%
CAPUCINES III SCI	FC	100.00%	100.00%	FC	100.00%
CAPUCINES IV SCI	FC	100.00%	100.00%	FC	100.00%
CAPUCINES V SCI	FC	100.00%	100.00%	FC	100.00%
CAPUCINES VI SCI	FC	100.00%	100.00%	FC	100.00%
CARDEV	FC	100.00%	100.00%	FC	100.00%
LES 7 COLLINES SAS	FC	95.00%	95.00%	-	-
DORIANVEST SARL	FC	100.00%	100.00%	FC	100.00%
LES JARDINS DES QUAIS SNC	FC	100.00%	75.00%	FC	75.00%
NEVERS COLBERT SCI (formerly CAPUCINES I SCI)	FC	100.00%	100.00%	FC	100.00%
2/4 BLD HAUSSMANN SAS	EM	50.00%	50.00%	EM	50.00%
LUMIERE SAS	FC	67.91%	67.91%	FC	67.91%
SIPEC SAS	FC	100.00%	100.00%	FC	100.00%
ST ETIENNE - MOLINA SAS	FC	100.00%	100.00%	FC	95.00%
TARGET REAL ESTATE SAS	FC	100.00%	100.00%	FC	100.00%
TRANSAFFINE SNC	FC	100.00%	100.00%	FC	100.00%
WEGALAAN SAS	-	-	-	FC	100.00%
BANIMMO SA ⁽¹⁾	FC	50.00%	50.00%	FC	50.00%
ALMA COURT INVEST SA	FC	100.00%	50.00%	FC	50.00%
EEKLO INVEST SA	-	-	-	FC	50.00%
LOZANA INVEST SA	FC	100.00%	50.00%	FC	50.00%
COMULEX SA	FC	100.00%	50.00%	FC	50.00%
LEX 84 SA	FC	99.98%	49.99%	FC	50.00%
H4 INVEST SA	-	-	-	FC	50.00%
EUDIP TWO SA	FC	100.00%	50.00%	FC	50.00%
PICARDIE INVEST SA	-	-	-	FC	50.00%
IMMO PROPERTY SERVICES SA	FC	100.00%	50.00%	FC	50.00%
IMMO KONINGSLO SA	FC	100.00%	50.00%	FC	50.00%
RHONE ARTS SA	FC	100.00%	50.00%	FC	50.00%
BOUWEN EN WONEN SA	FC	100.00%	50.00%	FC	50.00%
TERVUEREN INVEST SA	FC	100.00%	50.00%	FC	50.00%

	2009			2008	
	Consolidation method	% control	% interest	Consolidation method	% interest
RAKET INVEST SA	FC	100.00%	50.00%	FC	50.00%
MAGELLIN SA	FC	100.00%	50.00%	FC	50.00%
GP BETA II SA	FC	100.00%	50.00%	FC	50.00%
BANIMMO FRANCE SAS	FC	100.00%	50.00%	FC	50.00%
LES CORVETTES INVEST SAS	FC	100.00%	50.00%	FC	50.00%
CLAMART RETAIL SAS	FC	100.00%	50.00%	FC	50.00%
BANIMMO RETAIL 1 SAS	FC	100.00%	50.00%	FC	50.00%
MFSB SAS	FC	100.00%	50.00%	FC	50.00%
PARIS VAUGIRARD SAS	FC	100.00%	50.00%	FC	50.00%
PARIS MARCHE ST GERMAIN SAS	FC	100.00%	50.00%	-	-
IMMO 'T SERCLAES SA	EM	50.00%	25.00%	EM	25.00%
SCHOONMEERS – BUGTEN SA	EM	50.00%	37.50%	EM	37.50%
GRONDBANK THE LOOP SA	EM	33.38%	12.52%	EM	12.52%
PROJECT DEVELOPPEMENT SURVEY AND MANAGEMENT	EM	50.00%	25.00%	EM	25.00%
CONFERINVEST SA	EM	49.00%	24.50%	EM	24.50%
DOLCE LA HULPE SA	EM	49.00%	24.50%	EM	24.50%
DOLCE CHANTILLY SA	EM	49.00%	24.50%	EM	24.50%
PPF BRITANY GP SARL	EM	33.33%	16.66%	EM	16.66%
PPF BRITANY SCA	-	-	-	EM	16.66%
MONTEA SCA ⁽¹⁾	EM	23.26%	11.63%	EM	11.63%
CAPUCINE INVESTISSEMENTS SA	FC	95.00%	95.00%	FC	95.00%
LES VALLIERS SCI	-	-	-	FC	95.00%
CONCERTO Développement SAS	FC	70.29%	69.28%	FC	69.28%
AULNES Développement SAS	EM	50.00%	34.64%	FC	34.64%
CHAVORNAY PARC SA	PC	50.00%	34.64%	PC	34.64%
CONCERTO BALKANS SRL	FC	100.00%	69.28%	FC	69.28%
CONCERTO Développement Iberica SL	FC	100.00%	69.28%	FC	48.49%
CONCERTO LOGISTIC PARK MER	FC	99.99%	69.27%	FC	69.27%
LOTHAIRE DEVELOPPEMENT SCI	-	-	-	EM	34.64%
MGP SUN SARL ^{(1) (2)}	EM	10.00%	6.93%	EM	6.93%
PROMAFFINE SAS	FC	100.00%	100.00%	FC	70.00%
BOURGTHEROULDE - L'EGLISE	FC	100.00%	100.00%	FC	70.03%
29 COPERNIC SCI	EM	50.00%	50.00%	EM	35.00%
CAP 88	EM	40.00%	40.00%	EM	28.00%
DOLE SARL	PC	50.00%	50.00%	PC	35.00%
IVRY 34 WESTERMEYER	-	-	-	FC	70.03%
LUCE CARRE D'OR SCI	FC	100.00%	100.00%	FC	70.03%
MARSEILLE 88 CAPELETTE	EM	40.00%	40.00%	EM	28.00%
NANTERRE TERRASSES 12 SCI	PC	50.00%	50.00%	PC	35.00%
MARSEILLE - 220 LA TIMONE SCI	-	-	-	FC	70.03%
SOISSONS - GOURAUD SCI	-	-	-	FC	70.03%
BFI SAS (formerly EDOUARD VII Facilité SAS)	FC	97.99%	97.99%	FC	70.69%
AFFIPARIS SA	FC	64.88%	64.88%	FC	63.74%
SCI DU BEFFROI	FC	100.00%	64.61%	FC	62.50%
BERCY PARKINGS SCI	FC	100.00%	64.88%	FC	63.74%
SARL COSMO	FC	99.90%	64.54%	FC	62.44%
SCI 28-32 PLACE DE GAULLE	FC	100.00%	64.61%	FC	62.50%
SCI GOUSSIMO 1	FC	100.00%	64.61%	FC	62.50%
SC GOUSSINVEST	FC	100.00%	64.61%	FC	62.50%
HOLDIMMO SC	FC	99.58%	64.61%	FC	62.50%
SCI COSMO LILLE	FC	100.00%	64.61%	FC	62.50%
SCI COSMO MARSEILLE	FC	100.00%	64.61%	FC	62.50%
SCI COSMO MONTPELLIER	FC	100.00%	64.61%	FC	62.50%
SCI COSMO NANCY	-	-	-	FC	62.50%
SCI COSMO NANTES	FC	100.00%	64.61%	FC	62.50%
SCI NUMERO 1	FC	100.00%	64.88%	FC	63.74%
SCI NUMERO 2	FC	100.00%	64.88%	FC	63.74%
SCI PM MURS	FC	100.00%	64.88%	FC	63.74%
SCI 36	FC	100.00%	64.88%	FC	63.74%
SCI COSMO SAINT ETIENNE	-	-	-	FC	62.50%
SCI COSMO TOULOUSE	FC	100.00%	64.61%	FC	62.50%
SCI COSMO VALBONNE	-	-	-	FC	62.50%

(1) Sub-consolidation.
(2) Trade name Logifline.

The main events affecting the Affine Group consolidation since 31/12/2009 were as follows:

- The Affine Group sold
 - its equity investment in SCI Goissons Gouraud and in SCI Ivry 34,
 - its equity investment of 2.4% in Altaréa,
 - the Eeklo Invest SA (Kruger), H4 Invest SA (Mobistar) and Picardie Invest SA (Atlantic House Tréfonds) subsidiaries.
- The Affine Group created
 - The company 7 Collines in November 2009 which hosts a shopping centre; the company opted for SIIC status,
 - Paris Marché St Germain SAS.
- Promaffine liquidated its subsidiary SCI Marseille 220 la Timone in April 2009.

BUSINESS COMBINATIONS FOR THE YEAR ENDED 31 DECEMBER 2009

All consolidated companies have a financial year end of 31 December.

Exceptionally, the first financial year of certain recently formed companies lasts for a period other than 12 months:

- Ivry 34 Westemeyer: 29/08/2008 to 31/12/2009,
- 7 Collines: 03/12/2009 to 31/12/2009,
- Marseille 88 Capelette : 1/7/2009 to 31/12/2009.

JOINT VENTURES (COMPANIES PROPORTIONATELY CONSOLIDATED)

The joint venture partners in real-estate developments conducted by the Promaffine Group are companies recognized for their competence and financial strength.

The Company is not aware of any liabilities for which the Affine Group would be jointly liable with the joint investor.

ASSOCIATES (COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD)

The Company is not aware of any liabilities for which the Affine Group would be jointly liable with the other investors.

5. OPERATIONS BEING DISCONTINUED

The share disposal agreement between the Affine Group and BFI, whose primary activity is the operation of Business Centres, was signed on 30 December 2009 with effect from 12 February 2010.

The sale of this company caused the disappearance of an entire segment of activity; therefore all assets, liabilities and income related to it are posted under the following headings:

- "Assets classified as held for sale",
- "Liabilities classified as held for sale",
- "Profit after tax on discontinued operations or those in the process of being sold".

The cash flow table has also been modified.

Only the affected headings are listed; the reclassification does not affect the company's net income nor the Group's share thereof in any way.

IMPACT ON ASSETS

(in thousands of euros)	2009 with BFI in each item	2009 with BFI classified in the heading "Assets classified as held for sale"	Assets classified as held for sale
Cash	127	122	5
Financial assets at fair value via income	7,673	7,673	0
Financial assets available for sale	3,412	3,412	-
Loans and receivables from financial institutions	32,754	31,808	945
Trade loans and receivables	116,094	114,769	1,325
Current tax assets	460	459	1
Deferred tax assets	5,571	5,568	3
Adjustment accounts and others	54,401	52,953	1,447
Assets classified as held for sale		5,067	-5,067
Non-current assets held for sale	87,407	87,407	-
Equity investments in associated companies consolidated under the equity method	22,090	22,090	-
Investment properties	948,294	948,294	-
Property, plant and equipment	5,255	3,955	1,300
Intangible assets	507	466	42
Goodwill	0	0	-
	1,284,044	1,284,044	0

IMPACT ON LIABILITIES

(in thousands of euros)	2009 with BFI in each item	2009 with BFI classified in the heading "Liabilities classified as held for sale"	Liabilities classified as held for sale
Financial liabilities at fair value via income	21,249	21,249	-
Liabilities to financial institutions	674,721	673,617	1,105
Trade payables	12,639	12,639	0
Debt securities	15,712	15,712	-
Current tax liabilities	3,722	3,722	-
Deferred tax liabilities	14,501	14,501	-
Adjustment accounts and others	74,479	70,715	3,764
Liabilities classified as held for sale		5,020	-5,020
Debts related to non-current assets held for sale	36,487	36,487	-
Provisions for risks and charges	8,229	8,078	152
Equity	422,305	422,305	-
	1,284,044	1,284,044	0

IMPACT ON THE INCOME STATEMENT

(in thousands of euros)	2009 with BFI in each item	2009 with BFI classified in the heading "Profit/loss after tax on discontinued operations or those being sold"	Gain/(loss) after tax from discontinued businesses or those in the process of being sold
Interest and related income	5,653	5,653	-
Interest and related expenses	(29,452)	(29,447)	(5)
Commissions (charges)	(378)	(340)	(38)
Gains or losses on financial instruments at FV via income	(8,814)	(8,834)	19
Gains or losses on financial instruments available for sale	10,832	10,832	-
Income from other activities	321,063	313,481	7,582
Expenses on other activities	(273,446)	(269,264)	(4,182)
General operating expenses	(26,792)	(23,066)	(3,726)
Allowances to tangible assets and property, plant and equipment	(834)	(556)	(278)
Cost of risk	(4,348)	(4,334)	(14)
Share of companies consolidated under the equity method	(5,632)	(5,632)	-
Net gains or losses on other assets	(201)	(21)	(180)
Change in goodwill	(3,545)	(3,545)	-
PRE-TAX PROFIT	(15,895)	(15,074)	(821)
Income tax	1,798	1,796	2
Profit after tax on discontinued operations or those in the process of being sold		-819	+819
NET INCOME	(14,097)	(14,097)	0

The consolidated earnings items relating to BFI are given in the table below:

(in thousands of euros)	2009	2008
Interest and related expenses	(5)	(8)
Commissions (charges)	(38)	(29)
Net gains or losses on financial assets at FV via income	19	-
Income from other activities	7,582	8,089
Expenses on other activities	(4,182)	(3,767)
General operating expenses	(3,726)	(3,976)
Amortisation allowances and provisions for property, plant and equipment and intangible assets	(278)	(696)
Cost of risk	(14)	(200)
Net gains or losses on other assets	(180)	-
Change in value of goodwill	-	(819)
PRE-TAX PROFIT	(821)	(1,406)
Corporate income tax	2	
PROFIT AFTER TAX ON DISCONTINUED OPERATIONS OR THOSE IN THE PROCESS OF BEING SOLD	(819)	(1,406)

6. MANAGEMENT OF FINANCIAL RISK

VALUE OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

31/12/2009

(in thousands of euros)	Notes	Carrying amount				Fair value
		Assets in fair value through profit or loss	Assets available for sale	Loans and receivables	Total	Total
Derivatives stated at fair value through profit or loss	8-2	3,859	-	-	3,859	3,859
Financial assets at fair value via income	8-1	1,708	-	-	1,708	1,708
Financial assets available for sale	8-3	-	3,410	-	3,410	3,410
Trade loans and receivables ⁽¹⁾	8-5	-	-	85,240	85,240	85,240
Trade accounts and related receivables ⁽²⁾	8-5	-	-	25,287	25,287	25,287
Other receivables ⁽³⁾	8-5 & 8-8	-	-	25,969	25,969	25,969
Cash and equivalents ⁽⁴⁾		2,022	-	32,678	34,700	34,785
TOTAL FINANCIAL ASSETS		7,588	3,410	169,174	180,172	180,257

[7-1] Includes investment securities only.

⁽¹⁾ This item includes other trade loans (€16,000,000) and finance lease transactions and related receivable (€69,239,000).⁽²⁾ This item includes receivables from investment properties (€27,722,000) and receivables for services rendered (€565,000).⁽³⁾ This item includes, first, ordinary debit accounts for €5,464,000 (note 7-5) and, second, the Other assets item (Note 7-8) after deduction of net inventories (€20,520,000), securities settlement accounts (€748,000), prepaid expenses (€4,209,000), and tax and social security receivables (€5,924,000) and expense calls (€1,049,000).⁽⁴⁾ Cf. sub total 1 of page 9 + note [7-1] FV on trade securities.

31/12/2009

(in thousands of euros)	Notes	Carrying amount				Fair value
		Liabilities in fair value through profit or loss	Liabilities at amortised cost	Debts	Total	Total
Derivatives stated at fair value	9-1	21,249	-	-	21,249	21,249
Loans and debts to financial institutions	9-2	-	648,185	-	648,185	648,185
Trade payables	9-2	-	-	12,639	12,639	12,639
Guarantee deposits ⁽¹⁾	9-6	-	11,911	-	11,911	11,911
Trade accounts and other payables ⁽²⁾	9-6	-	40,551	-	40,551	40,551
Cash and equivalents	9-2	-	-	25,432	25,432	25,432
TOTAL FINANCIAL LIABILITIES		21,249	700,648	38,070	759,967	759,967

⁽¹⁾ This item corresponds to deposits received included in other liabilities.⁽²⁾ This item corresponds to Other liabilities (€70,715,000) after deducting tax and social security liabilities (€5,227,000), deposits received above (€11,911,000), accrued income (€4,955,000), securities settlement accounts (€26,000) and calls for rental charges (€8,098,000).

31/12/2008

(in thousands of euros)	Notes	Carrying amount				Fair value
		Assets in fair value through profit or loss	Assets available for sale	Loans and receivables	Total	Total
Derivatives stated at fair value through profit or loss	8-2	86	-	-	86	86
Financial assets at fair value via income	8-1	1,484	-	-	1,484	1,484
Financial assets available for sale	8-3	-	32,358	-	32,358	32,358
Trade loans and receivables ⁽¹⁾	8-5	-	-	101,985	101,985	101,985
Trade accounts and related receivables ⁽²⁾	8-5	-	-	18,990	18,990	18,990
Other receivables ⁽³⁾	8-5 & 8-8	-	-	29,619	29,619	29,619
Cash and equivalents ⁽⁴⁾		1,760	-	25,159	26,920	26,982
TOTAL FINANCIAL ASSETS		3,330	32,358	175,753	211,441	211,503

⁽¹⁾ This item includes other trade loans (€14,472,000) and finance lease transactions and related receivables (€87,513,000).⁽²⁾ This item includes receivables from investment properties (€17,526,000) and receivables for services rendered (€1,464,000).⁽³⁾ This item includes, first, ordinary debit accounts for €5,262,000 (note 9-5) and, second, the Other assets item (Note 9-8) after deduction of net inventories (€33,199,000), securities settlement accounts (€265,000), prepaid expenses (€2,438,000), and tax and social security receivables (€16,533,000) and calls for charges (€1,155,000).⁽⁴⁾ cf. sub-total of page 9.

31/12/2008

(in thousands of euros)	Notes	Carrying amount				Fair value
		Liabilities in fair value through profit or loss	Liabilities at amortised cost	Debts	Total	Total
Derivatives stated at fair value	9-1	10,744	-	-	10,744	10,744
Loans and debts to financial institutions	9-2	-	716,449	-	716,449	716,449
Trade payables	9-2	-	-	12,952	12,952	12,952
Guarantee deposits ⁽¹⁾	9-6	-	11,637	-	11,637	11,637
Trade accounts and other payables ⁽²⁾	9-6	-	60,291	-	60,291	60,291
Cash and equivalents	9-2	-	-	6,718	6,718	6,718
TOTAL FINANCIAL LIABILITIES		10,744	788,377	19,670	818,790	818,790

⁽¹⁾ This item corresponds to deposits received included in other liabilities.

⁽²⁾ This item corresponds to Other liabilities (€87,908,000) after deducting tax and social security liabilities (€7,846,000), deposits received above (€11,637,000), accrued income (€3,879,000), securities settlement accounts (€194,000) and calls for rental charges (€4,061,000)

IMPACT OF FINANCIAL INSTRUMENTS ON FINANCIAL POSITION AND PERFORMANCE

Affine Group:

- has not used the fair value per option for any financial asset or liability,
- has no compound collateral or instruments issued with multiple derivatives,
- has not experienced any default or non-performance with respect to its loans.

No asset was reclassified or written off during the financial year.

NATURE AND SCOPE OF RISKS RELATED TO FINANCIAL INSTRUMENTS:

▀ Credit risk

In 2009, the Affine Group maintained a selective policy in terms of the financial strength of its customers, the business sectors in which they operate, their geographic locations, and the quality of the buildings.

In accordance with regulatory requirements (CRB no. 93-05), the Company limits its finance lease commitments to a customer or group to 25% of its equity (i.e. on 31 December 2009 to €92.4 million, see Declaration 4003i on control of significant risks and of gross risks on a consolidated basis).

This internal limit is reviewed annually, but is not necessarily adjusted. An additional rule limits the total of risks with an individual amount higher than 10% of equity to eight times the amount of equity.

Affine also sets a minimum margin of 1.5% for variable rate cases as well as for fixed rate cases.

A group of customers means customers who exercise direct or indirect control over one another, and persons who are bound by cross-guarantee agreements or who have a preponderant business relationship with one another, particularly when they are bound by subcontracting or franchising agreements.

Currently, no group of customers exceeds the threshold of 10% of equity in terms of net risk.

Properties reported as of potential concern to the Group undergo an annual expert property appraisal.

Overdue financial assets are always less than 180 days old. Beyond that period, the loan due is written off in full after deduction of any guarantees.

Summary of value losses on financial assets

■ Impairments of trade receivables

		31/12/2009					
Age of trade receivables (in thousands of euros)	Notes	Balance sheet item	Not due	Due within 30 days	Due over 30 days and within 180 days	Due over 180 days and within 1 year	Due over 1 year
Gross							
Investment property receivables	[7.5]	14,735	2,080	1,300	2,722	1,042	7,590
Receivables for services rendered	[7.5]	712	296	24	215	-	176
Finance lease receivables	[7.6]	2,621	551	394	632	195	849
TOTAL OF GROSS TRADE RECEIVABLES		18,067	2,928	1,718	3,569	1,238	8,615
Losses							
Investment property receivables	[7.5]	3,174	-	30	595	662	1,887
Receivables for services rendered	[7.5]	146	-	-	-	-	146
Finance lease receivables	[7.6]	847	-	6	24	182	635
TOTAL LOSSES ON TRADE RECEIVABLES		4,167	-	36	619	843	2,668

		31/12/2009					
Impairments on trade receivables (in thousands of euros)	Notes	Balance as at 1 January	Allowances	Reversal for use	Reversals for non use	Other changes	Balance as at 31 December
Related to investment property receivables	[7.5]	2,476	1,666	(309)	(643)	(17)	3,174
Related to receivables from services rendered	[7.5]	114	32	-	-	-	146
Related to finance lease receivables	[7.6]	635	212	-	-	-	847
TOTAL IMPAIRMENTS ON TRADE RECEIVABLES		3,225	1,911	(309)	(643)	(17)	4,167

■ Impairments on investment securities held

		31/12/2009					
Impairments on investment securities held (in thousands of euros)	Notes	Balance as at 1 January	Allowances	Reversal for use	Reversals for non use	Other changes	Balance as at 31 December
Investment securities		-	-	-	-	-	-
TOTAL IMPAIRMENT ON INVESTMENT SECURITIES HELD		-	-	-	-	-	-

■ Impairments of trade receivables

		31/12/2008					
Age of trade receivables (in thousands of euros)	Notes	Balance sheet item	Not due	Due within 30 days	Due over 30 days and within 180 days	Due over 180 days and within 1 year	Due over 1 year
Gross							
Investment property receivables	[7.5]	14,622	2,109	111	3,948	763	7,692
Receivables for services rendered	[7.5]	1,578	1,265	-	109	38	166
Finance lease receivables	[7.6]	2,979	353	7	1,390	18	1,212
TOTAL OF GROSS TRADE RECEIVABLES		19,179	3,727	118	5,446	819	9,070
Losses							
Investment property receivables	[7.5]	2,476	-	13	100	301	2,062
Receivables for services rendered	[7.5]	114	-	-	-	-	114
Finance lease receivables	[7.6]	635	-	6	6	11	612
TOTAL LOSSES ON TRADE RECEIVABLES		3,225	-	19	106	312	2,788

31/12/2008

Impairments on trade receivables (in thousands of euros)	Notes	Balance as at 1 January	Allowances	Reversal for use	Reversals for non use	Other changes	Balance as at 31 December
Related to investment property receivables	[7.5]	3,593	904	(1,296)	(668)	(56)	2,476
Related to receivables from services rendered	[7.5]	115	-	(1)	-	-	114
Related to finance lease receivables	[7.6]	2,326	23	(1,714)	(1)	-	635
TOTAL IMPAIRMENTS ON TRADE RECEIVABLES		6,034	927	(3,011)	(669)	(56)	3,225

■ Impairments on investment securities held

31/12/2008

Impairments on investment securities held (in thousands of euros)	Notes	Balance as at 1 January	Allowances	Reversal for use	Reversals for non use	Other changes	Balance as at 31 December
Investment securities		-	-	-	-	-	-
TOTAL IMPAIRMENT ON INVESTMENT SECURITIES HELD		-	-	-	-	-	-

▴ Liquidity risk

The Affine Group always has sufficient cash to meet its payment obligations and had confirmed short-term bank overdraft facilities of €22,000,000 as at 31 December 2009. It monitors its risk primarily by using two tools:

- a daily cash statement prepared by the finance department and sent to general management after viewing all bank accounts,
- a 2-year monthly cash situation forecast provided by the management controller to general management; at this time actual monthly cash and forecast cash are reconciled and discrepancies analysed. A cash forecast is submitted to the two Boards of Directors convened to approve the financial statements of the Group.

From a regulatory perspective, the Group's liquidity position is shown by changes in the liquidity coefficient which is communicated to the Banking Commission on a quarterly basis.

See Note 8.2, debt schedule.

▴ Interest rate risk

Developments in the financial markets resulted in major fluctuations in interest rates during 2008, initially causing a steep increase in the cost of refinancing, but, beginning in October, floating rates fell significantly. The Affine Group favours the use of floating rate debt, which, before hedges, represented almost 91% of its bank debt as at 31 December 2009 (excluding debts related to equity investments and bank overdrafts).

The Group continued its prudent policy of systematically hedging its interest rate risk through market transactions (swaps, caps and tunnels) with leading banking institutions. During the year, twelve caps, four floors, three collars and nine swaps were purchased for a notional amount of €507,744,000. These tunnels guarantee rates of between 1.6% and 6.0%.

Market risk is evaluated by measuring sensitivity to decreases or increases in interest rates. Interest rates constitute the risk variable both for finance lease contracts (the principal financial assets), and for bank loans (the principal financial liabilities).

- Analysis of the sensitivity of cash flows for floating rate instruments (loans financing assets held for sale, the Banimmo and Concerto Group facilities, are excluded).

Sensitivity to interest rate variation (in thousands of euros)	Amount outstanding 31/12/2008	Interest charges 2010	Interest charges 2011	Interest charges 2012	Interest charges 2013
Increase by 50 basis points, 2009 projected rate		4,358	4,117	3,679	3,408
Increase by 100 basis points, 2009 projected rate		5,247	5,011	4,559	4,168
AS AT 31/12/2009	384,138	-	-	-	-

Sensitivity to interest rate variation (in thousands of euros)	Amount outstanding 31/12/2008	Interest charges 2010	Interest charges 2011	Interest charges 2012	Interest charges 2013
Increase by 50 basis points, 2008 projected rate		2,818	2,477	2,021	1,844
Increase by 100 basis points, 2008 projected rate		4,495	4,380	3,937	3,397
AS AT 31/12/2008	439,474	-	-	-	-

Exchange rate risk

The Affine Group does not carry out foreign currency transactions and therefore is not exposed to foreign exchange rate risk.

Counterparty risk

The Affine Group is committed to investing its cash and contracting derivatives only with reputable banking institutions. As at 31 December 2009, no bank represented more than 17.1% of the total refinancing debt.

Financial structure ratio

In 2009, the Affine Group continued to finance its growth through borrowings; the decline in appraised values recognised in 2009 negatively affected its LTV, which was 58% at 31 December 2009 versus 56% at 31 December 2008 including transfer duties on buildings and the value of securities of companies consolidated under the equity method.

This ratio is lower than the levels permitted under the financial covenants pertaining to debt.

Financial covenants

The Group's loans are subject to agreements with certain types of covenants:

- Loan To Value (LTV);
- ICR (Interest Coverage Ratio);
- DSCR (Debt Service Coverage Ratio).

According to the terms of these loan agreements, failure to comply with these ratios constitutes an event of default calling for partial or accelerated repayment to re-establish the ratio at its contractual level.

The Company is in compliance with all covenants.

Management of capital risk

The modification to IAS 1 "Presentation of financial statements" adds provisions facilitating the evaluation of the objectives, policies and procedures for an entity's capital management.

The Affine Group's objectives in capital management consist of assuring the Group's continuing operations so as to provide a return to shareholders as well as creating a capital structure that efficiently achieves the goal of limiting the cost of capital.

The Affine Group's objectives with respect to equity are to:

- operate at a high level of solvency,
- foster harmonious internal and external growth.

The quantitative objective is to maintain a solvency ratio greater than 20% through the combination of margins on real estate assets, the management of dividend payout and gearing levels, and through calling on the market both for capital and financial instruments included in equity (such as convertible bonds and perpetual subordinated loan notes).

By their nature, convertible bonds and perpetual subordinated loan notes are considered not as debt but as a component of equity.

7. SEGMENT REPORTING

Application by Affine Group of IFRS 8 in place of IAS 14 as at 31 December 2009 required adapting segment reporting to the statement of consolidated income presented in the section on Financial Summaries in the Management Report.

Segment reporting reflects management's view and is prepared on the basis of the internal reporting used by the Principal Operational Decision-Maker (Senior Management) to implement the allocation of resources and evaluate performance.

The data in the report is prepared in accordance with the accounting principles used by the Group.

The Group has four operating segments:

- "Finance leases",
- "Investment properties",
- "Property development",
- "Business centres";
- Other.

Period ending 31/12/2009 (in thousands of euros)	Finance leases	Investment properties	Property development	Business centres	Other	Total
Income from other activities	4,228	101,667	17,528	-	636	124,058
Income from other activities	17,776	277,154	17,528	-	636	313,094
Capital gains on disposals	(13,549)	(162,614)	-	-	-	(176,162)
Unrealised gain on investment properties FV	-	(12,874)	-	-	-	(12,874)
Reversals of provisions for risks	-	-	-	-	-	-
Reversals of provisions for charges	-	-	-	-	-	-
Interest and income on finance lease transactions	4,211	-	-	-	-	4,211
- Expenses on other activities	(4,065)	(38,828)	(17,615)	-	-	(60,509)
Expenses on other activities	(17,318)	(233,461)	(17,615)	-	-	(268,394)
Cost of risk	-	-	-	-	-	-
Reversals of provisions trade receivables Revenue	-	-	-	-	-	-
Capital losses on disposals	13,252	138,084	-	-	-	151,336
Unrealised loss on investment properties FV	-	56,549	-	-	-	56,549
- Interest and related expenses	(526)	-	-	-	-	(526)
Interest and related expenses	(29,447)	-	-	-	-	(29,447)
On payables due to financial institutions	28,736	-	-	-	-	28,736
On trade payables	706	-	-	-	-	706
Lessee loans or guarantee deposits	(102)	-	-	-	-	(102)
Commitment hedge accounts	(424)	-	-	-	-	(424)
On subordinated debts	5	-	-	-	-	5
Cost of risk	-	-	74	-	-	74
Cost of risk	-	-	(4,334)	-	-	(4,334)
Provisions on other assets	-	-	4,408	-	-	4,408
Cost of risk	-	-	-	-	-	-
Reversals of provisions on other assets	-	-	-	-	-	-
Reversals of provisions trade receivables Revenue	-	-	-	-	-	-
Provisions on fixed-income securities	-	-	0	-	-	0
OPERATIONAL MARGIN	3,847	62,838	(13)	-	636	67,309
Interest and related income	-	-	-	-	-	1,442
On loans and receivables due from financial institutions	-	-	-	-	-	1,111
On trade loans and receivables	-	-	-	-	-	332
Prepayments and def. int. from finance leases	-	-	-	-	-	(1)
Interest and related expenses	-	-	-	-	-	(28,921)
On payables due to financial institutions	-	-	-	-	-	(28,736)
On trade payables	-	-	-	-	-	(706)
Lessee loans or finance lease guarantee deposits	-	-	-	-	-	102
Finance lease commitment hedge accounts	-	-	-	-	-	424
On subordinated debt	-	-	-	-	-	(5)
Gains or losses on financial instruments at fair value through profit or loss	-	-	-	-	-	(1,212)
Gains or losses on financial instruments at fair value through profit or loss	-	-	-	-	-	(8,834)
Changes in fair value	-	-	-	-	-	7,622
Gains or losses on financial assets available for sale (excluding Altaréa)	-	-	-	-	-	1,865
Cost of risk	-	-	-	-	-	(4,408)
Cost of risk	-	-	-	-	-	(4,334)
Provisions on inventories	-	-	-	-	-	35
Reversals of provisions on inventories	-	-	-	-	-	(109)
Reversals of provisions trade receivables Revenue	-	-	-	-	-	-
Cost of risk on business centres	-	-	-	-	-	-

Period ending 31/12/2009 (in thousands of euros)	Finance leases	Investment properties	Property development	Business centres	Other	Total
Gains or losses on other assets	-	-	-	-	-	(1)
Gains or losses on other assets	-	-	-	-	-	(21)
Loss on disposal of operating assets	-	-	-	-	-	110
Gains on disposal of operating assets	-	-	-	-	-	(90)
Financial income	-	-	-	-	-	(31,236)
General operating expenses	-	-	-	-	-	(23,120)
Commissions (charges)	-	-	-	-	-	(340)
Amortisation expense, provisions on intangible assets and property, plant and equipment	-	-	-	-	-	(463)
Provisions for risks	-	-	-	-	-	(1,069)
Provisions for charges	-	-	-	-	-	(220)
+ Reversals of provisions for risks	-	-	-	-	-	639
+ Reversals of provisions for charges	-	-	-	-	-	65
Operating costs and miscellaneous	-	-	-	-	-	(24,509)
Corporate income taxes	-	-	-	-	-	5,131
OPERATING INCOME	-	-	-	-	-	16,695
Capital gains on disposals	13,549	162,614	-	-	-	176,162
Capital losses on disposals	(13,252)	(138,084)	-	-	-	(151,336)
Loss on disposal of operating assets	-	-	-	-	-	(110)
Gains on disposal of operating assets	-	-	-	-	-	90
Capital gains on disposal	296	24,530	-	-	-	24,806
PRE-TAX PROFIT	-	-	-	-	-	41,501
Change in fair value of investment properties	-	(43,676)	-	-	-	(43,676)
Change in fair value of financial instruments	-	-	-	-	-	(7,622)
Altaréa	-	-	-	-	-	8,967
Share in earnings of equity-associates	-	(4,382)	-	-	-	(4,382)
Change in value of goodwill	-	-	(3,545)	-	-	(3,545)
Net earnings from discontinued activities	-	-	-	(819)	-	(819)
Other	-	-	-	-	-	(8,746)
Deferred tax	-	-	-	-	-	6,936
Exit tax	-	(53)	-	-	-	(53)
Deferred taxes net of exit tax	-	-	-	-	-	6,883
NET BOOK INCOME	-	-	-	-	-	(2,693)
OTHER INFORMATION						
Segment assets	69,287	1,106,090	32,755	3,994	-	1,212,126
Investments in companies accounted for under the equity method	-	23,197	(1,078)	-	-	22,119
Unallocated assets	-	-	-	-	-	50,429
Total consolidated assets						1,284,738
Segment liabilities	65,618	709,920	30,296	-	-	805,834
Unallocated liabilities*	-	-	-	-	-	478,904
Total consolidated liabilities	-	-	-	-	-	1,284,738
Investment expenses	-	129,538	-	-	-	129,538
Amortisation expense	-	-	-	-	-	556
Other non-disbursed expenses	212	1,698	-	35	-	1,946

* Unallocated liabilities include equity.

7. SEGMENT REPORTING (CONTINUED)

Period ending 31/12/2008 (in thousands of euros)	Finance leases	Investment properties	Property development	Business centres	Other	Total
Income from other activities	4,385	89,310	79,544	-	2,228	175,467
Income from other activities	15,135	120,022	79,544	-	2,228	216,929
Capital gains on disposals	(10,749)	(25,666)	-	-	-	(36,415)
Unrealised gain on investment properties FV	-	(5,046)	-	-	-	(5,046)
Reversal of provisions for risks	-	-	-	-	-	-
Reversals of provisions for charges	-	-	-	-	-	-
Interest and income on finance lease transactions	6,728	-	-	-	-	6,728
Prepayments and def. int. from finance leases	6	-	-	-	-	6
Expenses on other activities	(4,461)	(25,764)	(75,474)	(7)	-	(105,706)
Expenses on other activities	(14,380)	(97,190)	(75,474)	(7)	-	(187,051)
Cost of risk	-	-	-	-	-	-
Reversals of provisions trade receivables Revenue	-	-	-	-	-	-
Capital losses on disposals	9,919	19,527	-	-	-	29,447
Unrealised loss on investment properties FV	-	51,898	-	-	-	51,898
Interest and related expenses	(715)	-	-	-	-	(715)
Interest and related expenses	(40,714)	-	-	-	-	(40,714)
On payables due to financial institutions	39,950	-	-	-	-	39,950
On trade payables	760	-	-	-	-	760
Lessee loans or guarantee deposits	(177)	-	-	-	-	(177)
Commitment hedge accounts	(538)	-	-	-	-	(538)
On subordinated debt	5	-	-	-	-	5
Cost of risk	-	-	(1,825)	-	-	(1,825)
Cost of risk	-	-	(1,397)	-	-	(1,397)
Hedged irrecoverable trade receivables	-	-	31	-	-	31
Net provisions on inventories	-	-	-	-	-	-
Provisions on other assets	-	-	176	-	-	176
Cost of risk	-	-	-	-	-	-
Reversals of provisions on other assets	-	-	-	-	-	-
Reversals of provisions trade receivables Revenue	-	-	-	-	-	-
Reversals of provisions for trade receivables	-	-	-	-	-	-
Reversals of provisions on fixed-income securities	-	-	(635)	-	-	(635)
OPERATIONAL MARGIN	5,943	63,546	2,246	(7)	2,228	73,955
Interest and related income	-	-	-	-	-	1,293
On loans and receivables due from financial institutions	-	-	-	-	-	1,015
On trade loans and receivables	-	-	-	-	-	283
Prepayments and def. int. from finance leases	-	-	-	-	-	(6)
Interest and related expenses	-	-	-	-	-	(39,999)
On payables due to financial institutions	-	-	-	-	-	(39,950)
On trade payables	-	-	-	-	-	(760)
Lessee loans or finance lease guarantee deposits	-	-	-	-	-	177
Finance lease commitment hedge accounts	-	-	-	-	-	538
On subordinated debt	-	-	-	-	-	(5)
Gains or losses on financial instruments at fair value through profit or loss	-	-	-	-	-	(1,066)
Gains or losses on financial instruments at fair value through profit or loss	-	-	-	-	-	(13,715)
Changes in fair value	-	-	-	-	-	12,648
Gains or losses on financial assets available for sale	-	-	-	-	-	3,743

Period ending 31/12/2008 (in thousands of euros)	Finance leases	Investment properties	Property development	Business centres	Other	Total
Cost of risk	-	-	-	-	-	428
Cost of risk	-	-	-	-	-	(1,397)
Irrecoverable receivables (services rendered)	-	-	-	-	-	51
Provisions on inventories	-	-	-	-	-	2,124
Reversals of provisions on inventories	-	-	-	-	-	(349)
Reversals of provisions trade receivables Revenue	-	-	-	-	-	-
Reversals of provisions for doubtful receivables	-	-	-	-	-	(1)
Property Development	-	-	-	-	-	-
Cost of risk on business centres	-	-	-	-	-	-
Gains or losses on other assets	-	-	-	-	-	46
Gains or losses on other assets	-	-	-	-	-	46
Loss on disposal of operating assets	-	-	-	-	-	55
Gains on disposal of operating assets	-	-	-	-	-	(55)
	-	-	-	-	-	-
Financial income	-	-	-	-	-	(35,555)
General operating expenses	-	-	-	-	-	(26,411)
Commissions (charges)	-	-	-	-	-	(1,421)
Amortisation expense, provisions on intangible assets and property, plant and equipment	-	-	-	-	-	(723)
Provisions for risks	-	-	-	-	-	(524)
Provisions for charges	-	-	-	-	-	(379)
+ Reversals of provisions for risks	-	-	-	-	-	2,101
+ Reversals of provisions for charges	-	-	-	-	-	535
Other expenses	-	-	-	-	-	-
Operating costs and miscellaneous	-	-	-	-	-	(26,820)
Corporate income taxes	-	-	-	-	-	(1,312)
OPERATING INCOME	-	-	-	-	-	10,266
Capital gains on disposals	10,749	25,666	-	-	-	36,415
Capital losses on disposals	(9,919)	(19,527)	-	-	-	(29,447)
Loss on disposal of operating assets	-	-	-	-	-	(55)
Gains on disposal of operating assets	-	-	-	-	-	55
Capital gains on disposal	830	6,139	-	-	-	6,969
PRE-TAX PROFIT	-	-	-	-	-	17,235
Change in fair value of investment properties	-	(46,852)	-	-	-	(46,852)
Change in fair value of financial instruments	-	-	-	-	-	(12,648)
Share in earnings of equity-associates	-	-	-	-	-	975
Change in value of goodwill	-	-	-	-	-	60
Net earnings from discontinued activities	-	-	-	-	-	(1,406)
Others	-	-	-	-	-	(371)
Deferred tax	-	-	-	-	-	6,838
Exit tax	-	(1,453)	-	-	-	(1,453)
Deferred taxes net of exit tax	-	(1,453)	-	-	-	5,385
NET BOOK INCOME	-	-	-	-	-	(37,252)
OTHER INFORMATION						
Segment assets	87,702	1,182,581	53,699	8,959	-	1,332,940
Investments in companies accounted for under the equity method	-	28,720	(650)	-	-	28,070
Unallocated assets	-	-	-	-	-	36,072
Total consolidated assets	-	-	-	-	-	1,397,082
Segment liabilities	51,932	781,798	48,630	5,054	-	887,413
Unallocated liabilities *	-	-	-	-	-	509,669
Total consolidated liabilities	-	-	-	-	-	1,397,082
Investment expenses	-	209,672	-	-	-	209,672
Amortisation expense	-	-	-	-	-	723
Other non-disbursed expenses	23	1,065	2,124	-	-	3,212

* Unallocated liabilities include equity.

7. SEGMENT REPORTING (CONTINUED)

The following tables show, for each geographic sector, information on income from ordinary activities, investments and certain information on assets for the financial years ending 31 December 2009 and 31 December 2008.

Financial year ending 31/12/2009 (in thousands of euros)	Paris	Paris region	Other regions	Outside France	Total
Income from activities	9,432	41,141	59,871	13,614	124,058
Interest and income on finance lease transactions	152	1,162	2,896	-	4,211
	9,585	42,303	62,767	13,614	128,268
Other information					
Segment assets	256,371	300,959	386,131	189,812	1,133,273
Unallocated assets	-	-	-	-	151,466
TOTAL CONSOLIDATED ASSETS					1,284,738
Investment expenses	30,376	1,253	72,023	25,887	129,538

Financial year ending 31/12/2008 (in thousands of euros)	Paris	Paris region	Other regions	Outside France	Total
Income from activities	10,697	37,641	74,102	53,027	175,467
Interest and income on finance lease transactions	244	1,857	4,627	-	6,728
	10,941	39,498	78,729	53,027	182,195
Other information					
Segment assets	212,457	353,030	359,310	282,236	1,207,032
Unallocated assets	-	-	-	-	190,050
TOTAL CONSOLIDATED ASSETS					1,397,082
Investment expenses	53,316	25,388	68,870	62,098	209,672

8. NOTES TO BALANCE SHEET ASSETS

NOTE 8.1 – EQUITIES AND OTHER VARIABLE-INCOME SECURITIES

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Investment securities	1,708	1,484
Trading securities	2,022	1,760
FV on trading securities	85	62
Related receivables	-	-
TOTAL	3,815	3,306

Trading securities are exclusively comprised of money market mutual funds (SICAV).

As a result they are shown as cash equivalents in the cash flow statement.

NOTE 8.2 – DERIVATIVES

The amount of €3,859,000 is constituted by the fair value of derivatives.

Most of the derivatives as at 31 December 2009 are posted in "Financial liabilities at fair value via income", and totalled €17,283,000, compared to €10,149,000 as at 31 December 2008. See Note 8.1 for the repayment schedule.

NOTE 8.3 – FINANCIAL ASSETS AVAILABLE FOR SALE

Financial assets available for sale comprise investment securities and other long-term securities. The issuing companies are excluded from the scope of consolidation due to their lack of trading activity or the low percentage of interest held by Affine.

(in thousands of euros)	%	As at 31/12/2009	As at 31/12/2008
AFFINE			
Altaréa	-	-	32,339
Sofaris	NS	7	7
Habitat et Urbanisme	NS	12	12
BANIMMO			
Immobel	-	35	-
Atlantic Certificates	-	3,250	-
PROMAFFINE			
Paris-Breguet	10%	NS	NS
Related receivables	-	105	-
TOTAL		3,410	32,358

Change in impairment of financial assets available for sale

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Start of year	-	3
Transfers between line items	-	(3)
Allowances	-	-
Disposals	-	-
Reversals used	-	-
Reversals not used	-	-
END OF YEAR	-	-

NOTE 8.4 – LOANS AND RECEIVABLES DUE FROM FINANCIAL INSTITUTIONS (EXCLUDING FINANCE LEASES)

(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	31,808	31,808	-	-	-
Accounts	31,808	31,808	-	-	-
Related receivables	-	-	-	-	-
On maturity	-	-	-	-	-
Loans	-	-	-	-	-
Related receivables	-	-	-	-	-
TOTAL AS AT 31/12/2009	31,808	31,808	-	-	-

(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	24,845	24,845	-	-	-
Accounts	24,765	24,765	-	-	-
Related receivables	80	80	-	-	-
On maturity	-	-	-	-	-
Loans	-	-	-	-	-
Related receivables	-	-	-	-	-
TOTAL AS AT 31/12/2008	24,845	24,845	-	-	-

NOTE 8.5 – TRADE LOANS AND RECEIVABLES (EXCLUDING FINANCE LEASES)

This line item includes prepayments representing the cumulative discrepancy between the amount of rents invoiced and cash calls under the terms of non-SICOMI (professional leasing company) finance leases and cash advances to Group companies.

(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 trade credit net	16,000	2,075	1,089	12,764	72
Loans to related companies	15,978	2,056	1,089	12,760	72
Related receivables	23	18	-	4	-
Ordinary debit balances	5,464	5,464	-	-	-
Loans*	5,286	5,286	-	-	-
Related receivables	177	177	-	-	-
Receivables for investment properties	24,722	24,722	-	-	-
Trade receivables (services rendered)	565	565	-	-	-
TOTAL AS AT 31/12/2009	46,751	32,825	1,089	12,764	72

(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 trade credit net	14,472	1,051	68	1,026	12,326
Loans to related companies	14,459	1,038	68	1,026	12,326
Related receivables	13	13	-	-	-
Ordinary debit balances	5,262	5,262	-	-	-
Loans*	5,151	5,151	-	-	-
Related receivables	111	111	-	-	-
Receivables for investment properties	17,526	15,964	335	1,227	-
Trade receivables (services rendered)	1,464	1,464	-	-	-
TOTAL AS AT 31/12/2008	38,724	23,741	403	2,253	12,326

* Cash loans to Group companies.

Breakdown of net related receivables (investment property)

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Ordinary receivables incl. tax	10,431	11,351
Receivable on PC fixed asset disposal	13,160	5,380
Doubtful receivables incl. tax excl. termination allowances	4,304	3,271
Doubtful receivables on termination allowances incl. tax	-	-
Provisions for doubtful receivables excl. termination allowances	(3,174)	(2,476)
Provisions for doubtful receivables on termination allowances	-	-
TOTAL	24,722	17,526

Change in impairment of doubtful receivables (investment property)

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Start of year	2,476	3,593
Transfers between line items	-	(187)
Allowances	1,666	904
Disposals and reversals	(951)	(1,964)
Change in consolidation	(17)	131
END OF YEAR	3,174	2,476

Breakdown of trade receivables (services rendered)

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Ordinary receivables	536	1,284
Invoices to be issued	-	156
Doubtful receivables	176	137
Impairment of doubtful receivables	(146)	(114)
TOTAL	565	1,464

Change in impairment of doubtful receivables (services rendered)

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Start of year	114	432
Transfers between line items	-	(317)
Allowances	32	105
Disposals and reversals	-	(106)
END OF YEAR	146	114

NOTE 8.6 – FINANCE LEASES AND RELATED RECEIVABLES

Maturity of amounts outstanding (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 transactions	68,631	3,139	12,025	31,694	21,772
Transactions in progress	-	-	-	-	-
TOTAL AS AT 31/12/2009	68,631	3,139	12,025	31,694	21,772

(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 transactions	87,008	4,863	14,187	40,438	27,521
Transactions in progress	-	-	-	-	-
TOTAL AS AT 31/12/2008	87,008	4,863	14,187	40,438	27,251

Breakdown of receivables

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Amounts outstanding	68,631	87,009
Ordinary receivables incl. Tax	1,524	1,735
Non-performing receivables incl. tax excl. termination allowances	1,097	864
Non-performing receivables incl. tax on termination allowances	-	381
Receivables on fixed asset disposals	-	-
Provisions for non-performing receivables excl. termination allowances	(847)	(635)
Provisions for non-performing receivables on termination allowances	-	-
Prepaid income	(1,165)	(1,840)
TOTAL	69,239	87,514

Change in impairment of doubtful receivables (finance leases)

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Start of year	635	2,333
Transfers between line items	-	-
Allowances	212	23
Disposals and reversals	-	(1,722)
END OF YEAR	847	635

Change in gross investments

(in thousands of euros)	Leases	In progress	Total
Start of year	238,751	-	238,751
Increases	-	5	5
Acquisitions during the year	-	5	5
Decreases	(37,245)	-	(37,245)
Write-off	-	-	-
Disposals	(37,245)	-	(37,245)
Change in consolidation	-	-	-
Transfers between line items	-	-	-
Sector transfers	-	-	-
END OF YEAR	201,506	5	201,511

Change in financial amortisation

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Start of year	151,743	161,100
Transfers between line items	-	-
Allowances	13,790	15,947
Disposals and reversals	(32,652)	(25,306)
END OF YEAR	132,880	151,743

NOTE 8.7 – DEFERRED TAX ASSETS

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Investment properties	1,913	1,343
Securities at fair value via equity	-	-
Derivatives	1,386	113
Other items	883	80
TOTAL	4,182	1,536

NOTE 8.8 – OTHER ASSETS

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Subscribed share capital not paid up	14	15
French government – Tax and social security receivables	5,924	16,553
Deposits paid	5,322	5,486
Interim dividend	2,434	3,651
Supplier debit balances	291	434
Other miscellaneous receivables	4,542	5,953
Amounts due from customers (construction contracts and deliveries in a partial state of completion)	390	2,368
Gross inventories (property development)	22,241	35,089
Finance expense inventories (property development)	122	27
Impairment of inventories	(1,843)	(1,917)
Securities settlement accounts	748	265
Other	30	28
Prepaid expenses	4,209	2,438
Accruals	8,531	7,576
TOTAL	52,955	77,967

Change in impairment of inventories

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Start of year	1,917	823
Transfers between line items	-	-
Allowances	35	1,442
Disposals and reversals	(109)	(349)
END OF YEAR	1,843	1,917

NOTE 8.9 – ASSETS CLASSIFIED AS HELD FOR SALE

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Assets classified as held for sale	5,067	6,437
TOTAL	5,067	6,437

These concern assets associated with BFI.

NOTE 8.10 – NON-CURRENT ASSETS HELD FOR SALE

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Non-current assets held for sale	87,407	104,249
TOTAL	87,407	104,249

NOTE 8.11 – INTERESTS IN COMPANIES CONSOLIDATED UNDER THE EQUITY METHOD

(in thousands of euros)	%	Value as at 31/12/2009	Total balance sheet	Revenues exc. tax	Income	Value as at 31/12/2008
MGP Sun Sarl ⁽¹⁾	7%	(1,599)	8,424	-	(8,139)	(777)
Aulnes	35%	6	22	-	10	-
Copernic	50%	(292)	736	881	(584)	(163)
2/4 Haussmann	50%	(22)	1,641	-	(32)	(6)
Lothaire dév.	-	-	357	-	NS	-
Cap 88	40%	(219)	6,500	-	(172)	(57)
Marseille 88	40%	(510)	13,081	997	(262)	(430)
BANIMMO subsidiaries						
Montéa	12%	19,649	216,264	16,334	(10,673)	23,889
Immocert Tserclaes	25%	181	1,061	-	20	176
P.D.S.M.	25%	1,631	1,443	-	(7)	906
Schoonmeers	37%	3,264	1,554	-	(5)	4,102
Conferinvest ⁽¹⁾	24%	29	44,305	19,572	(2,841)	421
PPF Brittany sca		-	-	-	(25)	4
PPF Brittany GP sarl	17%	-	30	-	(21)	-
TOTAL		22,119				28,064

⁽¹⁾ Sub-consolidation

NOTE 8.12 – INVESTMENT PROPERTIES

(in thousands of euros)	Leases *	In progress	Held for sale	Total
Start of year	955,110	27,336	104,249	1,086,694
Increases	71,929	57,400	209	129,538
Acquisitions during the year	71,929	57,400	209	129,538
Decreases	(75,429)	(47,747)	(12,313)	(135,489)
Write-off	-	-	-	-
Disposals	(75,429)	(47,747)	(12,313)	(135,489)
Change in consolidation	-	-	-	-
Change in fair value	(32,474)	-	(11,202)	(43,676)
Transfers between line items	8,046	(14,510)	6,464	-
Sector transfers ⁽¹⁾	1,228	(301)	-	926
END OF PERIOD AT 31/12/2009	928,410	22,177	87,407	1,037,994

* Excluding impact of capitalised initial direct costs (€988,000 in 2009 versus €1,593 in 2008).

⁽¹⁾ Two assets were transferred from this heading, one to inventories for €301,000 and the other to property, plant and equipment for €1,317,000 and two other assets were transferred from property, plant and equipment to this heading for €2,545,000.

(in thousands of euros)	Leases *	In progress	ITNL	Total
Start of year	893,064	18,657	38,257	949,978
Increases	202,574	51,778	134	254,487
Acquisitions during the year	202,574	51,778	134	254,487
Decreases	(79,023)	-	-	(79,023)
Write-off	-	-	-	-
Disposals	(79,023)	-	-	(79,023)
Change in consolidation	6,789	-	-	6,789
Change in fair value	(54,008)	-	7,156	(46,852)
Transfers between line items	(14,286)	(43,100)	58,702	1,316
Sector transfers	-	-	-	-
END OF PERIOD AS AT 31/12/2008	955,110	27,336	104,249	1,086,694

* Excluding impact of capitalised initial direct costs (€1,593,000 in 2008 versus €870,000 in 2007).

In addition, the entry for "Change in consolidation" represents business combinations (IFRS 3), while the entries in "Increases" and "Decreases" relate to assets transactions (IAS 40). Accordingly, within the framework of a new consolidated company, the underlying assets are included in the "Changes in consolidation" column.

NOTE 8.13 – PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

▀ Changes in property, plant and equipment

(in thousands of euros)	Operating	Buildings under construction	Total
Start of year	4,269	-	4,269
Increases	75	-	75
Acquisitions during the year	75	-	75
Decreases	(59)	-	(59)
Write-off	-	-	-
Disposals	(59)	-	(59)
Transfers between line items	-	-	-
Sector transfers	(1,384)	-	(1,384)
END OF PERIOD AS AT 31/12/2009	2,901	-	2,901

"In progress" items in the table in Note 8.12 correspond to work performed in investment properties, while "buildings under construction" in the table above correspond to assets which are not, and are not intended to become, investment properties, such as land, conference centres, hotels and properties used by the Affine Group.

▀ Changes in intangible assets

(in thousands of euros)	Total
Start of year	1,818
Increases	95
Acquisitions during the year	95
Decreases	(87)
Write-off	-
Disposals	(87)
Change in consolidation	(87)
Transfers between line items	(149)
Sector transfers	-
END OF PERIOD AS AT 31/12/2009	1,590

Changes in depreciation and provisions

(in thousands of euros)	Intangible	Tangible	Total
Start of year	1,045	1,467	2,512
Increases	327	136	463
Acquisitions during the year	327	136	463
Decreases	(11)	(26)	(37)
Write-off	-	-	-
Disposals	(11)	(26)	(37)
Change in consolidation	(87)		(87)
Transfers between line items	(149)	-	(149)
Sector transfers	-	(180)	(180)
END OF PERIOD AS AT 31/12/2009	1,125	1,397	2,522

NOTE 8.14 – GOODWILL

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
On Concerto Développement securities	-	3,661
TOTAL	-	3,661

9. NOTES TO BALANCE SHEET LIABILITIES

NOTE 9.1 – DERIVATIVES

(in thousands of euros)	Balance sheet items	0 to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years
CAPS	397	-	-	397	-
COLLARS	364	-	-	364	-
FLOORS	3,626	-	405	3,221	-
SWAPS	3,625	-	-	2,030	1,595
TUNNELS	9,271	-	-	3,132	6,138
Sub-total (1)	17,283	-	405	9,144	7,733
Discounted premiums payable	3,966	271	848	2,498	349
Sub-total (2)	3,966	271	848	2,498	349
TOTAL AS AT 31/12/2009 (1) + (2)	21,249	271	1,253	11,642	8,082

(in thousands of euros)	Balance sheet items	0 to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years
CAPS	355	-	-	355	-
FLOORS	1,280	-	-	1,280	-
SWAPS	1,776	-	-	676	1,099
TUNNELS	6,739	-	-	2,219	4,520
Sub-total (1)	10,149	-	-	4,530	5,620
Discounted premiums payable	595	39	117	438	-
Sub-total (2)	595	39	117	438	-
TOTAL AS AT 31/12/2008 (1) + (2)	10,744	39	117	4,968	5,620

NOTE 9.2 – PAYABLES DUE TO FINANCIAL INSTITUTIONS

The interest projection assumptions were based on the last known maturity rates.

(in thousands of euros)	Carrying amount	less than 1 month		1 to 3 months		3 months to 1 year		1 year to 5 years		Over 5 years	
		Interest	Repay	Interest	Repay	Interest	Repay	Interest	Repay	Interest	Repay
On demand	25,432	-	25,432	-	-	-	-	-	-	-	-
Accounts	25,419	-	25,419	-	-	-	-	-	-	-	-
Related debts	13	-	13	-	-	-	-	-	-	-	-
On maturity	652,208	-	9,487	-	4,132	-	19,274	-	305,744	-	313,571
Loans	650,945	1,200	8,274	2,565	4,132	13,029	19,274	28,418	305,694	19,072	313,571
Related debts	1,263	-	1,213	-	-	-	-	-	50	-	-
TOTAL AS AT 31/12/2009	677,640	1,200	34,919	2,565	4,132	13,029	19,274	28,418	305,744	19,072	313,571
Of which fixed rate	81,363	-	3,069	-	947	-	4,707	-	50,666	-	21,973
Of which variable rate	569,582	-	5,205	-	3,185	-	14,567	-	255,028	-	291,598

This table does not include the deferment of borrowing costs at effective interest rate totalling -€4,022,000.

Derivative financial instruments under assets	-	-	-	-	-	-	-
Derivative financial instruments under liabilities	31,348	31	1,563	3,968	17,814	7,971	

(in thousands of euros)	Carrying amount	less than 1 month		1 to 3 months		3 months to 1 year		1 year to 5 years		Over 5 years	
		Interest	Repay	Interest	Repay	Interest	Repay	Interest	Repay	Interest	Repay
On demand	6,718	-	6,718	-	-	-	-	-	-	-	-
Accounts	6,711	-	6,711	-	-	-	-	-	-	-	-
Related debts	7	-	7	-	-	-	-	-	-	-	-
On maturity	720,257	-	26,205	-	160,803	-	33,411	-	219,768	-	280,070
Loans	716,736	1,428	22,684	3,321	160,803	14,855	33,411	15,186	219,768	28,542	280,070
Related debts	3,522	-	3,522	-	-	-	-	-	-	-	-
TOTAL AS AT 31/12/2008	726,975	1,428	32,923	3,321	160,803	14,855	33,411	15,186	219,768	28,542	280,070
Of which fixed rate	107,990	-	11,550	-	1,096	-	15,982	-	57,067	-	22,294
Of which variable rate	608,745	-	11,133	-	159,706	-	17,429	-	162,701	-	257,776

This table does not include the deferment of borrowing costs at effective interest rate totalling €3,808,000.

Derivative financial instruments under assets	-	-	-	-	-	-	-
Derivative financial instruments under liabilities	4,692		193	581	2,915	1,003	

Breakdown of guarantees given

(in thousands of euros)

	2009	2008
Pledge of securities	38,101	74,435
Unnotified Dailly Law assignments and mortgages	304,834	205,936
Mortgages and rent assignment agreements	-	2,082
Dailly Law assignment and mortgage agreements	169,167	2,465
Rent assignment agreements	1,980	2,425
TOTAL	514,082	287,343

NOTE 9.3 – TRADE PAYABLES

(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	1,212	1,212	-	-	-
Ordinary accounts	1,153	1,153	-	-	-
Other amounts owed	-	-	-	-	-
Related debts	59	59	-	-	-
Other on-maturity debts	11,427	273	3,656	4,646	2,852
On-maturity accounts & borrowings*	11,427	273	3,656	4,646	2,852
Related debts	-	-	-	-	-
TOTAL AS AT 31/12/2009	12,639	1,484	3,656	4,646	2,852

(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	929	929	-	-	-
Ordinary accounts	869	869	-	-	-
Other amounts owed	-	-	-	-	-
Related debts	60	60	-	-	-
Other on-maturity debts	12,023	942	1,037	7,176	2,869
On-maturity accounts & borrowings*	12,023	942	1,037	7,176	2,869
Related debts	-	-	-	-	-
TOTAL AS AT 31/12/2008	12,952	1,870	1,037	7,176	2,869

* Corresponds to hedge accounts for commitments (free finance lease)..

NOTE 9.4 – DEBT SECURITIES

(in thousands of euros)	Balance sheet items	0 to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years
Commercial paper	15,750	10,250	5,500	-	-
Related debts	(38)	(38)	-	-	-
TOTAL AS AT 31/12/2009	15,712	10,212	5,500	-	-

NOTE 9.5 – DEFERRED TAX LIABILITIES

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Financial assets available for sale	-	-
Financial assets at fair value	-	18
Investment properties at FV of non-SIIC subsidiaries	2,601	6,629
Lease contracts (lessee)	-	1,404
Goodwill assigned to buildings	173	3,282
Lease contracts (lessor)	-	-
Derivatives	-	(49)
Deferment of borrowing costs	60	60
Tax losses carried forward	-	(293)
Other items	65	(1,744)
TOTAL	2,899	9,308

NOTE 9.6 – OTHER LIABILITIES

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Government (VAT, taxes, etc)	3,518	5,956
Other tax and social security liabilities	1,201	1,408
Staff	509	482
Deposits received	11,911	11,637
Trade payables	10,479	31,488
Balances to be disbursed on investments	17	17
Payments received for guarantee deposits	1,028	351
Dividends payable	76	1
Remaining payments on securities	14	14
Other miscellaneous payables	24,414	8,041
Amounts due to customers (construction contracts and buildings in a state of partial completion)	263	137
Securities settlement accounts	26	194
Other expenses payable	11,728	15,168
Prepaid income	4,955	3,879
Investment subsidies	-	2,629
Other	629	6,506
TOTAL	70,768	87,908

NOTE 9.7 – LIABILITIES CLASSIFIED AS HELD FOR SALE

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Liabilities classified as held for sale	5,020	5,054
TOTAL	5,020	5,054

These are liabilities related to BFI.

NOTE 9.8 – DEBTS RELATED TO NON-CURRENT ASSETS HELD FOR SALE

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Loans	35,163	26,351
Guarantee deposits	1,323	1,141
TOTAL	36,487	27,492

NOTE 9.9 – PROVISIONS

(in thousands of euros)	Opening balance	Provision for the year	Carried forward for the year and used	Carried forward for the year and not used	Change in consolidation	Closing balance
Provision for various customer dispute risks	-	-	-	-	-	-
Provision for tax risk	55	145	-	(55)	-	145
Provision for pension costs	328	76	-	(13)	-	391
Provision for miscellaneous expenses	3,379	5,476	-	(635)	-	8,220
TOTAL	3,762	5,697	-	(703)	-	8,756

NOTE 9.10 – EQUITY

Shares authorised, issued and paid up

	At opening	Distribution of dividends as shares	Incorporation of reserves	At close
Number of shares	8,113,566	-	-	8,113,566
Share capital in euros	47,800,000	-	-	47,800,000

Treasury stock

	As at 31/12/2008	Acquisitions	Sales	As at 31/12/2009
Affine	6,094	9,107	(5,451)	9,750

Other changes in capital funds

	As at 31/12/2009
Cancellation of the straight-line amortisation of fees	(996)
TOTAL	(996)

10. NOTES TO THE INCOME STATEMENT

A reconciliation between the margins listed below and the operating profit appears in Note 6.

NOTE 10.1 – INTEREST INCOME FROM FINANCIAL INSTITUTIONS

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008	Change
Interest on ordinary debit balances	336	730	(394)
Interest on spot loans and accounts	-	-	-
Interest on term loans and accounts	48	45	3
Miscellaneous interest income	64	48	16
Financing commitments	662	192	470
TOTAL	1,111	1,015	96

NOTE 10.2 – INTEREST INCOME FROM CUSTOMERS

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008	Change
Interest on other trade credit	34	55	(22)
Interest on prepayments/def. int. from finance leases	1	6	(5)
Interest on ordinary debit balances	296	218	78
Miscellaneous interest income	1	4	(3)
TOTAL	332	283	49

NOTE 10.3 – INTEREST INCOME ON FINANCE LEASES

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008	Change
Rent and similar	18,791	24,044	(5,253)
Depreciation charges	(10,534)	(12,000)	1,466
Provision allowances	(3,256)	(3,987)	731
Other	(791)	(1,329)	538
TOTAL	4,211	6,728	(2,517)

Contingent rents included in income for the year: None.

NOTE 10.4 – INTEREST CHARGES ON PAYABLES DUE TO FINANCIAL INSTITUTIONS

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008	Change
Interest on ordinary credit balances	632	144	488
Interest on spot loans and accounts	-	-	-
Interest on term loans and accounts	27,638	39,432	(11,794)
Miscellaneous interest charges	5	18	(3)
Charges on financing commitments	436	308	129
Charges on guarantee commitments	24	47	(23)
TOTAL	28,736	39,950	(11,214)

NOTE 10.5 – INTEREST CHARGES ON TRADE PAYABLES

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008	Change
Interest on term loans – financial clients	81	3	78
Interest on ordinary credit balances	99	42	57
Interest on finance lease commitment hedge accounts	424	538	(114)
Interest on other term credit balances	-	-	-
Interest on lessee loans and financial lease deposit guarantees	102	177	(75)
Other miscellaneous interest charges	-	-	-
TOTAL	706	760	(54)

NOTE 10.6 – NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE VIA INCOME

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008	Change
Interest on fixed-income securities	-	-	-
Bonds	-	-	-
Investment securities	-	-	-
Dividends and other income from variable-income securities	-	41	(41)
Trading securities	-	8	(8)
Investment securities	-	33	(33)
Changes in fair value of financial assets or liabilities	24	32	(8)
Bonds	-	-	-
Trading securities	-	-	-
Investment securities	24	32	(8)
Debt securities	-	-	-
Capital gains or losses on disposals	6	183	(177)
Bonds	-	-	-
Trading securities	6	106	(100)
Investment securities	-	77	(77)
Derivatives (trading)	(8,863)	(13,971)	5,107
Interest income	60	706	(646)
Interest charges	(1,301)	(337)	(965)
Changes in fair value	(7,622)	(12,648)	5,027
Capital gains on disposals	-	-	-
Capital losses on disposals	-	(1,692)	1,692
Net foreign exchange transactions	-	-	-
Foreign exchange gains	-	-	-
Foreign exchange losses	-	-	-
TOTAL	(8,834)	(13,715)	4,881

NOTE 10.7 – GAINS OR LOSSES ON FINANCIAL ASSETS AVAILABLE FOR SALE

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008	Change
Dividends received	1,865	3,998	(2,133)
Capital gains on disposals	8,967	-	8,967
Capital losses on disposals	-	(255)	255
Reversal of impairment losses	-	-	-
Impairment losses	-	-	-
TOTAL	10,832	3,743	7,089

NOTE 10.8 – GROSS MARGIN ON OTHER ACTIVITIES**▀ Gross margin on finance lease transactions**

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008	Change
Termination allowances	-	935	(935)
Re-invoiced charges	4,056	4,240	(183)
Disposal price of fixed assets sold	4,098	889	3,210
Reversals of provisions	9,450	9,861	(410)
Other income	110	156	(46)
Impairment/reversals on properties	-	-	-
Impairment/reversals on doubtful receivables	(212)	763	(975)
Impairment/reversals on accruals	-	-	-
Recovery of written-off receivables	274	6	268
Bad debts	-	(1,714)	1,714
Subtotal of income	17,776	15,135	2,642
Depreciation expense on unleased properties	-	-	-
Net carrying amount of fixed assets sold	(13,252)	(9,919)	(3,333)
Rebillable expenses	(4,057)	(4,353)	296
Non rebillable expenses	(4)	(102)	99
Miscellaneous expenses	(5)	(6)	1
Subtotal of expenses	(17,318)	(14,380)	(2,937)
TOTAL	459	755	(296)

▀ Gross margin on real estate transactions

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008	Change
Proceeds from disposals	14,502	18,954	(4,452)
Changes in inventories	(12,839)	31,507	(44,346)
Income from property development contracts	15,594	29,063	(13,469)
Project management fees	219	20	199
Miscellaneous proceeds from day-to-day management	52	-	52
Subtotal of income	17,528	79,543	(62,016)
Charges on development contracts	(16,319)	(75,473)	59,154
Development contract work	(1,139)	-	(1,139)
Tax	(142)	(1)	(141)
Other expenses	(14)	-	(14)
Subtotal of expenses	(17,615)	(75,474)	(57,859)
TOTAL	(87)	4,069	(4,157)

■ Gross margin on investment property

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008	Change
Rent and similar	76,784	73,370	3,415
Income from real estate investment trusts	-	-	-
Termination allowances	394	94	300
Re-invoicing income	24,035	14,744	9,292
Disposal price of fixed assets sold	162,614	25,666	136,948
Positive changes in fair value	12,874	5,046	7,828
Other income	1,742	1,123	619
Recovery of written-off receivables	5	7	(2)
Bad debts	(547)	(948)	401
Impairment/reversals on properties	-	-	-
Impairment/reversals on doubtful receivables	(747)	921	(1,668)
Subtotal of income	277,154	120,022	157,132
Losses from real estate investment trusts	-	-	-
Marketing fees	(2,132)	(1,974)	(158)
Rebillable expenses	(22,456)	(13,551)	(8,905)
Non rebillable expenses	(14,240)	(10,239)	(4,001)
Net carrying amount of fixed assets sold	(138,084)	(19,527)	(118,556)
Changes in fair value	(56,549)	(51,898)	(4,651)
Subtotal of expenses	(233,461)	(97,190)	(136,271)
TOTAL	43,693	22,832	20,860

- Total amount of minimum income generated by non-cancellable sub-letting: None.
- Sub-letting rents included in expenses for the year: None.
- Contingent rents included in expenses for the year: None.

■ Gross margin on other operating activities

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008	Change
Re-invoiced charges	577	869	(292)
Reversal of provisions for liabilities and charges	703	2,636	(1,933)
Transfers of charges	-	-	-
Other miscellaneous bank operating income	59	1,358	(1,299)
Income from movable property leases	-	-	-
Other miscellaneous business centre income	-	-	-
Subtotal of income	1,339	4,863	(3,525)
Provisions for liabilities and charges	(1,289)	(902)	(387)
Expenses to be deferred	-	-	-
Other miscellaneous bank operating expenses	-	(7)	7
Other non rebillable business centre expenses	-	-	-
Subtotal of expenses	(1,289)	(909)	(380)
TOTAL	49	3,954	(3,905)

NOTE 10.9 – GENERAL OPERATING EXPENSES

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008	Change
Staff costs	8,932	10,933	(2,001)
Salaries and wages	6,373	6,851	(478)
Social security costs	2,490	3,090	(600)
Pension costs	-	-	-
Profit sharing	69	992	(923)
Other administrative costs	14,188	15,478	(1,290)
Tax	948	1,133	(184)
External services	13,239	14,345	(1,106)
TOTAL	23,120	26,411	(3,291)

NOTE 10.10 – DEPRECIATION, AMORTISATION AND PROVISIONS FOR PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008	Change
Amortisation allowance for intangible assets	329	368	(39)
Amortisation allowance for property, plant and equipment	134	355	(221)
TOTAL	463	723	(260)

NOTE 10.11 – COST OF RISK

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008	Change
Net impairment on fixed-income securities	-	635	(635)
Net impairment on trade receivables	-	-	-
Gains or losses on trade receivables	-	(82)	82
Net impairment on trade receivables (services)	-	2	(2)
Gains or losses on trade receivables (services)	-	-	-
Net impairment on trade receivables Business Centre	-	-	-
Gains or losses on trade receivables Business Centre	-	-	-
Net impairment of inventories	74	(1,775)	1,849
Net impairment of other assets	(4,408)	(176)	(4,232)
TOTAL	(4,334)	(1,396)	(2,938)

NOTE 10.12 – SHARE OF EARNINGS OF ASSOCIATED COMPANIES CONSOLIDATED UNDER THE EQUITY METHOD

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008	Change
Share in net profit	(4,382)	(2,554)	(1,828)
Losses on shares consolidated under the equity method	-	(21,285)	21,285
Gains on shares consolidated under the equity method	-	24,815	(24,815)
TOTAL	(4,382)	976	(5,357)

NOTE 10.13 – NET GAINS OR LOSSES ON OTHER ASSETS

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008	Change
Net operating asset disposals	(20)	0	(20)
Disposal price	90	55	35
Net carrying amount	(110)	(55)	(55)
Reversals of provisions	-	-	-
Provisions	-	-	-
Net consolidated securities transactions	(1)	46	(47)
Disposal price	4	46	(42)
Net carrying amount	(5)	-	(5)
Reversals of provisions	-	-	-
Provision allowances	-	-	-
TOTAL	(21)	46	(67)

NOTE 10.14 – CHANGE IN GOODWILL

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008	Change
Concerto	(3,661)	-	(3,661)
Montéa	-	(64)	64
Valliers	-	(435)	435
AffiParis	116	559	(443)
TOTAL	(3,545)	60	(3,605)

NOTE 10.15 – INCOME TAX

Reconciliation between the consolidated tax expense and the tax due in the corporate financial statements

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008	Change
Tax due	5,131	(1,312)	6,443
Change in deferred tax	6,882	5,384	1,498
TOTAL	12,013	4,072	7,941

Reconciliation between the effective tax rate and the applicable tax rate

(in thousands of euros)	Base	Theoretical tax (expense) - income
Theoretical tax profit before add-backs/deductions	(13,887)	4,629
Non taxable income (profit from tax exempt SICOMI – SIIC sector)	15,379	(5,126)
Share of companies consolidated under the equity method	1,356	(452)
Share of changes in goodwill	(27)	9
Add-backs – deductions	(3,452)	1,151
Consolidation restatements	2,559	(791)
Consolidated theoretical tax expense	1,928	(600)
of which companies making a tax loss	(12,277)	4,134
of which companies making a tax profit	14,205	(4,734)
Use of tax losses	(23,452)	7,839
Consolidated tax expense after allocation of losses	(21,525)	7,238
Tax credit		14
Annual flat-rate tax and tax adjustments		4,690
Tax on unrealised capital gains at 16.5%		(53)
Tax due outside France		124
Consolidated tax profit		12,013
Corporate income taxes		5,131
Exit tax		(53)
Deferred tax		6,936
TOTAL		12,013

NOTE 10.16 – PROFIT AFTER TAX OF DISCONTINUED OPERATIONS OR THOSE IN THE PROCESS OF BEING SOLD

This item represents the after tax loss of €819,000 for BFI, which is in the process of being sold.

NOTE 10.17 – EARNINGS PER SHARE

Consolidated net earnings (Group share) amounted to -€5,700,923 for a weighted average of 7,522,989 shares in circulation during 2009, representing a net loss per share of -€0.76. Treasury shares, deducted from equity on consolidation, are excluded from the average number of shares. The number of shares in circulation as at 31 December 2009 was 8,113,566.

Diluted net earnings per share are calculated pursuant to IAS 33. Earnings per share must be adjusted for the maximum impact of the conversion of dilutive instruments (convertible bonds or equity warrants) into ordinary shares. The convertible bonds

(ORA) issued by Affine on 15 October 2003 and 29 June 2005 are classified as dilutive instruments.

In the numerator, net profit (Group share) is increased by the savings in finance expenses generated in the event of conversion, net of tax, if applicable.

In the denominator, the weighted average of securities in circulation is adjusted by the maximum number of shares that could be issued. The dilution for the year of issue is calculated on a time-proportional basis according to the issue date of the new instrument. For subsequent years, the conversion is deemed to have taken place on the first day of the financial year. The weighted average number of shares rose to 9,145,389 taking into account an average of 1,622,400 new shares resulting from conversion of the convertible bonds.

After the restatements described above, the net loss per diluted share was -€0.62 in 2009 versus -€3.92 in 2008.

11. COMMITMENTS AND CONTINGENCIES

COMMITMENTS RELATING TO FINANCE LEASES FOR WHICH THE GROUP IS THE LESSEE

(Note: finance leases are restated to show the net carrying value of properties in assets and a loan in liabilities)

🔗 Reconciliation of total minimum payments and present value

	Minimum payments	Present value of minimum payments
Less than 1 year	12,165	9,811
1 to 5 years	46,596	39,625
Over 5 years	51,023	44,805
Minimum total lease payments	109,784	-
Amounts representing interest expense	(15,543)	-
Discounted value of minimum lease payments	94,242	94,242

Finance lease contracts, where Affine is lessee, relate to contracts without specific provisions.

COMMITMENTS RELATING TO FINANCE LEASES FOR WHICH THE GROUP IS THE LESSOR

(Note: finance leases are restated to show a receivable equal to the outstanding amount due under the lease contract).

🔗 Reconciliation of total minimum payments and present value

	Minimum payments	Present value of minimum payments
Less than 1 year	13,642	6,792
1 to 5 years	30,978	10,032
Over 5 years	18,365	186
Minimum total lease payments	62,984	-
Income from expense	(45,974)	-
Discounted value of minimum lease payments	17,010	17,010

Non-guaranteed residual values for the lessor: €3,510,000.

Finance lease contracts where Affine is the lessee relate to contracts without specific provisions.

Three types of agreements exist within the Group:

- former SICOMI contracts, some of which were signed prior to 1993 and some prior to 1996: the average term of these leases is 15 years;
- so-called free leases (CBL) signed from 1993 onward, which have an average term of 15 years;

- general leases (CBG) signed from 1996 onward, which have an average term of 12 years.

Future minimum receivable subleasing payments for non-cancellable subleasing contracts are included in operating lease commitments as lessor, in the same way as other operating lease contracts.

COMMITMENTS RELATING TO OPERATING LEASES FOR WHICH THE GROUP IS THE LESSOR

Reconciliation of total minimum payments and present value

	Minimum payments	Present value of minimum payments
Less than 1 year	55,485	39,899
1 to 5 years	175,762	120,525
Over 5 years	74,823	36,002
Minimum total lease payments	306,070	-
Amounts representing interest expense	(109,644)	-
Discounted value of minimum lease payments	196,425	196,425

All Affine Group assets and liabilities are located in France, Belgium and Germany. Operating lease contracts in France, where Affine is lessor, generally relate to 3/6/9-year commercial leases; only the lessee can terminate the lease at the end of each three-year period by giving six months' notice (as local use dictates) by registered letter with return receipt. However, the parties may contractually agree to waive this three-year termination clause.

Rent is normally paid on a quarterly basis in advance and is indexed annually and in its entirety on the INSEE construction cost index. Rent may be progressive or constant and may include exemptions or ceilings; these must, however be determined when the lease is signed and last for its entire term. The lessee generally bears all charges, real estate taxes, and office taxes.

In some cases, Affine applies a variable share in its rents, but this is marginal.

COMMITMENTS RELATING TO OPERATING LEASES FOR WHICH THE GROUP IS THE LESSEE

Reconciliation of total minimum payments and present value

	Minimum payments	Present value of minimum payments
Less than 1 year	1,484	1,264
1 to 5 years	2,768	2,160
Over 5 years	9,881	6,743
Minimum total lease payments	14,133	-
Amounts representing interest expense	(3,966)	-
Discounted value of minimum lease payments	10,167	10,167

Operating lease contracts (lessee position), relate mainly to rents from the head offices of Affine, Banimmio and BFI.

COMMITMENTS GIVEN

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Financing commitments	275	-
Commitments to financial institutions	-	-
Commitments to customers	275	-
Guarantee commitments	139,465	207,339
Commitments to financial institutions	137,865	149,032
Commitments to customers	1,600	58,307

COMMITMENTS RECEIVED

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Financing commitments	55,538	44,634
Commitments received from financial institutions	55,538	44,634
Commitments received from clients	-	-
Guarantee commitments	21,828	27,726
Commitments to financial institutions	3,380	4,920
Commitments to clients	18,448	22,806

12. FINANCIAL INSTRUMENTS

FINANCIAL ASSETS VALUED AT FAIR VALUE AS INCOME

(in thousands of euros)	Instruments held for trading	Instruments specifically allocated to this item	Total
Bonds and other fixed-income securities	-	-	-
Equities and other variable-income securities	3,815	-	3,815
Derivatives	-	3,859	3,859
TOTAL 31/12/2009	3,815	3,859	7,674
TOTAL 31/12/2008	3,306	86	3,392

13. WORKFORCE

AVERAGE WEIGHTED WORKFORCE DURING THE FINANCIAL YEAR

The average workforce was 129 people, split into the following categories:

- Officers: 4
- Management: 57
- Employees: 68

The average workforce of BFI is 45 people including 33 employees and 12 managerial staff.

14. EMPLOYEE BENEFITS

PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

Pensions payable through various mandatory pension schemes are managed by specialist external organisations. Contributions due for the financial year were recognised in income in the

amount of €331,000 as at 31 December 2009 versus €393,000 as at 31 December 2008.

The provision for retirement allowances is established in line with the provisions of IAS 19. The amount of €400,000 was not material for the Group as at 31 December 2009. It amounted to €328,000 as at 31 December 2008.

INDIVIDUAL TRAINING RIGHTS

Group employees have accumulated rights to 4,975 training hours.

BONUS SHARES

The allocation of bonus shares decided by the Board of Directors on 18 December 2006, as authorised by the combined General Meeting of 9 November 2005, led to a transfer of ownership of 7,200 treasury shares.

The number of shares allocated to employees for 2009 is identical to that of 2008, i.e. 7,200 shares.

The additional allocations decided by the Board of Directors on 10 December 2007 and 10 December 2008 concern 13,260 bonus shares allocated to a selected group of employees.

Income for 2009, calculated in accordance with IFRS 2, totalled €426,000 versus a charge of €356,000 in 2008. This income is offset by the charge recognised at the time of the actual allocations.

■ Number of shares authorised by the Board of Directors:

	2007	2008	Total
Employees	7,650	5,685	13,335

■ Number of shares actually granted:

	2007	2008	Total
Employees	7,800	5,460	13,260

15. RELATED PARTY DISCLOSURES

PAYMENT TO MANAGERS

(in thousands of euros)

	31/12/2009	31/12/2008
Short-term benefits (wages, premiums, etc.)	1,326	1,904
Post-employment benefits	110	138
Other long-term benefits	38	28
Share-based payments	-	-
Recognised benefits	1,474	2,070
Severance pay	318	315
Non-recognised benefits	318	315

REMUNERATION OF MANAGEMENT AND ADMINISTRATION BODIES

Gross remuneration paid to the officers and executives of Group companies amounted to €1,529,000 in financial year 2009 compared with €1,739,000 in 2008.

Other assorted benefits provided to the Group's officers and executives were:

- Guaranteed Social Contributions (unemployment benefits for company heads and directors): one for €34,000 in 2009;
- Company car: one representing an expense of €4,560 in 2009;
- Severance pay: a clause providing for the payment of an amount equal to one year's total remuneration paid by all Group companies;
- Contributions to pension funds paid during the year: €110,000.

Directors' fees paid by Group companies in 2009 amounted to €171,000 compared with €165,000 in 2008.

BONUS SHARES

The allocation of bonus shares decided by the Board of Directors on 18 December 2006, as authorised by the Combined General Meeting of 9 November 2005, led to a transfer of ownership of 15,900 treasury shares.

The additional allocations decided by the Board of Directors on 10 December 2007 and 10 December 2008 concern 17,550 bonus shares allocated to a selected group of managers.

Income for 2009, calculated in accordance with IFRS 2, totalled €759,000 versus a charge of €664,000 in 2008. This income is offset by the charge recognised at the time of the actual allocations.

■ Number of shares authorised by the Board of Directors

	2007	Total
Officers	17,550	17,550

■ Number of shares actually granted

	2007	Total
Officers	17,550	17,550

OTHER

The shareholders agreement signed on 12 February 2001 between the shareholder founders of Concerto Développement and Affine had been revised in 2006 in order, first, to release them from their joint and several liability, and second, to extend the "put" period by three years to the end of 2009. This agreement is now obsolete.

Signature of a memorandum of agreement between Affine and Bernard Roth with effect from 1 July 2009,

Termination on 21 September 2009 of the shareholders' agreement entered into on 26 June 2008 between Holdaffine and Penthievre. Penthievre had 12.2% of the capital; this investment was sold on 2 December 2009 in its entirety to the parent company, Mainz Holding.

AFFINE TRANSACTIONS WITH AFFILIATES

Loans granted to related parties

Loans granted to related parties are those made with companies consolidated under the equity method.

(in thousands of euros)	31/12/2009	31/12/2008
MGP SUN SARL	1,070	1,054
Coferinvest SA	13,965	13,230
Total loans granted to related parties	15,035	14,284
MGP SUN SARL	5	6
Coferinvest SA	17	7
Total interest income on loans granted	19	13

Loans to affiliated companies have no maturity and bear interest at the following rates:

- to MGP SUN SARL, at the EONIA rate plus a margin of 0.50%,
- to Coferinvest SA, a subordinated loan at 6-month EURIBOR plus a margin of 1.75% payable under certain conditions precedent: the rate applied in 2008 was 0%,
- to PDSM SCARL, at a rate of 5%.

No guarantee has been received.

OTHER TRANSACTIONS WITH AFFILIATES

MAB-Finances, in its capacity as Affine's management holding company, has signed an agreement with Affine for the provision of administrative, financial and operational development services, for which an expense of €226,000 (€204,000 in 2008) is included in the financial statements for 2009 (partial amount taking account of the portion incorporated in management remuneration).

16. FEES OF STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS

PERIODS COVERED: 2009-2008

	Cailliau Dedouit et Associés				KPMG				Conseil Audit & Synthèse				Price Waterhouse Coopers			
	Amount: excl. VAT		%		Amount: excl. VAT		%		Amount: excl. VAT		%		Amount: excl. VAT		%	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
AUDIT																
Auditing, certification, review of individual and consolidated financial statements																
Issuer	153	283	33%	45%	155	186	85%	86%	0	0	0%	0%	-	-	0%	0%
Fully consolidated subsidiaries	312	340	67%	53%	28	30	15%	10%	86	89	100%	100%	191	189	93%	85%
Other tasks and services directly linked to the auditing engagement																
Issuer	-	6	0%	1%	0	10	0%	4%	0	0	0%	0%	0	0	0%	0%
Fully consolidated subsidiaries	-	6	0%	1%	0	0	0%	0%	0	0	0%	0%	15	33	7%	15%
Sub-total	465	636	100%	100%	182	226	100%	100%	86	89	100%	100%	206	222	100%	100%
Other services rendered by the networks to fully-consolidated subsidiaries																
Legal, tax, social	0	0	0%	0%	0	0	0%	0%	0	0	0%	0%	0	0	0%	0%
Other	0	0	0%	0%	0	0	0%	0%	0	0	0%	0%	0	0	0%	0%
Sub-total	0	0	0%	0%	0	0	0%	0%	0	0	0%	0%	0	0	0%	0%
TOTAL	465	636	100%	100%	182	226	100%	100%	86	88	100%	100%	206	222	100%	100%

17. POST BALANCE SHEET EVENTS

- The disposal agreement for BFI shares was signed on 30 December 2009, effective as of 2 February 2010.
- Signature of a new liquidity agreement with Société Générale to manage Affine's shares on the Stock Market.

Statutory auditors' report on the annual financial statements

Financial year ended 31 December 2009

To the Shareholders,

Pursuant to the engagement assigned to us by your general shareholders' meetings, we submit to you our report for the financial year ended 31 December 2009 on:

- the audit of the annual financial statements of Affine as they are enclosed with this report;
- the justification for our assessments;
- the specific audits and reporting required by law.

The annual financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit.

1. OPINION ON THE ANNUAL FINANCIAL STATEMENTS

We conducted our audit in accordance with the auditing standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit includes examining, on a test basis or through other selection methods, evidence supporting the amounts and disclosures in the annual financial statements. It also includes assessing the accounting principles used and significant estimates made, as well as the overall presentation of the financial statements. We believe that the evidence which we have collected provides a sufficient and appropriate basis for our opinion.

We certify that the annual financial statements are presented fairly under French accounting rules and principles and give a true and fair view of the results of the company's operations for the year ended and its financial position and assets at the end of this financial year.

2. JUSTIFICATION OF THE ASSESSMENTS

The accounting estimates in preparing the financial statements at 31 December 2009 were made against a backdrop of an illiquid property market and uncertainties concerning the economic prospects. That is the context in which, pursuant to Article L. 823-9 of the French Commercial Code, we bring our own assessments to your attention:

Note II to the financial statements "Accounting principles and valuation methods" describes the accounting rules and methods used for assigning a value to equity securities and to the property holdings as well as their impairment procedures.

Our work consisted of verifying that the aforementioned accounting methods were appropriate and of making sure that they were applied correctly. We validated the recoverable value of the buildings held, either directly or through affiliates, based especially on independent appraisers' reports and we checked that the notes to the financial statements provide the appropriate information.

These assessments fall within the scope of our audit of the annual financial statements, taken as a whole, and have therefore contributed to forming our opinion expressed in the first part of this report.

3. SPECIFIC AUDITS AND REPORTING

We have also performed the specific audits required by law in accordance with the auditing standards applicable in France.

We have no observation to make on the fairness and consistency with the annual financial statements of the disclosures in the board of directors' management report and in the documents intended for shareholders on the financial position and the annual financial statements.

Concerning the information provided pursuant to Article L. 225-102-1 of the French Commercial Code on remuneration and benefits paid to the company officers and on the commitments made to them, we have audited their consistency with the financial statements or with the data used to prepare those financial statements and, where applicable, with the evidence gathered by your company from companies which control your company or are controlled by it. On the basis of our audit, we certify the accuracy and fairness of that information.

As required by law, we obtained assurance that the various information pertaining to equity and controlling interest and to the identity of the holders of equity and voting rights were reported to you in the management report.

The Statutory Auditors

Paris La Défense, 19 March 2010

KPMG Audit

Department of KPMG S.A.

Isabelle Goalec
Partner

Paris, 19 March 2010

Cailliau Dedouit et Associés

Mohcine Benkirane
Partner

Balance sheet

ASSETS

(in thousands of euros)	Note	31/12/2009	31/12/2008
Savings bank, central bank, post office		117	117
Receivables due from financial institutions	[1]	25,423	5,322
Ordinary debit balances		25,423	5,241
Term loans and accounts		-	-
Related receivables		-	80
Transactions with customers	[2]	92,557	69,463
Other trade credit		11,247	218
Ordinary debit balances		81,310	69,245
Bonds and other fixed-income securities	[3]	-	-
Bonds and other variable-income securities	[3]	172	187
Equity investments and other long-term securities	[4]	19	15,502
Shares in affiliates	[4]	127,304	139,311
Finance lease and similar operations	[5]	73,833	92,323
Fixed assets under finance lease		72,757	90,758
Temporarily un-leased property		-	-
Fixed property under construction		5	-
Provisions for impairment		-702	-779
Related receivables		1,774	2,345
Operating lease	[6]	225,427	250,967
Leased property		222,982	247,014
SCI shares and current accounts		1	1
Fixed property under construction		1,774	1,176
Provisions for impairment		- 1,705	-1,286
Related receivables		2,374	4,063
Intangible assets	[6]	40,711	44,787
Property, plant and equipment	[6]	49	104
Treasury stock	[7]	9,750	3,230
Other assets	[7]	12,430	7,568
Interim dividends paid out during the financial year		2,434	3,651
Other assets		9,996	3,917
Adjustment accounts	[7]	6,907	6,300
TOTAL ASSETS		614,700	635,182

LIABILITIES

(in thousands of euros)	Note	31/12/2009	31/12/2008
Payables due to financial institutions	[8]	293,685	316,073
Ordinary credit balances		17,993	2,375
On-maturity accounts & borrowings		275,692	313,698
Transactions with customers	[9]	9,250	12,613
Ordinary credit balances		20	3,149
Other amounts owed		-	-
On-maturity accounts & borrowings		9,230	9,464
Debt securities	[10]	-	-
Cash notes		-	-
Interbank market securities		-	-
Negotiable Debt Securities		-	-
Bonds		-	-
Other debts represented by a security		-	-
Other liabilities	[11]	17,611	16,151
Adjustment accounts	[11]	4,753	6,124
Provisions for risks and charges	[12]	1,835	828
Subordinated debts	[13]	105,974	106,399
Bonds convertible into shares (ORA)		30,354	30,016
Perpetual subordinated loan notes (TSDI)		75,620	76,383
Reserve for general banking risks (RGBR)	[14]	-	-
Own equity excluding RGBR	[15]	181,592	176,993
Subscribed capital		47,800	47,800
Share premiums		23,947	23,947
Reserves		36,931	33,988
Revaluation reserves		14,965	17,907
Regulated reserves and investment subsidies		3,911	2,586
Retained earnings		43,144	38,199
Earnings pending appropriation		-	-
Net profit (loss) for the year		10,895	12,566
TOTAL LIABILITIES		614,700	635,182

Off balance sheet

(in thousands of euros)	31/12/2009	31/12/2008
COMMITMENTS GIVEN		
Financing commitments	275	-
Commitments to financial institutions	-	-
Commitments to customers	275	-
Guarantee commitments	63,374	58,307
Commitments to financial institutions	-	-
Commitments to customers	63,374	58,307
COMMITMENTS RECEIVED		
Financing commitments	4,490	17,000
Commitments received from financial institutions	4,490	17,000
Commitments received from customers	-	-
Guarantee commitments	21,828	27,361
Commitments received from financial institutions	3,380	4,920
Commitments received from customers	18,448	22,441

Income Statement

(in thousands of euros)	Note	31/12/2009	31/12/2008
Interest and related income		2,160	3,916
Interest and related income due from financial institutions	[16]	103	982
Interests and related income due from customers	[17]	2,057	2,934
Interest and related income on bonds and other fixed-interest securities	[18]	-	-
Interest and related expenses		(17,374)	(27,394)
Interest and related expenses owed to financial institutions	[19]	(11,332)	(18,696)
Interest and related expenses owed to customers	[20]	(595)	(887)
Interest and related expenses on bonds and other fixed-interest securities	[21]	-	-
Fixed-term subordinated debts	[22]	(5,447)	(7,811)
Income on finance leases and similar operations	[23]	33,345	39,818
Expenses on finance leases and similar operations	[24]	(27,561)	(30,556)
Income on operating lease transactions	[25]	54,569	64,316
Expenses on operating lease transactions	[26]	(22,943)	(20,986)
Income from variable-income securities		12,388	11,403
Commissions (income)	[27]	-	(9)
Commissions (expenses)	[28]	(1,056)	(438)
Gains or losses on trading portfolio transaction	[29]	1,591	(5,330)
Gains or losses on investment and related portfolio transaction	[30]	-	-
Other bank operating income	[31]	2,338	1,803
Other bank operating expenses	[32]	(2,235)	(2,258)
NET BANKING INCOME		35,222	34,286
General operating expenses	[33]	(15,197)	(16,398)
Staff costs		(4,456)	(4,648)
Other administrative costs		(10,742)	(11,750)
Depreciation and provisions for intangible assets, property, plant & equipment	[34]	(103)	(111)
GROSS OPERATING INCOME		19,922	17,777
Cost of risk	[35]	4,492	(4,016)
NET OPERATING INCOME		24,414	13,760
Gains or losses on capitalised assets	[36]	(16,749)	88
PRE-TAX PROFIT		7,665	13,848
Exceptional income (loss)		-	-
Income tax		4,564	(10)
Allowances/reversals of RGBR and regulated reserves		(1,334)	(1,272)
NET PROFIT		10,895	12,566

Notes to the annual financial statements

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I. HIGHLIGHTS OF THE YEAR

KEY EVENTS WITH AN IMPACT ON ASSETS

■ Finance lease

Affine signed a finance lease agreement for an amount of €280,000 on behalf of Mirages, a company in Fleury-Mérogis, during the 2009 period.

In 2009, options on 25 contracts were exercised, 4 of them ahead of schedule; the latter generated a comprehensive disposal gain of €159,000.

■ Operating lease

Affine made no acquisition during the 2009 period.

Affine exercised an early option as lessee on a finance lease contract at Saint-Julien les Metz (57); this property is capitalised for €5,288,000.

The conclusion of the new leases signed in 2009 had an impact on the rental income item of €2,087,000; the impact of leases signed in 2008 was €740,000 over rents in 2009.

Renovations and works were made for a total amount of €3,601,000; most of these works pertained to 20 buildings.

The rental portfolio was divested of 9 buildings, generating a disposal gain net of fees of €11,101,000.

■ Equity investments and shares in affiliated companies

- Affine disposed of
 - its equity investment in Altaréa on 30 November 2009;
 - its equity investment in SCI Soissons Gouraud on 1 July 2009;
 - its equity investment in SCI Ivry 34 Westermeyer on 1 July 2009;
 - its equity investment in BFI on 30 December 2009 with effect from 12 February 2010.

■ Affine carried out

- the total transfer of assets and liabilities of SAS WEGALAAN with effect from 1 January 2009 for accounting and tax purposes.
- the liquidation, on 15 June 2009, of SCI Marseille 220 la Timone.

■ Affine

- Created the 7 collines company on 18 November 2009. It holds 95% of the company's capital; 7 collines opted for SIIC status,
- Acquired during the period 32,968 AffiParis shares, raising its participation from 63.74% to 64.88%,
- Acquired on 29 April 2009 185 shares of Saint Etienne Molina from Générale Immobilière Logistique for a total of €1,800,
- Participated in the capital increases of its subsidiaries for €13,150,000, primarily through offsetting current accounts. These increases did not lead to a change in Affine's equity investment in its subsidiaries, except for BFI where it rose from 70.69% to 74.77%.

■ Intangible assets

Affine exercised the option on the asset located in Saint-Julien les Metz, which resulted in reducing this item by €4,065,000.

This item also includes lease fees and where applicable, marketing fees and the land portion.

KEY EVENTS AFFECTING EQUITY AND DEBTS

■ Refinancing

During the period, Affine obtained €51,147,000 of new refinancing for its acquisitions in the rental sector.

At the same time, loan payments due amounted to €88,437,000, including €70,994,000 of early refunds. Affine has €22,000,000 of overdraft facilities; as at 31 December 2009, €4,490,000 had not been used.

■ Equity

As at 31 December 2009, 8,113,566 Affine shares were in circulation representing capital of €47,800,000. No option for conversion into shares was proposed on payment of the dividend balance for the 2008 period.

The shareholders' agreement entered into on 26 June 2008 between Holdaffine and Penthièvre Holding was terminated on 21 September 2009.

Holdaffine now has 35.7% of the capital.

On 2 December 2009, Penthièvre Holding sold its securities to Mainz Holding which now has 12.2% of the capital.

■ Provisions for risks and charges

A provision for risks and charges regarding this sale of securities was recognized for an amount of €1,033,000 as at 31 December

2009. The latter corresponds to the commitment made by AFFINE to the acquirer.

KEY EVENTS AFFECTING OFF-BALANCE SHEET ITEMS

Derivatives

Eight new caps were signed during the period for a total notional amount of €152,984,000, including four for hedging variable rate loans for €25,130,000.

Furthermore, Affine contracted a swap during the period for an amount of €15,400,000.

POST REPORTING PERIOD EVENTS

The disposal agreement for BFI shares signed on 30 December 2009 with effect from 12 February 2010. A provision of €6,755,000 was recognised for the entire amount of the BFI securities. €3,945,000 was written back from the current account.

The Les Triades property was sold under a repurchase agreement on 29 December 2009 for the sum of €15,670,000. The sale became final on 26 January 2010. The capital gain of €4,968,000 retained in the accounts as at 31 December 2009 has therefore been allocated to 2009.

II. ACCOUNTING PRINCIPLES AND MEASUREMENT METHODS

The accounting principles and methods of calculation adopted in the financial statements for the period are identical to those used in the financial statements of the previous period.

PRESENTATION OF THE FINANCIAL STATEMENTS

The balance sheet and income statement have been prepared and presented in accordance with the provisions of the French Accounting Board (*Comité de la Réglementation Comptable*) and the instructions of the French Banking and Finance Regulation Board (*Comité de la Réglementation Bancaire et Financière*) in force, applicable to real estate companies. The chart of accounts used is the chart of accounts for financial institutions.

The financial statements are presented in thousands of euros.

INVESTMENT SECURITIES

The gross value of securities corresponds to the net carrying amount as at 1 January 2003 which was used as the basis for the revaluation which followed the election for SIIC status.

The net asset value of investment securities is calculated on the basis of the share in the net position adjusted to reflect unrealised gains on intangible and tangible items. In the case of subsidiaries with a service provision activity, with few capitalised assets, or in the absence of the latest financial statements, the net asset value is measured according to the earnings outlook and/or returns obtained.

Items classified as portfolio activity securities (TIAP) include investments made with the purpose of obtaining regular income and capital gain in the medium term, without the intention of making a sustainable investment in the development of the issuing company, or of participating actively in its operational management. The securities held by Affine are exclusively securities of listed companies. The comparison is made on an item-by-item basis, between the amount recognised at entry into the portfolio and the net asset value which is equal to the average price in the

last month of the reporting period.

Investment securities and shares in affiliated companies include securities held for the long-term because of their utility to the company's business, specifically because they allow it to exert influence on the company issuing those securities or to keep control. Within this category, shares in affiliated companies include subsidiaries likely to be fully consolidated in the same consolidating entity as Affine.

Pursuant to the Emergency Committee of the CNC [national accounting committee] no. 2005-J of 6 December 2005, the fees linked to the acquisition of investment securities are incorporated into the cost price of these securities. Acquisition costs include transfer costs, professional fees, commissions and legal fees linked to the acquisition. These fees are amortised over five years as from the securities acquisition date.

TRADING SECURITIES

As Affine is a financial institution, investment securities are recorded at their fair value in the books.

TREASURY STOCK

The gross value of treasury stock corresponds to its historic cost. Affine had 679,043 treasury shares as at 31 December 2009.

At the end of the reporting period, impairment must be recognised in the Company's financial statements if the net asset value, made up of the average stock market price of the last month of the reporting period is lower than the purchase price. No impairment was recognised on 31 December 2009. An impairment was written back for €2,864,000.

EQUITY

Convertible Bonds (ORA)

1st issue: 2,000 convertible bonds with a nominal value of €10,000 issued on 15 October 2003, for a period of 20 years, redeemable on maturity at the initial issue price of €50 per share (200 shares per convertible bond), adjusted to reflect the possible dilutive effects of financial transactions on the capital.

After a bonus issue of 4% of shares to shareholders on 23 November 2005, this ratio rose to 208 shares per convertible bond.

Affine's General Meeting of Shareholders held on 26 April 2007 decided to execute a three-for-one stock split on Affine shares by allocating three new shares for every old share effective on 2 July 2007. Accordingly, the exchange ratio has been raised to 624 shares per convertible bond.

■ Annual interest

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

- an interim payment of €323.23 per bond (which corresponds to a fixed interim payment of €0.518 per underlying share),
- the remainder on the day the dividend is paid out.

■ Early redemption at the Company's discretion

From 15 October 2008, the Company may convert all or some of the convertible bonds if the average share closing price over 40 trading sessions exceeds the adjusted issue price.

From 15 October 2013, the Company may redeem all or some of the convertible bonds in cash by giving prior notice of 30 calendar days, at a price guaranteeing the initial subscriber, on the effective redemption date, after taking into account coupons paid in

previous years and the interest payable for the period between the last interest payment date before the early redemption date and the effective redemption date, a gross actuarial return of 11%.

■ Early redemption at the holder's discretion

From 15 October 2013, convertible bond holders shall be entitled to request, at any time, excluding the period from 15 November to 31 December inclusive in any year, the redemption of all or some of their convertible bonds at a rate of 624 shares (after adjustment) per convertible bond.

2nd issue: 600 convertible bonds with a nominal value of €16,682, issued on 29 June 2005 for a period of 20 years, redeemable on maturity at the original issue price of €83.41 per share (200 shares per convertible bond), adjusted for the potential dilutive effects of financial transactions on the share capital).

After the bonus issue of 4% of shares to shareholders on 23 November 2005, this ratio rose to 208 shares per convertible bond.

Affine's General Meeting of Shareholders held on 26 April 2007 decided to execute a three-for-one stock split on Affine shares by allocating three new shares for every old share effective on 2 July 2007. Accordingly, the exchange ratio has been raised to 624 shares per convertible bond.

■ Annual interest

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

- an interim payment of €249.60 per bond (which corresponds to an interim payment of €0.40 per underlying share);
- the remainder on the day the dividend is paid out.

■ Early redemption at the Company's discretion

Starting 29 June 2010, the Company may convert all or some of the convertible bonds into ordinary shares, provided that the average share price over 40 consecutive trading days exceeds the issue price, as adjusted.

From 29 December 2010, the Company may redeem in cash all or some of the convertible bonds, by giving prior notice of ten business days, at a price guaranteeing the original subscriber, on the date of effective redemption, after taking into account the coupons paid in previous years and interest payable for the period from the most recent interest payment date before the early redemption to the date of effective redemption, a gross actuarial return of 11%.

■ Early redemption at the holder's discretion

From 29 June 2010, holders of convertible bonds will have the right to demand redemption at any time of all or some of their convertible bonds at a rate of 624 shares (after adjustment) per bond.

▴ Perpetual subordinated loan notes (TSDI)

On 13 July 2007, Affine issued €75,000,000 of perpetual subordinated loan notes (TSDI) represented by 1,500 securities each with a nominal

value of €50,000. The issue was placed with foreign investors, and the notes are listed on the *Marché Réglementé* (regulated market) of the Luxembourg stock exchange.

■ Term of the TSDI

The TSDI are issued for an unlimited term.

■ Redemption procedures

The TSDI may be redeemed in their entirety (and not in part) at the discretion of the Issuer, at any interest payment date with effect from 13 July 2017, for their nominal value plus unpaid accrued interest (including deferred interest) subject to the prior approval of the General Secretariat of the Banking Commission.

■ Form of the TSDI

No paper document evidencing ownership of the TSDI has been issued. The TSDI are bearer securities and are recorded in the books of Euroclear France which will credit the accounts of the account holders.

■ Ranking of the TSDI

The TSDI and related interest constitute ordinary subordinated bonds, which are direct, unconditional, unsecured and issued for an unlimited term by Affine. They have the same ranking, without priority between them or vis-à-vis other existing or future ordinary subordinated bonds. They rank above all investment securities issued by Affine, investment loans granted to Affine, and lowest ranking subordinated bonds, and they rank after existing or future unsubordinated bonds. In the event of Affine's liquidation, the TSDI will be redeemed at their nominal value after all priority or unsecured creditors have been repaid, but before redeeming the lowest ranking subordinated bonds, investment loans granted to Affine and investment securities issued by it.

■ Annual interest

Each TSDI will bear interest with effect from the date of issue based on its nominal value at a floating quarterly interest rate of 3-month Euribor plus a margin of 2.80% per annum, payable quarterly in arrears on 13 July, 13 October, 13 January and 13 April of every year and for the first time on 13 October 2007. The margin is 2.80% per annum with effect from 13 July 2007 inclusive until the first early redemption date (exclusive) and thereafter 3.80% per annum.

If an Ordinary General Meeting of Shareholders:

- establishes, before an interest payment date, that there are no distributable earnings,
- or establishes the existence of distributable benefits, but has neither paid nor voted a dividend in any form whatsoever, nor made any payment for any category of share with the exception of a dividend the distribution of which would be legally mandatory for the issuer under the applicable law due to its status as a listed real estate investment trust (SIIC in French) and former SICOMI.

Affine may defer the payment of interest, and the interest thus deferred will accrue interest until the next date on which interest is paid.

INTANGIBLE ASSETS

The major part of the intangible assets item is comprised of merger discounts, the value of contracts for which Affine was a lessee, and IT software packages.

1. Description of merger discounts

Absorption through the universal transfer of assets and liabilities of subsidiaries that are holders of a finance lease agreement, results in the capitalisation of technical merger discounts representing the value of the real estate assets on acquisition of those companies.

Allocation of discounts

Each of these companies owns a building, the merger discount is therefore attached to the building at the time of the total transfer of assets and liabilities.

Methods of impairment

The net asset value is calculated according to the earnings outlook and/or returns obtained. As at 31 December 2009, the values of buildings did not require any writedowns in values.

Methods of removing discounts

When buildings are sold to third parties, the discounts are expensed in the income statement.

2. Description of finance lease contracts (lessee)

Headings	Land	Constructions	Plant and equipment	Other	Total
ORIGINAL VALUE	-	57,531,930.28	-	-	57,531,930.28
Amortisations					
Aggregate from previous periods	-	(16,059,790.18)	-	-	(16,059,790.18)
Allocations for the period	-	(3,539,558.47)	-	-	(3,539,558.47)
TOTAL	-	37,932,581.61	-	-	37,932,581.61
Paid fees					
Aggregate from previous periods	-	25,385,176.38	-	-	25,385,176.38
Allocations for the period	-	4,735,055.98	-	-	4,735,055.98
TOTAL	-	30,120,232.36	-	-	30,120,232.36
Outstanding fees payable					
Within one year	-	4,488,317.71	-	-	4,488,317.71
Between one and five years	-	15,092,576.86	-	-	15,092,576.86
Over five years	-	6,965,280.40	-	-	6,965,280.40
TOTAL	-	26,546,174.97	-	-	26,546,174.97
Residual value					
Within one year	-	-	-	-	-
Between one and five years	-	2,404,199.69	-	-	2,404,199.69
Over five years	-	1,605,003.00	-	-	1,605,003.00
TOTAL	-	4,009,202.69	-	-	4,009,202.69

FINANCE-LEASE PROPERTIES

1. Gross values

The gross value of properties includes the cost of land and constructions as well as acquisition costs.

2. Amortisation

Finance lease properties acquired prior to 1 January 2000 are amortised on a straight line basis over a maximum period of 40 years. Acquisition costs are amortised on a straight line basis over a maximum period of 5 years, prorated by time where applicable.

Finance lease properties acquired since 1 January 2000 are amortised according to the financial method corresponding to the financial amortisation of the finance lease contract, with the acquisition costs amortised first.

3. Article 64 provision

Finance lease properties of the Sicomi sector prior to 1 January 1996 give rise to the recognition of an Article 64 provision insofar as the financial amortisation of the contract is higher than the book amortisation. This provision amounted to €25,626,000 as at 31 December 2009.

4. Article 57 provision (new finance lease legislation)

Contracts signed on or after 1 January 1996 are subject to the new finance lease legislation.

The properties give rise to the recognition of an Article 57 provision insofar as the financial amortisation is greater than the book amortisation.

Furthermore, this provision is also recognised for properties refinanced by a finance lease that falls under this legislation insofar

as on the date of renegotiation the net carrying amount of the property is greater than the financial value of the contract.
This provision amounted to €3,830,000 as at 31 December 2009.

5. Underlying reserve

Where the book amortisation is greater than the financial amortisation, the difference results in the recognition of an underlying reserve which is not stated in the corporate accounts. It amounted to €949,000 as at 31 December 2009 versus €1,740,000 as at 31 December 2008.

TEMPORARILY UN-LEASED FINANCE LEASE PROPERTIES

Properties with legally-terminated finance lease contracts are transferred to temporarily un-leased finance lease properties (TUL) if the lessee loans are billed in the form of occupancy compensation and to operating leases for the others.

Articles 64 or 57 provisions concerning these properties are then reversed, the existing provisions for impairment are transferred and new provisions can then be set aside if necessary. A new amortisation plan is calculated on a straight line basis over the

outstanding period for the net carrying amount on the transfer date.

As at 31 December 2009, there was no TUL in the Company.

OPERATING LEASE PROPERTIES

(Application of regulation no. 2002-10 of 12 December 2002 of the Accounts Regulation Committee on the amortisation and depreciation of assets, amended by regulation no. 2003-07 of 12 December 2003)

1. Gross values

The gross value of properties include the cost of land and constructions as well as acquisition costs.

2. Amortisation

Since 1 January 2005, Affine has amortised properties on a component basis. The gross value of the properties is broken down into 4 components according to the type of construction, as follows:

	Offices		Activities		Other	
	Allocation by component	Amortisation period	Allocation by component	Amortisation period	Allocation by component	Amortisation period
Structural work	50.00%	60 years	60.00%	30 years	40.00%	50 years
Roof, external walls and waterproofing	17.50%	30 years	10.00%	30 years	20.00%	25 years
Technical general installations	22.50%	20 years	25.00%	20 years	25.00%	20 years
Fixtures and fittings	10.00%	15 years	5.00%	10 years	15.00%	15 years

Acquisition costs are included in the four components in proportion to their share.

The percentages and amortisation periods stem from the decisions made by representative professional bodies, whose results were adapted to the Affine portfolio.

DOUBTFUL RECEIVABLES – APPLICATION OF CRC REGULATION No. 2002-03

For finance lease as well as operating lease operations, once a receivable has been overdue for over six months at the end of the reporting period, it is transferred to the “doubtful receivables” account. The same applies when analysis of a counterparty’s situation points to the existence of risk (receivership, major financial difficulties, etc.).

CRC regulation no. 2002-03 introduces in its section I entitled “Accounting identification of credit risk” a new accounting classification for outstanding receivables: next to doubtful receivables, the category of non-performing doubtful receivables has been created. In addition, a category of restructured outstanding receivables has been identified within performing receivables.

Outstanding receivables are now included in “non-performing receivables” when they have been classified as doubtful for at least one year, or in the event of the expiry or termination of a finance lease.

Outstanding receivables restructured based on non-market terms are identified as performing receivables in a specific sub-category until their ultimate maturity. No outstanding amounts have been identified in this category.

The analysis of outstanding receivables according to these criteria is explained in detail in Note 5 on related receivables. No discounting effect impacts the impairment amounts recorded for doubtful finance lease receivables.

ASSETS WRITTEN DOWN FOR IMPAIRMENT

Finance lease properties

Properties released at a financial value lower than their net carrying amount are written down for asset impairment based on the difference. Three properties are concerned, with a total impairment loss of €645,000 as at 31 December 2009.

Properties for which the lessees are in difficulty may also be written down for impairment. As at 31 December 2009, no such impairment had been recognised.

Furthermore, a free finance lease contract was written down for an amount of €57,000 in order to hedge the book loss during the exercise of the option at the end of the contract.

All these impairment losses amounted to €702,000 as at 31 December 2009, after a net reversal of €77,000 during the period.

Operating lease properties

59 of the 60 buildings under operating leases, or 99.90% of the rental portfolio's gross value, were subject to external appraisals at the end of 2009 by three independent appraisal firms: Ad Valorem, BNP Real Estate and Cushman & Wakefield.

An internal appraisal was used for the Biarritz property.

Four properties were written down for impairment again during the period for €663,000 and three others for a reversal of €244,000.

Total impairments amounted to €1,705,000 as at 31 December 2009 and concern eight buildings.

Impairments for doubtful receivables

Impairments to these receivables are determined on a contract by contract basis, taking the existing guarantees into account.

For free lease financing transactions, the non-matured portion of the receivable thus written off – which is included under “other trade credit” – is also written off under the same conditions.

Termination compensation is recognised, in the case of termination of a finance lease agreement, under “doubtful finance lease receivables”. It is normally fully written off for its total amount excluding taxes after deduction of guarantees received.

No amount was recognised in the financial statements as at 31 December 2009. As at 31 December 2008, this item only concerned one property and the termination compensation was settled according to the planned schedule.

(in thousands of euros)	Customer base	Finance lease	Rental	Other assets	Total
Impairments as at 31/12/2008	7,898	635	830	0	9,363
Allowances	3,406	212	1,143	-	4,761
Reversals	-7,898	-	-637	-	-8,535
Reversals/compensation for termination	-	-	-	-	-
Impairments as at 31/12/2009	3,406	847	1,336	0	5,589

As the net situation of Cardev was a loss, Affine wrote off in its accounts a portion of its shareholder current account and the entire value of the securities that it held.

BORROWING COSTS DEFERRAL METHOD

In 2002, Affine adopted the preferred method of deferring borrowing costs.

The borrowing costs (arranging fees, professional fees and related costs) are therefore amortised over the term of the underlying loan according to loan amortisation methods.

FORWARD FINANCIAL INSTRUMENTS

All transactions carried out by the Group on forward financial instruments are over the counter transactions reported in off-balance sheet commitments. They are carried out as hedges for refinancing transactions; the Company does not carry out speculative transactions. Entered into in connection with comprehensive management of the Company's refinancing and its interest rate risk, these contracts are considered as macro-hedging instruments.

At the end of each reporting period, all these instruments are valued by the counterparty credit institution.

Caps and Tunnels

Premiums paid are reported on a suspense account at payment and expensed over the life of the forward instrument. The potential interest rate differential to be received is measured each quarter and booked in parallel to the surplus expenses on the hedged item.

As at 31 December 2009, the fair value of caps, collars and tunnels held by the Company totalled (€3,609,000). In 2009, caps, collars and tunnels represented an expense of €1,376,000.

Interest rate swaps

As at 31 December 2009, the fair value of the swaps held by the Company totalled (€1,934,000). In 2009, they represented a net expense of €1,067,000.

TAX

Listed Real Estate Investment Trust status (SIIC for the French acronym).

Affine acquired through the transfer of all the assets and liabilities of Gennevilliers and Marie Galante two finance lease contracts during the period; these finance lease contracts will only fall under the SIIC sector when the option is exercised and after payment of the exit tax.

Immobilier, which became Affine after merging with Sovabail, had abandoned its status as a SICOMI (professional leasing company) on 1 April 1993. Therefore, all contracts entered into by that company since that date are subject to corporate income tax under the common law regime. This change of status does not affect the tax regime regulating the old finance lease contracts of the SICOMI sector of Immobilier and Sovabail.

The adoption with effect from 1 January 2003 of French listed real-estate investment trust status (SIIC) makes the benefit of the corporate income tax exemption on SIIC segment revenues subject to the three distribution conditions below being met:

- 85% of profits from property leasing operations must be distributed prior to the end of the period following the period in which they were incurred;
- 50% of capital gains from sales of buildings, equity investments in companies with an identical object to SIIC companies, or securities of subsidiaries subject to corporate income tax which

have opted for SIIC status, must be distributed prior to the end of the second period following the period in which they were incurred;

- dividends received from subsidiaries which have opted for SIIC status must be fully redistributed during the period in which they are incurred.

RETIREMENT COMMITMENT

Affine's employees come under the National Collective Bargaining Agreement governing financial companies dated 22 November 1968, as amended on 1 November 2008. This Agreement does not provide for any retirement allowance other than the one provided by the general system. The pension plan used is a defined contribution scheme.

The allowances follow the same tax and social security regime as redundancy payments, as modified by the law of 25 June 2008 modernising the labour market;

	Voluntary retirement	Forced retirement
Over 10 years' employment	½ month	1/5 of the monthly salary per year
More than 15 years' employment	1 month	} 1/5 of the monthly salary for the first 10 years and 2/15 beyond the 10 th year
More than 20 years' employment	1.5 month	
More than 30 years' employment	2 month	

The applicable base is one twelfth of the gross pay over the final twelve months preceding redundancy or, if more beneficial, one third of the final three months.

For prudential reasons, provisions are recognised for the retirement commitments in Affine's financial statements based on the assumption of retirement at 65 years of age; they totalled €365,000 as at 31 December 2009.

The actuarial assumptions used in the calculation of the provision are as follows:

- Discount rate: 3.97%
- Staff turnover: 16% before 50 years and 3% above
- Wage rise: 1.76%
- Mortality table INSEE TD-TV 04-06.

Individual training rights (DIF for the French acronym)

Employees have accumulated rights to 2,641 training hours.

Employee profit-sharing scheme

The allocation of bonus shares decided by the Board of Directors on 18 December 2006, as authorised by the combined General Meeting of 9 November 2005, led to a transfer of ownership of 7,200 treasury shares, which had a negative impact of €317,000 on earnings.

The number of shares allocated to employees for 2009 is identical to that of 2008, i.e. 7,200 shares.

The additional allocations decided by the Board of Directors on 10 December 2007 and 10 December 2008 pertaining to 13,260 bonus shares granted to certain employees led to the recognition of an estimated liability of €144,000.

Remuneration of management and administration bodies

The amount of gross remuneration paid to the Company's corporate officers amounted to €476,890.

Other in-kind benefits for Affine corporate officers include:

- Guaranteed Social Contributions (unemployment benefits for company heads and directors): €17,040 in 2009;
- Company car: one representing a leasing expense of €4,600 in 2009;
- Severance pay: this pay must be contingent on a performance condition linked to Affine's results. It represents one year of overall gross compensation if the net earnings in Affine's individual financial statements is at least equal to 3% of its equity, if this condition is not met, the performance may be assessed on the basis of the consolidated financial statements;
- Contributions to pension funds paid during the year: €57,000.

The amount of directors' fees paid to directors (including corporate officers) as well as the amount of compensation for the hiring and audit committee totalled €136,000. The amount of commitments contracted for retirement allowance for corporate officers totalled €140,000.

► Directors' profit sharing scheme

The allocation of bonus shares decided by the Board of Directors on 18 December 2006, as authorised by the Combined General Meeting of 9 November 2005, led to a transfer of ownership of 15,900 treasury shares, which had a negative impact of €698,000 on earnings.

The additional allocations decided by the Board of Directors on 10 December 2007 and 10 December 2008 pertaining to 17,550 bonus shares granted to certain managers led to the recognition of an estimated liability of €191,000.

III - ADDITIONAL INFORMATION

SEGMENT REVENUES

(in thousands of euros)	2009			
	Total	Finance lease	Rental	Subsidiaries/Loans
Revenues	84,106	25,555	52,319	6,233

DISTRIBUTION OBLIGATIONS FOR THE SICOMI SECTOR

Profits from operations that are fully or partly exempted from corporate income tax pursuant to the special tax plan for SICOMIs must be distributed in the amount of 85% of the exempted fraction.

Pursuant to Article 36 of the Company's Articles of association, as amended by the Extraordinary General Meeting of 28 July 2000, the distribution of early disposal gains from the SICOMI sector can be deferred over 3 years.

For 2009, profits from exempted finance lease transactions amounted to €260,000 and the distribution obligation of 85% totalled €221,000.

DISTRIBUTION OBLIGATIONS FOR THE SIIC SECTOR

The distribution conditions described in the chapter on "taxes" allow for the deferral over 2 years of the distribution from capital gains on property disposals. The distribution for 2009 capital gains will be deferred.

Details of 2009 distributions under the SIIC segment are presented in the table below (in euros):

(in thousands of euros)	Amount to be distributed		Year of payment of corresponding dividend
	Basis	Mandatory minimum	2010
Profits from leasing	- 8,200	-	-
Capital gains on property disposals	20,700	10,350	3,346
Dividends from subsidiaries that have chosen SIIC status	6,390	6,390	6,390
	18,890	16,740	9,736

The amount of the mandatory distribution is calculated on the tax basis within the limit of the accounting result.

INCOME TAX

AFFINE collected €4,568,000 of receivables resulting from the carryback of losses. That is:

- €3,395,000 allocated to income tax due for 2005,
- €1,173,000 allocated to income tax due for 2004.

An action plan to promote the employment of senior citizens was set up in 2009.

CONSOLIDATING COMPANY

The financial statements of the Affine Group are fully consolidated by MAB Finances SAS.

AVERAGE WEIGHTED WORKFORCE DURING THE FINANCIAL YEAR

The average workforce was 44, split among the following categories:

- Officers: 2
- Management: 34
- Employees: 8

IV - INFORMATION ON BALANCE SHEET AND INCOME STATEMENT ITEMS

NOTES TO THE BALANCE SHEET

Note 1 - Receivables from financial institutions

(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	25,423	25,423	-	-	-
Accounts	25,423	25,423	-	-	-
Related receivables	-	-	-	-	-
On maturity	-	-	-	-	-
Loans	-	-	-	-	-
Related receivables	-	-	-	-	-
TOTAL AS AT 31/12/2009	25,423	25,423	-	-	-

Note 2 - Trade transactions

(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 trade credit net	11,247	11,147	56	44	-
Loans	11,197*	11,097	56	44	-
Related receivables	50	50	-	-	-
Ordinary debit balances	81,310	81,310	-	-	-
Loans	81,310	81,310	-	-	-
Related receivables	-	-	-	-	-
TOTAL AS AT 31/12/2009	92,557	92,457	56	44	-

* As from 1 January 2010, the €11 million loan to Concerto Développement was converted to a prepayment current account in accordance with the rider of 23 November 2009

Note 3 - Bonds, equities and other fixed and variable-income securities

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Bonds and other fixed-income securities	-	-
Investment securities	-	-
Related receivables	-	-
Equities and other variable-income securities	172	187
Trading securities	172	187
Investment securities	-	-
Investment stocks	-	-
Related receivables	-	-
TOTAL	172	187

Note 4 - Equity investments, shares in affiliated companies, other securities held for the long term

	%	Net 2009	Net 2008	SIREN No.	Rev. exc. tax 2008	Capital and reserves 2008	Income 2008
Equity investments		19	15,502				
Sofaris	NS	7	7	402,628,838	812,600	446,300	42,000
Altaréa	NS	-	15,483	335,480,877	778,957	899,559	(383,547)
Habitat et Humanisme	NS	12	12	NC	NC	67,837	3,640

SHARES IN AFFILIATED COMPANIES

(in thousands of euros)	SIREN No	Capital and reserves	Percentage held	Net carrying amount of securities held		Loans and advances	Amount of sureties	Revenues exc. tax	Income	Provisions on receivables with Affine
				Gross	Net					
SAS Affine développement 1	492,580,287	34	100.00%	72	18	-	-	-	(16)	-
SAS Affine développement 2	492,580,527	42	100.00%	72	26	4	-	-	(16)	-
Affinvestor	HRB 92642 B	(1,389)	94.00%	588	199	4,732	-	1,824	25	-
AffiParis	379,219,405	49,485	64.88%	34,733	25,426	27,976	-	13,239	(11,481)	-
Sci Arca ville d'été	492,410,964	201	99.99%	201	201	1,399	11,879	-	(196)	-
SC Atit	379,839,277	4	100.00%	4	4	36	-	-	61	-
Banimmo	Belgium	154,904	50.00%	67,243	67,243	-	-	7,586	13,570	-
SAS B.F.I	479,597,429	567	74.77%	6,755	-	2,000	1718	7,480	(1,420)	-
SCI Bourghethroulde	493,825,004	71	0.10%	0	0	(16)	-	-	(2)	-
SCI Bretigny	451,849,021	7	99.90%	1	1	1,083	-	1,166	257	-
SCI Capucines 3	492,410,683	16	99.99%	16	16	-	-	-	(7)	-
SCI Capucines 4	507,469,724	16	99.99%	16	6	-	-	-	(10)	-
SCI Capucines 5	507,471,522	16	99.99%	16	6	-	-	-	(10)	-
SCI Capucines 6	507,469,930	16	99.99%	16	6	-	-	-	(10)	-
SAS Capucine investissements	388,162,117	(982)	95.00%	23	0	4,275	1,000	1,900	199	(695)
SA Cardev	RPM Brussels 0887.494.174	(194)	98.39%	61	-	8,797	5,000	-	(2,560)	(2,710)
SARL Concerto Développement	421,156,019	472	66.99%	10,729	6,447	7,784	75	17,506	660	-
SA Cour des Capucines	429,694,698	631	99.98%	940	940	1,928	-	150	(128)	-
SAS Etienne Molina	500,702,055	937	100.00%	937	937	5,911	16,650	1,792	177	-
SNC Les Jardins des Quais	432,710,747	20	50.00%	3,436	3,436	4,505	17,755	5,227	(1,491)	-
Les 7 collines	518,379,433	37	95.00%	35	35	2,834	-	193	(1,380)	-
SCI Luce parc leclerc	492,803,572	1	0.10%	0	-	(2)	-	-	(83)	-
SAS Lumière	420,133,712	(472)	67.91%	0	-	444	-	-	(22)	-
SCI Marseille la Timone	501,288,518	1	0.10%	-	-	-	-	-	(1)	-
Sci Nevers colbert	492,344,809	102	99.99%	101	101	529	-	-	(66)	-
SAS Promaffine	382,079,317	1,337	100.00%	5,105	765	6,492	2,070	1,931	(572)	-
SAS Sipecc	569,804,818	13,746	100.00%	17,600	17,600	1,016	-	692	572	-
SAS Target	410,970,412	316	100.00%	8,752	3,547	2,971	-	-	638	-
SNC Transaffine	382,680,767	26	100.00%	26	26	(2)	-	-	(11)	-
TOTAL				157,477	Assets	84,716				(3,405)
					Liabilities	(20)				
						84,696				

Dividends received in 2009 from entities :	10,673
Concerto Développement	410
Banimmo	5,678
Target	82
Sipecc	4,440
Atit	61

Note 5 - Finance leasing transactions

Changes in fixed assets

(in thousands of euros)	Leases	TUL	In progress	Total
Gross values as at 31/12/2008	244,381	-	-	244,381
Increases	-	-	5	5
Acquisitions during the year	-	-	5	5
Transfers between line items	-	-	-	-
Decreases	(36,454)	-	-	(36,454)
TUL transfers to operating lease	-	-	-	-
Disposals	(36,454)	-	-	(36,454)
Transfers	-	-	-	-
GROSS VALUES AS AT 31/12/2009	207,927	-	5	207,931

Changes in depreciation and provisions

(in thousands of euros)	Location	ITNL	Total
Depreciation and provisions as at 31/12/2008	154,402	-	154,402
Allowances	14,199	-	14,199
Disposals and reversals	(32,729)	-	(32,729)
TUL transfers to operating lease	-	-	-
DEPRECIATION AND PROVISIONS AS AT 31/12/2009	135,872	-	135,872

Breakdown of related receivables

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Ordinary receivables incl. tax	1,524	1,735
Receivables on fixed asset disposals	-	-
Doubtful receivables incl. tax excl. termination charges	-	-
Non-performing receivables incl. tax excl. termination charges	1,097	863
Non-performing receivables incl. tax on termination charges	-	381
Provisions for doubtful receivables excl. termination charges	-	-
Provisions for non-performing receivables excl. termination charges	(847)	(635)
Provisions for non-performing receivables on termination charges	-	-
TOTAL	1,774	2,345

* The provisions are for the amount (excluding tax) of receivables

Note 6 - Operating lease, intangible assets, property, plant & equipment

Changes in fixed assets

(in thousands of euros)	Operating Assets		Rental Assets		Total
	Intangible assets	Property, plant and equipment	Leased	In progress	
Gross values as at 31/12/2008	45,089	585	281,801	1,176	328,651
Increases	27	11	1,657	1,890	3,585
Transfers of line item	(4,065)	-	5,297	(1,231)	-
Disposals and reversals	-	(10)	(27,847)	(60)	(27,917)
GROSS VALUES AS AT 31/12/2009	41,051	586	260,908	1,774	304,319

Changes in depreciation and provisions

(in thousands of euros)	Operating Assets		Rental Assets	Total
	Intangible assets	Property, plant and equipment	Leased	
Gross values as at 31/12/2008	302	482	36,073	36,857
Increases	-	-	-	-
Allowances	38	65	9,033	9,137
Total transfer of assets and liabilities	-	-	-	-
Disposals and reversals	-	(10)	(5,475)	(5,485)
GROSS VALUES AS AT 31/12/2009	340	537	39,631	40,508

Breakdown of related receivables

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Ordinary receivables incl. tax	1,634	3,588
Accruals	142	189
Doubtful receivables incl. tax excl. termination charges	1,934	1,116
Doubtful receivables on termination charges incl. tax	-	-
Provisions for doubtful receivables excl. termination charges	(1,336)	(830)
Provisions for doubtful receivables on termination charges	-	-
TOTAL	2,374	4,063

Note 7 - Adjustment accounts and other assets

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Other assets	12,430	7,568
French government – Tax and social security receivables	126	80
Deposits paid	2,638	2,020
Interim dividend	2,434	3,651
Working capital and calls for co-ownership charges paid	2,000	1,179
Amount to receive on sales of buildings	5,000	95
Other miscellaneous receivables	232	542
Adjustment accounts	6,907	6,300
Net trade accounts (services rendered)	42	1,231
Prepaid expenses on caps	280	449
Other prepaid expenses	2,494	318
Expenses to be deferred	4,090	4,300
Accruals	-	2
TOTAL	19,337	13,868

Breakdown of movements on treasury stock

(in thousands of euros)	As at 31/12/2008	Acquisitions	Sales	Capital losses	Capital gains	Carried forward impairment	As at 31/12/2009
TOTAL	3,230	9,107	(5,452)	-	-	2,864	9,750

Note 8 - Payables due to financial institutions

(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	17,993	17,993	-	-	-
Accounts	17,993	17,993	-	-	-
Related debts					
On maturity	275,692	9,515	14,954	121,019	130,205
Loans	275,054	8,876	14,954	121,019	130,205
Related debts	639	639			
TOTAL AS AT 31/12/2009	293,685	27,508	14,954	121,019	130,205

Note 9 - Trade transactions

(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	20	20	-	-	-
Ordinary accounts	20	20	-	-	-
Other amounts owed	-	-	-	-	-
Related debts	-	-	-	-	-
Other on-maturity debts	9,230	2,605	204	1,332	5,088
On-maturity accounts & borrowings	9,230	2,605	204	1,332	5,088
Related debts	-	-	-	-	-
TOTAL AS AT 31/12/2009	9,250	2,626	204	1,332	5,088

Note 10 - Securitised debt

None.

Note 11 - Adjustment accounts and other liabilities

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Other liabilities	17,611	16,151
Government (Income tax, VAT)	843	1,476
Exit tax	51	352
Other tax and social security liabilities	608	568
Staff	156	155
Deposits received	7,636	8,718
Trade payables	544	546
Finance lease loans	2,869	3,231
Balances to be disbursed on investments	17	17
Payments received for guarantee deposits	100	107
Dividends payable	-	-
Remaining payments on securities	0	2
Other miscellaneous payables	4,787	979
Adjustment accounts	4,753	6,124
Interest to pay on caps and swaps	177	4
Expenses payable (operating leases)	484	1,034
Expenses payable (finance leases)	-	26
Operating expenses payable	1,486	1,490
Subsidiary deficits	1,025	1,554
Prepaid income (operating leases)	211	42
Prepaid income (finance leases)	1,188	1,871
Prepaid operating income	-	-
Other	183	104
TOTAL	22,364	22,276

Note 12 - Provisions for risks and charges

(in thousands of euros)	Balance at opening	Provision for the year	Carried forward for the year and used	Carried forward for the year and not used	Change in consolidation	Closing balance
Provision for various customer dispute risks	-	1,033	-	-	-	1,033
Provision for tax risk	-	-	-	-	-	-
Provision for pension costs	307	58	-	-	-	365
Provision for miscellaneous expenses	521	36	120	-	-	437
TOTAL AS AT 31/12/2008	828	1,127	120	0	0	1,835

Note 13 - Subordinated debts**▀ Convertible Bonds (ORA)**

(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 term	30,554	-	345	30,009	-
Accounts	30,009	-	-	30,009	-
Related debts	345	-	345	-	-
Indefinite term	-	-	-	-	-
Accounts	-	-	-	-	-
Related debts	-	-	-	-	-
TOTAL AS AT 31/12/2009	30,354	-	345	30,009	-

► Perpetual subordinated loan notes

(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 term	-	-	-	-	-
Accounts	-	-	-	-	-
Related debts	-	-	-	-	-
Indefinite term	75,620	620	-	-	75,000
Accounts	75,000	-	-	-	75,000
Related debts	620	620	-	-	-
TOTAL AS AT 31/12/2009	75,620	620	-	-	75,000

Note 14 – Reserve for general banking risks

None.

Note 15 - Equity

► Statement of changes in equity

(in thousands of euros)	Share capital	Premiums	Regulated provisions	Reserves and retained earnings	Earnings for the period	Revaluation reserves	Total
As at 31/12/2007	47,700	23,787	1,328	58,398	16,841	28,041	176,095
Share in earnings	-	-	-	-	12,566	-	12,566
Distribution during the year	-	-	-	-	(13,379)	-	(13,379)
Appropriation to reserves	-	-	-	3,462	(3,462)	-	-
Appropriation to retained earnings	-	-	-	10,133	-	(10,133)	-
Free reserves on operating lease sales	-	-	-	-	-	-	-
Net subsidies and accelerated amortisation	-	-	1,258	-	-	-	1,258
Share capital increase	29	160	-	-	-	-	189
Share capital round up	71	-	-	(71)	-	-	-
Interim dividend on treasury stock	-	-	-	264	-	-	264
At 31/12/2008	47,800	23,947	2,586	72,187	12,566	17,907	176,993
Share in earnings	-	-	-	-	10,895	-	10,895
Distribution during the year	-	-	-	-	-8,114	-	-8,114
Allocation to reserves and retained earnings	-	-	-	4,453	-4,453	-	0
Free reserves on operating lease sales	-	-	-	2,942	-	-2,942	0
Net subsidies and accelerated amortisation	-	-	1,325	-	-	-	1,325
Share capital increase	-	-	-	-	-	-	-
Share capital round up	-	-	-	-	-	-	-
Interim dividend on treasury stock	-	-	-	492	-	-	492
As at 31/12/2009	47,800	23,947	3,911	80,074	10,895	14,965	181,592

Affine paid an interim dividend which is classified under assets in the balance sheet and not as a reduction of equity.

Break down of reserves

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Legal reserve	4,806	4,806
Statutory reserve	-	-
Other reserves	32,125	29,182
TOTAL	36,931	33,988

Shares authorised, issued and paid up

	At opening	Distribution of dividends as shares	Incorporation of reserves	At close
Number of shares	8,113,566	-	-	8,113,566
Share capital in euros	47,800,000	-	-	47,800,000

Statement of changes in revaluation reserves

(in thousands of euros)	Revaluation reserve as at 01/01/03	Value adjustment	Share transferred to a distributable reserve account		Revaluation reserve as at 31/12/2009
			Relating to fixed assets sold	Relating to amortisation of the revalued share	
LYON BRON	1,444	-	-	-	1,444
ISTRES	48	-	(48)	-	-
AGEN	106	(105)	(1)	-	-
ST QUENTIN FALLAVIER	995	-	-	(18)	978
NANTES LOT N°8	97	-	-	-	97
EVRY	319	-	-	-	319
BUC	254	(254)	-	-	-
NANTES LOT N° 9	112	-	-	(1)	111
ECULLY	(35)	35	-	-	-
DAGNEUX	435	-	(407)	(28)	-
ARNAGE	(2)	-	2	-	-
BRETIGNY SUR ORGE	214	-	-	-	214
VITROLLES	(19)	19	-	-	-
TRAPPES	1,218	(606)	(589)	(22)	-
ANTONY	386	(349)	(37)	-	-
AIX EN PROVENCE	502	-	-	(1)	501
QUINCY SOUS SENART	1,045	(1,038)	-	-	7
LANNEMEZAN	(0)	0	-	-	-
ANGERS	98	-	(98)	-	-
ORLEANS	(48)	48	-	-	-
ST-OUEN L'AUMONE	583	(134)	(424)	(25)	-
BRIANCON	144	-	(144)	-	-
VITROLLES	(21)	21	-	-	-
AIX EN PROVENCE	75	-	-	-	75
SAINT OUEN	349	-	-	(12)	338
NANTES	54	-	(54)	-	-
LE LARDIN ST LAZARE	20	-	(20)	-	-
FRONTIGNON	(6)	6	-	-	-
BIARRITZ	143	-	-	-	143
MARSEILLE 16ème	170	-	-	-	170
VENISSIEUX	222	-	-	(12)	210
MALAKOFF	467	-	-	-	467
ORLEANS	134	-	-	-	134
TOLBIAC MASSENA PARIS	2,939	-	(2,939)	-	-
VILLENEUVE D'ASCQ	18	-	(18)	-	-
SATOLAS-ET-BONCE	332	-	(332)	-	-
BAILLY	428	-	(428)	-	-
SOPHIA ANTIPOLIS (JUNON-JUPITER)	291	-	(291)	-	-
SOPHIA ANTIPOLIS (MINERVE)	165	-	(165)	-	-

(in thousands of euros)	Revaluation reserve as at 01/01/03	Value adjustment	Share transferred to a distributable reserve account		Revaluation reserve as at 31/12/2009
			Relating to fixed assets sold	Relating to amortisation of the revalued share	
SOPHIA ANTOPOLIS (OREADES)	(91)	91	-	-	-
TOLBIAC	5,390	-	(5,390)	-	-
AIX-EN-PROVENCE	1,183	-	-	(20)	1,163
BELLERIVE-SUR-ALLIER	848	-	(848)	-	-
SAINT MICHEL SUR ORGE	542	(214)	(328)	-	-
AULNAY-SOUS-BOIS	160	-	(160)	-	-
CORBAS ST-PRIEST	123	-	(119)	(4)	-
L'ISLE D'ABEAU	477	-	(465)	(13)	-
CERGY PONTOISE	135	-	(135)	-	-
BRIGNAIS	182	-	(182)	-	-
RUEIL Passage St-Antoine	2,704	-	-	(58)	2,645
CALUIRE	40	-	(40)	-	-
VERT ST DENIS	1,381	(32)	-	(75)	1,273
TRONCHET 2EME	1,356	(47)	(1,295)	(14)	-
RUE CASTEJA	1,431	(1,098)	(333)	-	-
LE RHODANIEN	622	(271)	-	-	351
LOGELBACH	75	-	(75)	-	-
PANTIN - "TOUR ESSOR"	(44)	44	-	-	-
BAGNOLET	1,025	-	-	-	1,025
REAUMUR	2,485	(1,027)	(1,458)	-	-
PALAISEAU	801	(475)	-	(4)	322
NOISY LE GRAND "LE SARI"	(55)	-	55	-	-
NOISY PARKING	(6)	-	6	-	-
NOISY PARKING	(9)	-	9	-	-
SCEAUX ILOT CHARAIRE	50	(17)	(33)	-	-
COUDRAY MONCEAU	87	-	(87)	-	-
SOPHIA ANTIPOLIS (Valbonne Rose)	1,257	-	-	-	1,257
SOPHIA ANTIPOLIS (Valbonne Rose)	74	-	-	(9)	65
CHAMPLAN	137	-	(65)	(72)	-
VILLEURBANNE	149	(37)	(112)	-	-
BONDY	94	-	(94)	-	-
BONSAI RENNES	57	-	(57)	-	-
BONSAI HOUSSEN	100	-	(100)	-	-
CLERMONT 2	41	-	(41)	-	-
CLERMONT 1	189	-	(189)	-	-
AVIGNON	69	-	(69)	-	-
SOPHIA ANTIPOLIS (Valbonne Beige)	126	-	-	-	126
SAVIGNY LE TEMPLE	2,971	(1,367)	(1,604)	-	-
VITROLLES	578	(185)	-	-	393
LOGNES	1,264	(321)	(943)	-	(0)
ST GERMAIN LES ARPAJON	1,536	(535)	-	-	1,001
MARSEILLE GRAND ECRAN	(218)	218	-	-	-
VILLEURBANNE	(323)	323	-	-	-
VITROLLES 1	11	-	(11)	-	-
VITROLLES 2	72	(72)	-	-	-
RILLIEUX	526	(79)	(427)	(19)	-
AVIGNON	443	-	(443)	-	-
TREMBLAY EN France	134	-	-	-	134
IMMEUBLE A SEVRES	232	-	(230)	(2)	-
PARIS TOUR BERCY	8,947	-	(8,767)	(179)	-
TOTAL	53,038	(7,459)	(30,025)	(590)	14,965

NOTES TO THE CORPORATE INCOME STATEMENT

Note 16 - Income on transactions with financial institutions

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Interest on ordinary debit balances	39	713
Interest on spot loans and accounts	-	-
Interest on term loans and accounts	-	-
Income on caps	-	20
Income on swaps	3	194
Miscellaneous interest income	62	55
TOTAL	103	982

Note 17 - Income on trade transactions

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Interest on other trade credit	-	-
Interest on prepayments/def.int. from finance leases	1	6
Interest on ordinary debit balances	1,701	2,929
Miscellaneous interest income	354	-
TOTAL	2,057	2,934

Note 18 - Income on bonds and other fixed-interest securities

None.

Note 19 - Expenses on transactions with financial institutions

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Interest on ordinary credit balances	243	17
Interest on term loans and accounts	8,570	18,379
Expenses on caps	636	249
Expenses on swaps	1,070	4
Expenses on tunnels	289	-
Expenses on collars	451	-
Expenses on financing commitments to financial institutions	73	47
Expenses on guarantee commitments to financial institutions	-	-
TOTAL	11,332	18,696

Note 20 - Expenses on trade transactions

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Interest on term loans – financial clients	-	-
Interest on ordinary credit balances	55	117
Interest on finance lease commitment hedge accounts	424	538
Interest on lessee loans and financial lease deposit guarantees	116	232
TOTAL	595	887

Note 21 - Expenses on bonds and other fixed-interest securities

None.

Note 22 - Indefinite term subordinated debts

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Expenses on convertible bonds	2,073	1,930
Expenses on perpetual subordinated loan notes	3,374	5,881
TOTAL	5,447	7,811

Note 23 - Income on finance lease transactions

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Rent and similar	19,447	24,796
Termination charges		
Re-invoiced charges	4,057	4,240
Capital gains on disposals	143	676
Reversals of provisions (Article 64 or 57)	9,450	9,861
Other income	110	43
Impairment/reversals on properties	77	219
Impairments/reversals on doubtful receivables	(212)	1,692
Impairment/reversals on accruals	-	-
Recovery of written-off receivables	274	6
Bad debts	-	(1,714)
TOTAL	33,345	39,818

Note 24 - Expenses on finance lease transactions

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Depreciation charges	10,943	12,355
Impairments (Article 64 or 57)	3,256	3,987
Capital losses on finance lease disposals	9,297	9,868
Rebillable charges	4,057	4,240
Non rebillable charges	8	107
TOTAL	27,561	30,556

Note 25 - Income on operating lease transactions

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Rent and similar	34,076	37,480
Income from real estate investment trusts	252	69
Termination charges	394	69
Re-invoiced charges	9,547	6,005
Capital gains on disposals	11,101	21,219
Other income	385	228
Impairment/reversals on properties	(419)	(798)
Impairments/reversals for doubtful receivables	(506)	787
Impairment/reversals on accruals	-	-
Recovery of written-off receivables	5	1
Bad debts	(266)	(744)
TOTAL	54,569	64,316

Note 26 - Expenses on operating lease transactions

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Depreciation charges	8,370	8,548
Losses from real estate investment trusts	1,017	3,272
Rebillable charges	9,547	6,005
Non rebillable charges	4,008	3,161
Capital losses on operating lease disposals	-	-
TOTAL	22,943	20,986

Note 27 - Commissions (income)

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Commissions on cash services rendered	-	(9)
Commissions on securities	-	-
Financial services rendered	-	-
TOTAL	-	(9)

Note 28 - Commissions (expenses)

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Commissions on cash transactions	1,003	367
Commissions on securities	10	23
Financial services rendered	43	48
TOTAL	1,056	438

Note 29 - Gains or losses on trading portfolio transactions

(in thousands of euros)

	As at 31/12/2009	As at 31/12/2008
Balance of securities trading transactions	1,591	(5,330)
Gains on securities transactions	1	77
Losses on securities transactions (*)	(1,274)	(3,662)
Reversal of impairment losses	2,864	635
Impairment losses	-	(2,380)
Net foreign exchange transactions	-	-
Foreign exchange gains	-	-
Foreign exchange losses	-	-
TOTAL	1,591	(5,330)

Note 30 - Gains or losses on investment portfolio transactions

None.

Note 31 - Other bank operating income

(in thousands of euros)

	As at 31/12/2009	As at 31/12/2008
Re-invoiced charges	1,290	1,452
Reversal of impairments for risks and charges	120	-
Transfers of charges	902	328
Other bank operating income	26	23
TOTAL	2,338	1,803

Note 32 - Other bank operating charges

(in thousands of euros)

	As at 31/12/2009	As at 31/12/2008
Impairments for risks and charges	1,127	813
Reinvoiced income	-	-
Expenses to be deferred	1,101	1,420
Other miscellaneous bank operating expenses	7	25
TOTAL	2,235	2,258

Note 33 - General operating expenses

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Staff costs	4,456	4,648
Salaries and wages	2,868	2,782
Social security costs	1,376	1,680
Pension costs	-	-
Profit sharing	212	187
Other administrative costs	10,742	11,750
Tax	577	650
External services	10,164	11,100
TOTAL	15,197	16,398

Note 34 - Depreciation, amortisation and provisions for property, plant and equipment and intangible assets

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Depreciation provision for intangible assets	38	32
Depreciation provision for operating property, plant and equipment	65	79
TOTAL	103	111

Note 35 - Cost of risk

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Reversals of impairments of trade receivables	7,374	283
Reversals of impairments of trade receivables (subsidiaries)	(2,882)	(4,300)
Non-recoverable trade receivables (subsidiaries)	-	-
Impairments on inventories	-	-
Impairments expenses based on other assets	-	-
Reversals trade impairments in adjustment accounts	-	-
Trade impairments in adjustment accounts	-	-
TOTAL	4,492	(4,017)

Note 36 - Gains or losses on capitalised assets

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Net operating asset disposals	3	-
Capital gains on disposals	3	-
Capital losses on disposals	-	-
Balance of transactions on long-term securities	(16,752)	87
Capital gains on disposals	8,967	4,012
Capital losses on disposals	-	-
Net impairments	(25,719)	(3,925)
Foreign exchange losses	-	-
TOTAL	(16,749)	88

▀ Data that fall under several line items

(in thousands of euros)	Affiliated companies	Companies with which the Company has an equity investment connection
ASSETS		
Trade transactions (excluding impairments)	95,766	-
Equity-investments and other long-term securities	-	-
Shares in affiliates (excluding impairments)	157,476	-
Operating lease	1	-
Adjustment accounts - Asset	42	-
LIABILITIES		
Trade transactions	20	-
Adjustment accounts - Liability	-	-
INTEREST INCOME AND EXPENSES		
Trade interest income	2,056	-
Trade interest charges	55	-
DIVIDENDS	10,925	1,716

NOTES TO OFF-BALANCE SHEET ITEMS

No material off-balance sheet item defined according to the accounting standards in force (COB Bulletin 375 – January 2003), has been omitted from this presentation.

Note 37 - Other commitments not shown in the publishable off-balance sheet

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
FOREIGN CURRENCY TRANSACTIONS		
Forward forex transactions	-	-
COMMITMENTS ON FORWARD FINANCIAL INSTRUMENTS		
Other transactions, swap, collar	67,682	55,445
Other contingent transactions, cap and tunnels	209,823	94,540
OTHER COMMITMENTS		
Other securities granted as collateral		
Pledge of securities	38,101	78,185
Unnotified Dailly Law assignments and mortgages	231,789	218,308
Mortgages and rent assignment agreements	-	2,082
Dailly Law assignment and mortgage agreements	1,807	2,465
Unnotified Dailly Law assignments	-	-
Rent assignment agreements	1,980	2,425

► Maturity of interest rate instruments

(in thousands of euros)	Outstanding as at 31/12/2009	0 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Macro hedging transactions	-	-	-	-	-
Over the counter market	-	-	-	-	-
Firm transactions	-	-	-	-	-
Swaps and collars	67,682	755	2,558	28,856	35,513
Contingent transactions	-	-	-	-	-
Caps and tunnels	209,823	24,351	34,710	150,761	-
TOTAL	277,505	25,107	37,268	179,617	35,513

► Interest rate risk

Affine is exposed to interest rate risk linked to the change of interest rates on its floating rate loans, which it hedges primarily through swaps, caps, collars and tunnels contracted from foremost banking institutions.

As at 31 December 2009, floating rate financial debt amounted to €223,879,000.

► Financial covenants

The Group's loans are subject to agreements with certain types of covenants:

- Loan To Value (LTV);
- ICR (Interest Coverage Ratio);
- DSCR (Debt service coverage ratio).

According to the terms of these loan agreements, failure to comply with these ratios constitutes an event of default calling for partial or accelerated repayment to re-establish the ratio at its contractual level. As at 31 December 2009, no compulsory prepayment in part or in whole of any loan resulted from a failure to comply with the financial ratios to be reported on that date.

IV – FEES OF THE STATUTORY AUDITORS REPORTED IN THE INCOME STATEMENT

(in thousands of euros)	Cailliau Dedouit et Associés		KPMG Audit	
	Amount		Amount	
	2009	2008	2009	2008
Auditing, certification, review of accounts	252	280	191	141
Other tasks directly linked to the auditing engagement	6	0	0	10
Other services	0	0	0	0
TOTAL	258	280	191	151

Profit/loss for the last five financial years

	2005	2006	2007	2008	2009
1. Financial condition at end of year					
a) Share capital at end of year	47,305	47,600	47,700	47,800	47,800
b) Number of shares existing as at 31 December ⁽¹⁾	2,684,719	2,699,999	8,108,595	8,113,566	8,113,566
c) Weighted average number of shares for the year ⁽¹⁾	2,477,175	2,690,916	8,105,013	7,952,899	8,113,566
2. Total profit/loss from operations					
a) Revenues before tax ⁽²⁾	77,590	84,116	99,387	89,843	82,898
b) Profit/loss before tax, amortisation and provisions ⁽³⁾	38,321	6,527	41,336	37,587	42,419
c) Corporation tax	7,125	2,053	67	10	-4,564
d) Profit/loss after tax, amortisation and provisions	10,998	15,113	16,841	12,566	10,895
e) Amount of profit/loss distributed	10,883	12,150	13,379	8,114	9,736
3. Profit/loss from operations reduced to a single share in euros					
a) Profit/loss after tax but before amortisation and provisions ⁽⁴⁾	12,59	1,66	5,09	4,72	5,79
b) Profit/loss after tax, amortisation and provisions ⁽⁴⁾	4,44	5,62	2,08	1,58	1,43
c) Dividend paid on each share ⁽⁵⁾	4,10	4,50	1,65	1,00	1,20
4. Personnel					
a) Number of employees	42	41	42	44	44
b) Amount of payroll	2,461	2,826	2,782	2,906	3,033
c) Amounts paid in employee benefits (Social Security, staff welfare activities etc.)	1,206	1,209	1,288	1,675	1,356

⁽¹⁾ As of 2007, after dividing par by 3.

⁽²⁾ Revenues includes rent, prepaid rent, financial income and accessory income etc. (excluding uncollected termination allowances and extraordinary income).

⁽³⁾ Allowances and reversals of provisions except those pertaining to uncollected termination allowances.

⁽⁴⁾ Based on the weighted average number of shares for the year.

⁽⁵⁾ In 2005, the interim dividend of €1.20 distributed on 15 November concerned 2,581,461 shares.

Maturity dates of trade payables

In accordance with Article L441-6-1 of the French Commercial Code, the outstanding trade payables as at 31 December 2009, arranged by maturity dates, are shown in the table below:

(in euros)

from 1 to 60 days	from 61 to 180 days	from 181 to 360 days	Over 361 days	Total
525,471	-5,421	2,773	0	522,823

Statutory auditors' special report on related-party agreements and commitments (Financial year ended 31 December 2009)

To the Shareholders,

In our capacity as your company's statutory auditors, we submit to you our report on related-party agreements and commitments.

We are not required to identify other agreements and commitments that may exist, but to report to you, on the basis of the information given to us, the essential characteristics and terms of those of which we were advised, without having to render an opinion as to their utility and merit. Under the terms of Article R.225-31 of the French Commercial Code, assessing the interest attached to entering into these agreements and commitments with a view to approving them is your responsibility.

1. NO NOTICE OF AGREEMENT OR COMMITMENT

We inform you that we were not notified of any agreement or commitment entered into during the financial year and subject to Article L.225-38 of the French Commercial Code.

2. AGREEMENTS AND COMMITMENTS APPROVED DURING PREVIOUS FINANCIAL YEARS WHOSE PERFORMANCE CONTINUED DURING THE FINANCIAL YEAR

Furthermore, pursuant to the French Commercial Code, we were informed that the performance of the following agreements and commitments approved during previous financial years continued into the financial year just ended.

■ With AffiParis SA

- Pursuant to the Affine board of directors' decisions taken on 20 February 2008, 26 May 2009 and 4 March 2009, your company sold the building located in Paris, 12th arrondissement, at 2 rue Traversière (Tour Bercy) for a total of 43,590,000 euros before tax. On 6 October 2008, your company also sold units in the Bercy Parkings property investment company, which owns twenty-five parking places in the same building for a total price of €310,000, before tax.

The selling prices for both transactions were determined based on two appraisals.

The closing costs were shared 50/50 between the buyer and seller for both transactions.

- Pursuant to the Affine board of directors' decisions taken on 27 August 2008 and 4 March 2009, your company signed on 17 December 2008 a unilateral promise to sell with AffiParis pertaining to a building located in Nice, at 17 rue de Guiglianda de Sainte Agathe currently held by AffiParis for a final price that depends on the property appraisals updated at the time of sale, or by 31 December 2009 at the latest.

It is stipulated that the closing costs be shared 50/50 between the buyer and the seller.

Since the conditions precedent for the agreement were not met as at 15 December 2009, the promise to sell has become null and void.

■ Directors concerned:

Ms Maryse Aulagnon
Mr Alain Chaussard
Mr Ariel Lahmi.

■ With the partners of Concerto Développement SAS

Pursuant to the Affine board of directors' decisions taken on 14 February 2007, your company has modified the memorandum of understanding signed on 12 February 2001 with the founding shareholders of Concerto Développement. This memorandum stipulated how your company would increase its stake in Concerto Développement. The three-year period that was initially fixed for the founding shareholders to exercise their put on your company was thus extended to end-2009. The memorandum of understanding became null and void on 31 December 2009.

■ Director concerned:

Mr Ariel LAHMI

■ With the co-Chief Executive Officer of Affine SA

Pursuant to the Remuneration committee's motion of 7 March 2005 which was approved by the board of directors on 21 March 2005, Affine undertook to pay to its co-chief executive officer the compensation owed to him, in the event of severance, at the rate of one year's gross overall remuneration to be borne by all the group companies. This severance payment shall not be owed in the event of gross negligence or misconduct.

Pursuant to the Remuneration committee's motion of 4 March 2009 authorised by the board of directors on 4 March 2009 and approved by the combined general shareholders' meeting held on 29 April 2009, and in accordance with Article L.225-42-1 of the French Commercial Code, the severance payment is conditional on a performance requirement relating to Affine's earnings.

The severance payment is based on the following performance requirement:

- one year's overall remuneration if over the year previous to the termination, the net profit in Affine's individual financial statements was at least 3% of equity, excluding subordinated debt.
- if this condition is not met, the committee may refer to the consolidated financial statements, excluding fair value effects.

■ **With MAB Finances SAS**

Affine's financial statements as at 31 December 2009 recorded a total expense of 352,995 euros before tax in accordance with the administrative, financial and operational development services contract signed with MAB Finances SAS, Affine's financial company. The board of directors approved its signing on 14 February 2007 and on 4 March 2009.

■ **Directors concerned:**

Ms Maryse AULAGNON

Mr Alain CHAUSSARD (MAB Finances)

We have performed the due diligence which we deem necessary in respect of the professional doctrine of the French Association of Chartered Accountants relating to this engagement. This due diligence consisted of verifying the consistency of information provided to us with the original documents on which it was based.

The Statutory Auditors

Paris La Défense, on 19 March 2010

KPMG Audit

Department of KPMG S.A.

Isabelle Goalec

Partner

Paris, on 19 March 2010

Cailliau Dedouit et Associés

Mohcine Benkirane

Partner

Freely contracted agreements (free agreements) (as described in Article L 225-39 of the French Commercial Code)

1. AGREEMENTS WITH AFFIPARIS (SA)

- Directors concerned: Alain Chaussard, Maryse Aulagnon, and Ariel Lahmi
- Signature on 8 March 2007 of the agreement on intragroup centralized cash management and prepayments of 19 July 2005, as amended by rider of 24 March 2009
- Services provision agreement of 28 December 2007 (with effect from 20 February 2007)
- Services provision agreement concerning the Baudry property of 18 May 2009 (with effect from 1 January 2009)
- Guarantees framework agreement of 8 September 2008.

2. AGREEMENTS WITH ATTIT, A NON-TRADING COMPANY

- Director concerned: Maryse Aulagnon
- Agreement on intragroup centralized cash management and prepayments of 19 July 2005 (with effect from 1 July 2005), as amended by rider of 24 March 2009
- Services provision agreement of 7 November 2006 (with effect from 1 January 2006)
- Guarantees framework agreement of 8 September 2008.

3. AGREEMENTS WITH TRANSAFFINE (SNC)

- Director concerned: Maryse Aulagnon
- Agreement on intragroup centralized cash management and prepayments of 19 July 2005 (with effect from 1 July 2005), as amended by rider of 24 March 2009
- Services provision agreement of 7 November 2006 (with effect from 1 January 2006)
- Guarantees-framework agreement of 8 September 2008.

4. AGREEMENTS WITH PROMAFFINE (SAS)

- Directors concerned: Maryse Aulagnon - Alain Chaussard,
- Agreement on intragroup centralized cash management and prepayments of 19 July 2005 (with effect from 1 July 2005), as amended by rider of 24 March 2009
- Services provision agreement of 7 November 2006 (with effect from 1 January 2006)
- Sub-letting agreement of 28 January 2005
- Guarantees-framework agreement of 8 September 2008.

5. AGREEMENTS WITH SAS LUMIÈRE

- Director concerned: Maryse Aulagnon, Alain Chaussard
- Cash agreement of 2 October 2000
- Services provision agreement of 7 November 2006 (with effect from 1 January 2006)
- Current account agreement of 23 May 2001.

6. AGREEMENTS WITH CONCERTO DÉVELOPPEMENT (SAS)

- Directors concerned: Alain Chaussard, Ariel Lahmi, and Maryse Aulagnon
- Agreement on intragroup centralised cash management and prepayments of 19 July 2005 (with effect from 1 July 2005), as amended by rider of 25 July 2005 and 24 March 2009
- Services provision agreement of 7 November 2006 (with effect from 1 January 2006)
- Sub-letting agreement of 28 January 2005, as amended by rider of 4 September 2009
- Guarantees-framework agreement of 8 September 2008
- Loan granted (for the Sant Feliu transaction) by Affine to Concerto Développement with effect from 28 January 2009 and expiring on 31 December 2009, in the amount of €11,000,000, as amended

by rider of 23 November 2009 (Boards of Directors meetings of 8 January 2009 and 9 December 2009).

7. AGREEMENT WITH CONCERTO DÉVELOPPEMENT IBERICA (SL)

- Director concerned: Ariel Lahmi
- Guarantees-framework agreement of 8 September 2008.

8. AGREEMENTS WITH CONCERTO BALKANS (SRL)

- Director concerned: Ariel Lahmi
- Guarantees-framework agreement of 8 September 2008.

9. AGREEMENTS WITH CAPUCINE INVESTISSEMENTS (SAS)

- Director concerned: Maryse Aulagnon
- Agreement on intragroup centralized cash management and prepayments of 19 July 2005 (with effect from 1 July 2005), as amended by rider of 24 March 2009
- Services provision agreement of 7 November 2006 (with effect from 1 January 2006), as amended by rider of 23 December 2008
- Guarantees-framework agreement of 8 September 2008.

10. AGREEMENTS WITH COUR DES CAPUCINES (SA)

- Directors concerned: Maryse Aulagnon, Mab Finances (Alain Chaussard)
- Agreement on intragroup centralized cash management and prepayments of 19 July 2005 (with effect from 1 July 2005), as amended by rider of 24 March 2009
- Services provision agreement of 7 November 2006 (with effect from 1 January 2006)
- Guarantees-framework agreement of 8 September 2008.

11. AGREEMENTS WITH SIPEC (SAS):

- Director concerned: Maryse Aulagnon
- Agreement on intragroup centralized cash management and prepayments of 19 July 2005 (with effect from 1 July 2005), as amended by rider of 24 March 2009
- Services provision agreement of 7 November 2006 (with effect from 1 January 2006)
- Guarantees-framework agreement of 8 September 2008

12. AGREEMENTS WITH BUSINESS FACILITY INTERNATIONAL (BFI)(SAS):

- Director concerned: Alain Chaussard
- Agreement on intragroup centralized cash management and prepayments of 19 July 2005 (with effect from 1 July 2005), as amended by rider of 24 March 2009
- Services provision agreement of 7 November 2006 (with effect from 1 January 2006)
- Guarantees-framework agreement of 8 September 2008

13. AGREEMENTS WITH AFFINVESTOR (GMBH)

- Directors concerned: Maryse Aulagnon, Alain Chaussard
- Signature on 23 December 2005 of the agreement on intragroup centralized cash management and prepayments (with effect from 1 July 2005), as amended by rider of 24 March 2009
- Services provision agreement of 7 November 2006 (with effect from 1 January 2006)
- Guarantees-framework agreement of 8 September 2008

14. AGREEMENTS WITH AFFINE DÉVELOPPEMENT I (SAS)

- Director concerned: Maryse Aulagnon
- Signature on 14 November 2006 of the agreement on intragroup centralized cash management and prepayments (with effect from 2 November 2006), as amended by rider of 24 March 2009
- Services provision agreement of 13 November 2006 (with effect from 2 November 2006)
- Guarantees-framework agreement of 8 September 2008

15. AGREEMENTS WITH AFFINE DÉVELOPPEMENT II (SAS)

- Director concerned: Alain Chaussard
- Signature on 14 November 2006 of the agreement on intragroup centralized cash management and prepayments (with effect from 19 October 2006), as amended by rider of 24 March 2009
- Services provision agreement of 13 November 2006 (with effect from 10 November 2006)
- Guarantees-framework agreement of 8 September 2008

16. AGREEMENTS WITH NEVERS COLBERT (PREVIOUSLY KNOWN AS CAPUCINES I) (SCI)

- Director concerned: Maryse Aulagnon
- Signature on 18 January 2007 of the agreement on intragroup centralized cash management and prepayments (with effect from 31 October 2006), as amended by rider of 24 March 2009
- Services provision agreement of 18 January 2007 (with effect from 31 October 2006)
- Guarantees-framework agreement of 8 September 2008

17. AGREEMENTS WITH ARCA VILLE D'ÉTÉ (PREVIOUSLY KNOWN AS CAPUCINES II) (SCI)

- Directors concerned: Maryse Aulagnon - Alain Chaussard
- Signature on 14 November 2006 of the agreement on intragroup centralized cash management and prepayments (with effect from 31 October 2006), as amended by rider of 24 March 2009
- Services provision agreement of 13 November 2006 (with effect from 31 October 2006)
- Guarantees-framework agreement of 8 September 2008

18. AGREEMENTS WITH CAPUCINE III (SCI)

- Director concerned: Maryse Aulagnon
- Signature on 14 November 2006 of the agreement on intragroup centralized cash management and prepayments (with effect from 19 October 2006), as amended by rider of 24 March 2009
- Services provision agreement of 13 November 2006 (with effect from 19 October 2006)
- Guarantees-framework agreement of 8 September 2008

19. AGREEMENTS WITH CAPUCINES IV (SCI)

- Director concerned: Maryse Aulagnon
- Signature on 8 September 2008 of the agreement on intragroup centralized cash management and prepayments (with effect from 1 August 2008), as amended by rider of 24 March 2009

- Services provision agreement of 8 September 2008 (with effect from 1 August 2008)
- Guarantees-framework agreement of 8 September 2008

20. AGREEMENTS WITH CAPUCINES V (SCI)

- Director concerned: Maryse Aulagnon
- Signature on 8 September 2008 of the agreement on intragroup centralized cash management and prepayments (with effect from 1 August 2008), as amended by rider of 24 March 2009
- Services provision agreement of 8 September 2008 (with effect from 1 August 2008)
- Guarantees-framework agreement of 8 September 2008

21. AGREEMENTS WITH CAPUCINES VI (SCI)

- Director concerned: Maryse Aulagnon
- Signature on 8 September 2008 of the agreement on intragroup centralized cash management and prepayments (with effect from 1 August 2008), as amended by rider of 24 March 2009
- Services provision agreement of 8 September 2008 (with effect from 1 August 2008)
- Guarantees-framework agreement of 8 September 2008

22. AGREEMENTS WITH CARDEV (SA)

- Director concerned: Alain Chaussard
- Current account agreement of 18 June 2007, as amended by rider of 29 June 2009,
- Guarantees-framework agreement of 8 September 2008

23. AGREEMENTS WITH ST ETIENNE MOLINA (SAS)

- Director concerned: Alain Chaussard
- Signature on 25 June 2008 of the agreement on intragroup centralized cash management and prepayments (with effect from 1 January 2008), as amended by rider of 24 March 2009
- Services provision agreement of 28 April 2008 (with effect from 1 January 2008)
- Services provision agreement concerning the St Etienne Molina property of 18 May 2009 (with effect from 1 January 2009).
- Guarantees-framework agreement of 8 September 2008

24. AGREEMENTS WITH LES 7 COLLINES (SAS)

- Director concerned: Maryse Aulagnon
- Signature on 23 December 2009 of the agreement on intragroup centralized cash management and prepayments (with effect from 24 November 2009)

25. AGREEMENT WITH HOLDAFFINE BV

- Capital affiliation of more than 10%,
- Directors concerned: Maryse Aulagnon, Holdaffine BV (Ariel Lahmi and Jean-Louis Charon)
- Cash agreement with Holdaffine BV of 1 October 1998

Text of the resolutions

Submitted To the combined general meeting on 23 april 2010

ORDINARY DECISIONS

FIRST RESOLUTION

(Approval of the annual financial statements for the fiscal year ending on 31 December 2009)

The General Meeting of Shareholders, ruling under conditions of a quorum with the majority required for ordinary general meetings, having reviewed the reports of the Board of Directors, the Chairman and the Statutory Auditors, approved the company annual financial statements for the financial year ending 31 December 2009, as they were presented, showing a net profit of €10,895,054.68.

It gave the directors full discharge of their management for this financial year.

SECOND RESOLUTION

(Approval of the consolidated financial statements for the financial year ending on 31 December 2009)

The General Meeting of Shareholders, ruling under conditions of a quorum with the majority required for ordinary general meetings, having reviewed the reports of the Board of Directors, the Chair and of the Statutory Auditors, approved the consolidated financial statements for the financial year ending 31 December 2009, as they were presented, showing a net loss of €2,692,663.96.

THIRD RESOLUTION

(Allocation of earnings)

Based on the proposal of the Board of Directors, the General Meeting of Shareholders, ruling under conditions of a quorum with the majority required for ordinary general meetings, decided to allocate the fiscal year's earnings as follows:

Net profit for the fiscal year	€10,895,054.68
To which is added the amount carried forward from the preceding fiscal year	€43,143,592.02 €
For a distributable profit of	€54,038,646.70

as follows:

Dividend	€9,736,279.20
Carried forward	€44,302,367.50

Consequently, after allowing for the interim dividend of €0.30 per share decided by the Board of Directors on 7 September 2009 and paid in November 2009, there remains payable a dividend balance of €0.90 on each of the 8,113,566 shares comprising the registered capital, which will be paid on or after 17 May 2010.

For natural persons, the earnings distributed are eligible for the 40% tax allowance in application of Article 158, 3-2 of the General Tax Code.

In application of Article 243 *bis* of the General Tax Code, the General Meeting of Shareholders took note that the dividends distributed for the three preceding financial years were as follows:

Year	Dividends	Restated dividends ⁽¹⁾
2006	€4.50	€1.50
2007	€1.65	€1.65
2008	€1.00	€1.00

⁽¹⁾ There was a three-for-one stock split on 2 July 2007.

If the company holds treasury shares at the time the dividend is paid, the earnings attached to those shares are not paid out and will be posted to the "carried forward" item.

FOURTH RESOLUTION

(Regulated agreements and commitments)

The General Meeting of Shareholders, ruling under conditions of a quorum with the majority required for ordinary general meetings, having read the special report of the Statutory Auditors on the transactions addressed in Article L.225-38 of the Commercial Code, took note of the conclusions of this report and approved the relevant agreements and commitments.

FIFTH RESOLUTION

(Authorisation given to the Board of Directors to purchase company shares)

The General Meeting of Shareholders, ruling under conditions of a quorum with the majority required for ordinary general meetings, authorised the Board of Directors to purchase shares of the company in accordance with the provisions of Articles L.225-209 et seq. of the Commercial Code for a period of 18 months.

These purchases may be carried out for the following purposes:

- facilitating market activity through a liquidity contract in accordance with the code of ethics recognised by the Financial Markets Authority,
- grants of shares to employees subject to legal provisions,
- purchase for retention and exchange or as payment in connection with potential external growth transactions,
- cancellation of shares, subject to the General Meeting's adoption of the Ninth Resolution presented below.

The purchases and sales of shares carried out under this authorisation are to be executed within the following limits:

- the number of shares that may be purchased may not exceed 10% of the company's capital, i.e. 811,356 shares, with the stipulation that the number of shares purchased for the purpose of retention and exchange or as payment in connection with a merger, demerger or contribution transaction may not exceed 5% of the company's capital, i.e. 405,678 shares; the purchase price must not exceed €30 per share;

- the maximum amount of funds used to carry out this share repurchase program will be €24,000,000;
- the maximum number of shares that may be purchased, as well as the maximum purchase price, will be adjusted in the event of the allocation of bonus shares or division of the shares comprising the company's capital, based on the number of shares existing before and after these transactions.

These share purchases may be carried out by any means, including by acquisition of blocks of shares, and at the times that the Board of Directors deems appropriate, including during a public offering, subject to the limits of stock exchange regulations.

The General Meeting of Shareholders gave full powers to the Board of Directors, with authority to delegate them, to issue any stock exchange orders, enter into any agreements, perform any formalities and declarations, and, more generally, do whatever is necessary to complete the transactions carried out in application of this resolution.

This authorisation replaces the authorisation given by the Combined General Meeting of Shareholders on 29 April 2009, subject to the initiation of a share repurchase program by the Board of Directors.

SIXTH RESOLUTION (Renewal of the directorship of Mab-Finances)

The General Meeting of Shareholders, ruling under conditions of a quorum with the majority required for ordinary general meetings, decided to renew the directorship of Mab-Finances for a period of three years, to expire at the conclusion of the meeting convened to approve the financial statements for the financial year ending 31 December 2012.

SEVENTH RESOLUTION (Ratification of the appointment of Mr. Stéphane Bureau)

The General Meeting of Shareholders, ruling under conditions of a quorum with the majority required for ordinary general meetings, decided to ratify the appointment as Director of Mr. Stéphane Bureau, who was coopted by the Board of Directors on 5 March 2010, to replace the company Attit, for the outstanding term of its predecessor, that is, until the conclusion of the meeting convened to approve the financial statements for the financial year ending 31 December 2011.

EIGHTH RESOLUTION (Setting directors' fees)

The General Meeting of Shareholders, ruling under conditions of a quorum with the majority required for ordinary general meetings, decided to allocate to directors the amount of €103,525 as directors' fees for the current financial year.

EXTRAORDINARY DECISIONS

NINTH RESOLUTION (Authorisation to cancel the shares purchased in connection with the company's purchase of its own shares)

The General Meeting of Shareholders, ruling under conditions of a quorum with the majority required for extraordinary general meetings, having taken note of the report of the Board of Directors and the special report of the Statutory Auditors, authorised the Board of Directors (with authority to subdelegate subject to conditions set by the law) for a period of 24 months:

- to cancel, on one or more occasions, the company shares purchased in connection with implementation of the authorisation given in the Fifth Resolution voted above, within the limit of 10% of the capital per 24-month period;
- to correspondingly reduce the authorised share capital.

TENTH RESOLUTION (Powers)

All powers are given to the bearer of a copy or an abstract of the minutes of this General Meeting of Shareholders to perform all filings and publications required by current legislation.

List of directorships and duties performed in all companies by corporate officers during the 2009 financial year

(Article 225-102-1 paragraph 3 of the Commercial Code)

EXECUTIVES

Ms. Maryse Aulagnon

Born 19 April, 1949

- AFFINE (SA), chairperson and chief executive officer,
 - BANIMMO (SA), Belgium, representative of Affine, chairman,
 - AFFIPARIS (SA), director since 29 April 2009,
 - AFFINE DEVELOPPEMENT I (SAS), representative of Affine, chairman,
 - ATIT (SC), manager,
 - 2/4 HAUSSMANN, representative of Atit, liquidator,
 - BUSINESS FACILITY INTERNATIONAL (SAS), member of the management committee,
 - CAPUCINE INVESTISSEMENTS (SAS), representative of Affine, chairman,
 - CAPUCINES III (SCI), representative of Affine, manager,
 - CAPUCINES IV (SCI), representative of Affine, manager,
 - CAPUCINES V (SCI), representative of Affine, manager,
 - CAPUCINES VI (SCI), representative of Affine, manager,
 - CONCERTO DEVELOPPEMENT (SAS), member of the management committee,
 - COUR DES CAPUCINES (SA), representative of Mab-Finances, director,
 - LES 7 COLLINES (SAS), representative of Affine, chairman since 1 December 2009
 - LUMIERE (SAS), representative of Affine, liquidator,
 - MAB-FINANCES (SAS), chairman,
 - NEVERS COLBERT (previously known as CAPUCINES I) (SCI), representative of Affine, manager,
 - PROMAFFINE (SAS), member of the management committee, chairman since 1 July 2009
 - SCI BOURGTHEROULDE L'EGLISE (SCI), representative of Promaffine, manager since 1 July 2009
 - SCI LUCE PARC-LECLERC (SCI), representative of Promaffine, manager since 1 July 2009
 - SCI NANTERRE TERRASSES 12 (SCI), representative of Promaffine, manager since 1 July 2009
 - SCI PARIS 29 COPERNIC (SCI), representative of Promaffine, manager, since 1 July 2009
 - SIPEC (SAS), representative of Affine, chairman,
 - TRANSAFFINE (SNC), manager,
 - AFFINVESTOR GmbH, Germany, manager,
 - HOLDAFFINE (BV), The Netherlands, director
 - WEGALAAN (SAS), representative of Affine, chairman until 1 January 2009.
- Directorships outside the Affine Group
- European Asset Value Fund (EAVF), SICAV, permanent representative of Mab-Finances, director

• Mr. Alain Chaussard

Born 22 June 1948

- AFFINE (SA), co-chief executive officer, permanent representative of Mab-Finances, vice-chairman, director,
- AFFIPARIS (SA), chairman and chief executive officer,
- AFFINE DEVELOPPEMENT II (SAS), representative of Affine, chairman,
- ARCA VILLE D'ETE (previously CAPUCINES II) (SCI), representative of Affine, manager, BUSINESS FACILITY INTERNATIONAL (SAS), representative of Affine, chairman,
- CAPUCINE INVESTISSEMENTS (SAS), representative of Mab-Finance, member of the management committee,
- CONCERTO DEVELOPPEMENT (SAS), chief executive office since 16 June 2009, member of the management committee,
- COUR DES CAPUCINES (SA), chairman and chief executive officer,
- MAB-FINANCES (SAS), deputy managing director,
- PROMAFFINE (SAS), member of the management committee,
- ST ETIENNE MOLINA (SAS), representative of Affine, chairman,
- AFFINVESTOR GmbH, Germany, manager
- BANIMMO (SA), Belgium, representative of Mab-Finances, director
- CARDEV (SA), Belgium, representative of Affine, Chairman of the Board of Directors
- SC HOLDIMMO, representative of AffiParis, manager
- SCI COSMO VALBONNE, representative of AffiParis, which in turn represents Holdimmo, manager until 1 July 2009
- SCI COSMO NANCY, representative of AffiParis, which in turn represents Holdimmo, manager until 1 July 2009
- SCI COSMO NANTES, representative of AffiParis, which in turn represents Holdimmo, manager
- SCI COSMO MONTPELLIER, representative of AffiParis, which in turn represents Holdimmo, manager
- SCI COSMO TOULOUSE, representative of AffiParis, which in turn represents Holdimmo, manager
- SCI COSMO ST ETIENNE, representative of AffiParis, which in turn represents Holdimmo, manager until 1 July 2009
- SCI COSMO MARSEILLE, representative of AffiParis, which in turn represents Holdimmo, manager
- SCI COSMO LILLE, representative of AffiParis, which in turn represents Holdimmo, manager
- SCI COSMO BEFFROI, representative of AffiParis, which in turn represents Holdimmo, manager
- SCI DU 28 A 32 PLACE CHARLES DE GAULLE, representative of AffiParis, which in turn represents Holdimmo, manager
- GOUSSINVEST (SCI), representative of AffiParis, which in turn represents Holdimmo, manager
- GOUSSIMO 1 (SCI), representative of AffiParis, which in turn represents Holdimmo, manager
- SCI NUMERO 1, manager
- SCI NUMERO 2, manager
- SARL COSMO, manager
- SCI 36, manager,
- PM MURS (SCI), manager

DIRECTORS

Mr. Arnaud de Bresson

Born 24 August 1955

- Directorships in the Affine Group
 - AFFINE (SA), director, 2011 financial statements
- Directorships outside the Group
 - PARISEUROPLACE, Executive Vice-President
- Other duties (including paid duties)
 - INSTITUT EUROPLACE DE FINANCE (IEF), chief executive officer
 - FINANCE INNOVATION, chief executive office of the Competitiveness division
 - COMITÉ FRANCE-CHINE, director
 - INSTITUT FRANÇAIS DES ADMINISTRATEURS (IFA), director
 - INTERNATIONAL CORPORATE GOVERNANCE NETWORK (ICGN), member
 - REVUE D'ECONOMIE FINANCIÈRE (REF), member of the editing committee
 - UNIVERSITE D'EVRY, director

Mr. Jean-Louis Charon

Born 13 October 1957

- Directorships in the Affine Group
 - AFFINE (SA), non-voting director until 29 April 2009, permanent representative of Holdaffine BV, director, since this date, 2011 financial statements
- Directorships outside the Group
 - CITY STAR PRIVATE EQUITY (SAS), representative of Chateaubriand Sarl, chairman,
 - SOBK SAS, chairman
 - HORUS CAPITAL 1 (SAS), representative of Sobk, chairman
 - HORUS GESTION (Sarl), manager,
 - SELECTIRENTE SAS, vice-chairman of the Supervisory Board
 - PAREF, vice-chairman of the Supervisory Board
 - CONFIM SAS, chairman,
 - CITY STAR PROPERTY INVESTMENT SAS, chairman,
 - SEKMET EURL, manager,
 - SCI JLC Victor Hugo, manager,
 - SCI LAVANDIERES, manager,
 - FONCIERE ATLAND, director
 - I.P.H SAS, chairman
 - SCI 10 Four Charon, manager
 - OGS, chairman
 - MEDAVY Art et Antiquités, chairman
 - SAS VALERY, chairman
 - NEXITY (SA), non-voting director

Mr. Bertrand de Feydeau

Born 5 August 1948

- Directorships in the Affine Group
 - AFFINE (SA), non-voting director until 29 April 2009, director since that date, 2011 financial statements
- Directorships outside the Group
 - AXA IMMOBILIER (SAS), chairman
 - KLEPIERRE (SA), member of the supervisory board
 - FONCIERE DES REGIONS (SA), director
 - FONCIERE DEVELOPPEMENT LOGEMENTS (SA), non-executive chairman
 - SOCIETE BEAUJON (SAS), director
 - SITC (SAS), director
 - KLEMURS (SA), director,
 - SEFRI CIME (SA), director
- Other duties (including paid duties)
 - Association Diocésaine de Paris: General Economic Affairs Executive
 - FONDATION DES BERNARDINS, chairman
 - FONDATION PALLADIO, chairman
 - FÉDÉRATION DES SOCIÉTÉS IMMOBILIÈRES ET FONCIÈRES (FSIF), director
 - CLUB DE L'IMMOBILIER, director
 - FONDATION DU PATRIMOINE, treasurer
 - VIEILLES MAISONS FRANÇAISES, vice-chairman
 - RADIO NOTRE DAME, director
 - KTO, director

Mr. André Frappier

Born 12 September 1940

- Directorships in the Affine Group
 - AFFINE (SA), director until 29 April 2009
- Directorships outside the Group
 - EURL André Frappier, manager
 - IFOP SA, chairman of the supervisory board
 - GO EFFECTIVE EUROPE SKILLS (SA), Belgium

Mr. Michel Garbolino

Born 24 November 1943

- Directorships in the Affine Group
 - AFFINE (SA), director, 2011 financial statements
- Directorships outside the Group
 - FONCIERE ROCADE (SA), Luxembourg, chairman and chief executive officer,
 - C.M.I.L (SA), Luxembourg, chairman and chief executive officer,

- C.M.I.L. Gestion (SA), Luxembourg, chairman and chief executive officer,
- YMAGIS (SA), director,
- Other duties (including paid duties):
- Fondations Stern, trustee

Mr. Ariel Lahmi

Born 10 January 1965

- Directorships in the Affine Group
- CONCERTO DEVELOPPEMENT (SAS), chairman,
- AFFINE (SA), permanent representative of Holdaffine (BV), director, until 30 January 2009, then director since 4 March 2009
- AFFIPARIS (SA), director
- BANIMMO (SA), Belgium, director
- CONCERTO DEVELOPPEMENT IBERICA (SL), Spain, manager
- CONCERTO BALKANS SRL, Romania, manager (company under liquidation)
- LOTHAIRE DEVELOPEMENT (SCI), representative of Concerto Développement, manager until 29 October 2009
- CONCERTO LOGISTIC PARK MER (SCI), representative Concerto Développement, manager
- Directorships outside the Affine Group
- BEEKMAN REIM (LLC), USA, chairman
- COURCELLES INVEST (SARL), manager
- DAN REAL ESTATE (SCI), manager
- JDJ ONE (LLC), USA, chairman
- JDJ TWO (SA), Luxembourg, managing director
- JDJ 26 (SA), Luxembourg, chairman
- JDJ 8 (SA), Luxembourg, chairman
- MGP SUN Sarl, Luxembourg, joint manager
- SUN LILLE SAS, chairman until 25 June 2009
- FIRST SUN VALENCE SAS, chairman until 25 June 2009
- SCI AULNES DEVELOPPEMENT, representative of Concerto Développement, joint manager
- Other duties (including paid duties)
- CONCERTO DEVELOPPEMENT (SAS), director

Mr. Burkhard Leffers

Born 19 May 1948

- Directorships in the Affine Group
- AFFINE (SA), director, 2011 financial statements
- Directorships outside the Group
- Franco-German Chamber of Commerce, Paris, member of the supervisory board
- Leffers & Co GmbH, Germany, Chairman of the Board
- SFM Structured Finance Management (Deutschland) GbmH, Germany, director
- Institut für Wirtschaftsberatung Karl A. Niggemann & Partner GmbH & Co.KG, Germany, partner

Mr. Paul Mentré

Born 28 June 1935

- Directorships in the Affine Group
- AFFINE (SA), director until 29 April 2009

- Directorships outside the Group
- VALEURO (SA), chairman of the board of directors

Mr. Jacques de Peretti

Born 6 June 1939

- Directorships in the Affine Group
- AFFINE (SA), director until 29 April 2009
- Directorships outside the Group
- EXA France Holding (SA), director, managing director
- EXA Conseil Investissement (SA), managing director
- Société nationale immobilière SNI, member of the supervisory board,
- Compagnie d'Etudes d'Investissement et de Développement (C.E.I.D), director

Mr. Philippe Tannenbaum

Born 26 September 1954

- Directorships in the Affine Group
- AFFINE (SA), director, 2011 financial statements
- Directorships outside the Group
- Financière Lhomond EURL, manager
- Other duties (including paid duties)
- Eurohypo AG London Branch, Director of Research, until 1 July 2009
- Institut de l'Épargne Immobilière et Foncière (IEIF), Senior advisor
- Université de Paris-Dauphine, lecturer in the Real Estate Management Master's programme

Mr. François Tantot

Born 22 March 1942

- Directorships in the Affine Group
- AFFINE (SA), director, 2011 financial statements
- Directorships outside the Group
- FTAC (Sarl), manager

Mr. Andrew Walker

Born 2 September 1962

- Directorships in the Affine Group
- AFFINE (SA), director, since 29 April 2009, 2011 financial statements
- Directorships outside the Group
- Forum Partners Limited (Great Britain): founder partner and chief executive officer
- Zublin Immobilière France, director
- Zublin Immobilien Holding (Germany), chairman
- Other duties (including paid duties)
- WIAG Wohnimmobilien AG (Germany)

Ms. Catherine Wallerand

Born 18 December 1968

- Directorships in the Affine Group
- AFFINE (SA), ATIT representative, director since 29 April 2009, 2011 financial statements

Information regarding remuneration and all types of benefits paid during the 2009 financial year to each corporate officer by Group companies (Article L. 225-102-1 of the Commercial Code)

The individual amount of directors' fees is determined according to the number of times a director attends meetings of the Board of Directors (the amounts indicated below for each corporate officer correspond to the directors' fees received in 2009 for 2008); the members of the Commitments Committee and Audit Committee received additional remuneration according to the number of committee meetings they attended.

■ Ms. Maryse Aulagnon

a) Total remuneration received from the company, from controlled companies and from the parent company:

- fixed remuneration: €241,522 (including remuneration paid by Mab-Finances)
- variable and exceptional remuneration: none
- director's fees and remuneration from the Commitments Committee: €14,566.67 (Affine) + €4,117.65 (AffiParis)
- Total: €260,206.32

b) Benefits of all types received from the company, from controlled companies and from the parent company:

None.

■ Mr. Alain Chaussard

a) Total remuneration received from the company, from controlled companies and from the parent company:

- fixed remuneration: €318,025
- variable and exceptional remuneration: €40,000
criteria applied to the calculation of the variable and exceptional remuneration: contribution to the Group's results
- director's fees and remuneration from the Commitments Committee: €14,566.67 (Affine) + €6,176.47 (AffiParis)
- Total: €378,768.14

b) Benefits of all types received from the company, from controlled companies and from the parent company:

- allocation of bonus shares in the company: 6,600 shares allotted by the Boards of Directors of 19 December 2005 and 18 December 2006, representing a total of 19,800 shares after the share split in July 2007, acquired after the vesting period
- contributions to Unemployment Insurance plan for entrepreneurs or executives: €17,038
- commitments of all types corresponding to components of remuneration, indemnities or benefits due or which may become due as a result of the assumption, termination or change of duties, or subsequent to these events: termination allowance equal to one year of total remuneration paid by all of the Group companies; this pay is contingent on a performance condition linked to Affine's results.
- company car: €4,557

■ Mr. Arnaud de Bresson

- Director's fees: €8,200

■ Mr. Jean-Louis Charon

- Director's fees and remuneration from the Commitments Committee: €2,733.33

■ Mr. Bertrand de Feydeau

- Director's fees: €5,466.67

■ Mr. André Frappier (director since 29 April 2009)

- Directors' fees, remuneration for the Commitments Committee and the Accounts Committee: €16,816.67

■ Mr. Michel Garbolino

- Director's fees and remuneration from the Commitments Committee: €11,833.33

■ Mr. Ariel Lahmi

a) Total remuneration received from the company, from controlled companies and from the parent company:

- fixed remuneration: €239,610
- variable and exceptional remuneration: €40,000
- exceptional bonus: none
- director's fees: €9,566.67 (Affine) + €6,176.47 (AffiParis)
- Total: €295,353

b) Benefits of all types received from the company, from controlled companies and from the parent company:

- allocation of bonus shares in the company: 4,000 shares allotted by the Board of Directors of 19 December 2005 and of 18 December 2006, being 12,000 shares after the stock split in July 2007, acquired after the vested period
- contributions to Unemployment Insurance plan for entrepreneurs or executives: €17,038
- commitments of all types corresponding to components of remuneration, indemnities or benefits due or which may become due as a result of the assumption, termination or change of duties, or subsequent to these events: none

■ Mr. Burkhard Leffers

- Director's fees: €5,466.67 (before 25% withholding tax)

■ Mr. Paul Mentré (director until 29 April 2009)

- Director's fees and remuneration from the Accounts Committee: €12,566.67

- Mr. Jacques de Peretti (director until 29 April 2009)
 - Director's fees: €9,566.67
- Mr. Philippe Tannenbaum
 - Director's fees: €6,833.33 (before 25% withholding tax)
- Mr. François Tantot
 - Directors' fees, remuneration for the Commitments Committee and the Accounts Committee: €17,566.67
- Mr. Andrew Walker (director until 29 April 2009)
 - Director's fees: none
- Ms. Catherine Wallerand (representative of Atit, director since 29 April 2009)
 - Director's fees: none

Information regarding transactions in company securities undertaken by the executives, persons of a similar status and their related parties (Article L. 621-18-2 of the Monetary and Financial Code)

In the period ending 31 December 2009, the company received no statement concerning corporate actions in Affine shares undertaken by executives, persons of a similar status and their

related parties, in compliance with Article L.621-18-2 of the French Monetary and Financial Code.

Chairman's report on corporate governance and internal control

(Article L225-37 of the Commercial Code) for the 2009 financial year

I - CORPORATE GOVERNANCE

The Company's principles of corporate governance outlined in its internal operational rules are modelled on the AFEP MEDEF code of conduct defined in October 2008. However, the straightforward adoption of this Code seems difficult for the company given its structure and size.

The company complies with the provisions of the AFEP MEDEF code concerning the membership of the Board of Directors, its operation and the various Board committees.

The Board of Directors will be asked later to study the adoption of the Middledex Code for corporate governance for mid and small caps (French term - Vamps) defined in December 2009.

II) CONDITIONS GOVERNING THE PREPARATION AND ORGANISATION OF THE WORK OF THE BOARD OF DIRECTORS

The internal rules adopted by the Board of Directors specify and complete the operating methods of the Board as defined in the company's articles of association.

The Board of Directors of 29 April 2009 has updated the internal rules.

■ a) Composition of the Board

As at 31 December 2009, the Board of Directors of the company was comprised of 12 directors (including six independent directors).

■ Directors:

- Ms. Maryse Aulagnon, chairman of the Board of Directors
- Mab-Finances, represented by Mr. Alain Chaussard, vice-chairman
- Mr. Arnaud de Bresson
- Mr. Bertrand de Feydeau (appointed by the Combined General Meeting of 29 April 2009)
- Forum Partners represented by Mr. Andrew Walker (appointed by the Combined General Meeting of 29 April 2009).
- Mr. Michel Garbolino
- Holdaffine represented by Mr. Jean-Louis Charon (appointed by the Combined General Meeting of 29 April 2009)
- Mr. Ariel Lahmi
- Mr. Burkard Leffers
- Mr. Philippe Tannenbaum
- Mr. François Tantot
- Atit represented by Ms. Catherine Wallerand (appointed by the Combined General Meeting of 29 April 2009).

The directorships of Mr. André Frappier, Mr. Paul Mentré and Mr. Jacques de Peretti ended after the Combined General meeting of 29 April 2009.

As at 31 December 2009, there were no non-voting directors (the directorships of Mr. Jean-Louis Charon, Mr. Bertrand de Feydeau and Mr. Michael Kasser ended after the Combined General Meeting of 29 April 2009).

The principles applied by the internal rules to determine the independence of a director are as follows:

- He or she must not be nor have been either a company employee or corporate officer, nor employee nor corporate officer of the parent company or of a company consolidated by the parent company, during the past five years;
- He or she must not have any connection as a employee or executive to a client, supplier or banking institution that is:
 - significant to the company or its group,
 - or for whom the company or group represents a significant part of his or her business,
- He or she must have no close family ties with a corporate officer,
- He or she must not have been an auditor of the company during the past five years,
- He or she must not have been a director of the company for more than twelve years,
- With respect to directors representing large shareholders, he or she must not be involved in the company's control even if the percentage of holding is less than 10%.

In accordance with these principles, the following are considered to be independent directors: Mr. Arnaud de Bresson, Mr. Michel Garbolino, Mr. Bertrand de Feydeau, Forum Partners, Mr. Burkard Leffers, Mr. Paul Mentré (director until 29 April 2009), Mr. Jacques de Peretti (director until 29 April 2009) and Mr. Philippe Tannenbaum.

The directors are appointed for a term of three financial years.

Article 11 of the company's articles of association states that all shareholders must be a registered holder of one share during the term of their directorship.

■ b) General management

In compliance with Article 14 of the amended by-laws, the Board of Directors of 29 April 2009 renewed Ms. Maryse Aulagnon's appointment as Chairman of the Board of Directors and decided that she would continue to be in charge of the General Management of the company; the Board also renewed Mr. Alain Chaussard term of office as Co-chief executive officer.

■ c) Frequency of meetings

The Board met eight times during the 2009 financial year, on the following dates:

- 8 January 2009 (refinancing)
- 4 March 2009 (approval of the 2008 financial statements, refinancing)

- 29 April 2009 (renewal of the appointment of the chairman and CEO and co-chief executive officer, adoption of internal rules)
- 3 June 2009 (review of investment projects, investment procedures)
- 1 July 2009 (refinancing)
- 7 September 2009 (review of the financial statements for the first half of 2009 and the provisional budget for 2009, payment of an interim dividend, assessment of the debt situation and covenants)
- 9 December 2009 (refinancing, status of ongoing investments)

The directors' attendance averages 76.73%.

■ d) Convening of meetings and information conveyed to directors

The rules and regulations stipulate that the Board meetings are to be convened orally or in writing by the Chairman of the Board of Directors (written notice of meetings may include electronic mail as long as a system is established for authenticating the Chairman's signature).

Prior to all meetings, each director receives a dossier that enables him or her to give fully-informed opinions at the meetings. Unless the meeting convened is urgent, this dossier is sent to the director within the week preceding the date of the Board meeting, but may subsequently be supplemented by any other document that may help the director make a decision.

Directors may participate in the Board meetings by video-conference or telephone if these communication media transmit at least the participants' voices and meet the technical requirements for continuous, simultaneous retransmission of the deliberations.

However, the use of videoconferencing is not permitted for the following decisions: the appointment, dismissal and establishment of remuneration of the Chairman and Chief Executive Officer or of the Co-CEO, the approval of the annual and semi-annual financial statements and the management reports of the company and Group.

The company provides the directors with all the pertinent information concerning it. This information is conveyed under the seal of confidentiality. Each director may ask the chairman of the Board of Directors, at any time, for any document concerning the company.

An annual evaluation procedure of the Board of Directors is currently under study.

■ e) Specialised committees

The Board of Directors has created three committees charged with preparing its work.

The committees comprise 3 to 7 members from the Board of Directors. At least one third of their members must be independent directors. The members of the committee must have the technical competence to sit on the committee.

The committees report on their activities to the Board of Directors after holding their meeting.

■ 1) Remuneration and appointments committee:

The members of this committee include:

- Mr. Michel Garbolino
- Mr. Bertrand de Feydeau
- Mr. François Tantot

The remunerations committee meets before the last board of directors meeting of the year or prior to the Board meeting that

approves the annual financial statements or where decisions that fall under its authority must be submitted to the Board.

The Committee is comprised mostly of independent directors.

General management may attend the remunerations committee in order to determine the company's overall remuneration policy, excluding the remunerations and other benefits concerning themselves.

The purpose of this committee includes the remuneration of corporate officers, the granting of bonus shares and the company's general remuneration policy.

Since the Board meeting of 29 April 2009, the Committee has also been responsible for selecting new directors and corporate officers; furthermore, it reviews the status of independent director.

Where the committee meets as the appointments committee, the corporate officers are members of that committee where the purpose is to select new directors and review the status of independent director.

The Remunerations Committee met twice during the 2009 financial year (100% attendance rate):

■ 2) Commitments committee

The members of this committee include:

- Holdaffine represented by Mr. Jean-Louis Charon
- Mr. Michel Garbolino
- Mr. François Tantot
- Ms. Maryse Aulagnon
- Mab Finances represented by Mr. Alain Chaussard

The Real Estate Director or the reporter on the project can be invited to the commitments committee meeting.

The commitments committee meeting can be convened immediately if necessary and by any means. The members of the committee may be consulted in writing, with their opinions provided by letter or by fax.

The commitments committee has authority for sales and acquisitions of up to €10 million per transaction, and the transactions agreed to by the Committee are then notified at the following Board meeting. It also provides the Board with a recommendation on transactions exceeding the above amount.

The Committee did not meet during the 2009 financial year.

■ 3) Accounts committee

The members of this committee are:

- Mr. François Tantot, Chairman
- Holdaffine represented by Mr. Jean-Louis Charon
- Mr. Philippe Tannenbaum

The following may also attend in an advisory capacity:

- Ms. Maryse Aulagnon
- Mab-Finances represented by Mr. Alain Chaussard in their capacity as managing directors of the company.

The audit committee was renamed the accounts committee by the Board of Directors of 29 April 2009.

The company's auditors may be invited to meetings and participate in meetings to review annual and semi-annual financial statements.

The committee meets at least twice a year, prior to the holding of Board of Directors' meetings responsible for approving the annual and semi-annual financial statements.

The committee may meet in case of the occurrence of an event or a specific regulation which have a material impact in its area of jurisdiction.

The committee's role is to prepare for the review by the Board of:

- the accounting policies applied, including changes in policies in relation to previous financial statements,
- the closing process,
- the draft financial statements.

The Board of Directors bears sole liability for the decisions regarding the financial statements.

The Committee also gives its opinion on the choice of statutory auditors of the company to be appointed by the general meeting of shareholders, as well as on their objectives and fees.

The Accounts Committee met twice during the 2009 financial year (100% attendance rate).

► f) Minutes of the meetings

The minutes of the Board of Directors' meetings are issued at the end of each meeting and are sent to the directors for their approval before the next meeting.

2) LIMITATIONS OF POWERS OF THE CEO AND THE CO-CEO MADE BY THE BOARD OF DIRECTORS

► a) Chairman and Chief Executive Officer

The Board of Directors decided to combine the functions of Chairman of the Board of Directors and Chief Executive Officer and accordingly, on 29 April 2009, reappointed Maryse Aulagnon as Chairman and Chief Executive Officer. The Board defined her powers as follows:

"Subject to the powers that the law expressly grants to shareholders meetings, as well as the powers it reserves especially for the Board of Directors, and within the confines of the company's authorised activities, the Chairman and Chief Executive Officer are invested with the broadest powers to act under all circumstances on behalf of the company. This Officer may, in addition, delegate his or her powers, but only for one purpose and for a limited time."

► b) Co-CEO

During its meeting of 29 July 2009, the Board of Directors renewed the term of office of Mr. Alain Chaussard as Co-CEO. The Board defined his powers as follows:

"The Co-CEO has the following powers, as they were defined during the Board of Directors' meetings of 12 September 2002 and 21 April 2006, namely:

- all powers, under all circumstances, to act on behalf of the company, within the confines of its authorised activities and subject to the powers that the law expressly grants to shareholders meetings and to the Board of Directors.

- assistance to the Chairman with the organisation of the Board of Directors and management of the Board's work.

Mr. Alain Chaussard is Mab-Finances' representative on the Board of Directors and Vice-chairman of the Board."

3) DELEGATIONS

- The Board of Directors granted the following powers to General Management:

- Asset purchases and sales: €5 million per transaction; a report is given to the Board at its next meeting following transactions in excess of €1 million (decision of the Board of Directors of 26 September 2005),

- Sureties, endorsements and guarantees: €5 million per transaction for issuers of orders outside the Affine Group (decision of the Board of directors of 27 August 2008); for transactions requested by group member companies, a report is given to the Board at its next meeting following the transaction.

- General Management has, in turn, permanently granted the following powers to:

- Mr. Nicolas Cheminais, real estate director, the power notably to sign, renew and cancel all leases, conclude all company or property development contracts, grant all construction orders or delegate construction management for work, and conclude all technical contracts.

- Mrs. Catherine Wallerand, legal director, the power notably to conclude all finance lease transactions and to purchase or sell all land, buildings, and all property assets and rights.

- Mr. Olivier Lainé, chief administrative and financial officer, the power notably to conclude any and all interest rate hedging contract and to accept and formalize any and all fixed-rate consolidation options.

Specific powers may be granted to executives for the signature of certain contracts.

4) REMUNERATION OF CORPORATE OFFICERS

The principles and rules defined by the Board of Directors to determine the remunerations and fringe benefits granted to corporate officers, based on the proposals of the remunerations committee are as follows:

- the fixed portion of the remuneration of corporate officers takes account of their uninterrupted presence within the company since 1990 and their key role in promoting the growth and sustainability of the Group
- the variable portion is determined according to the company's performance and any exceptional transactions that led to additional business
- the retirement allowance proposed for the Co-CEO was approved at the Combined General Meeting of 29 April 2009.

5) OTHER INFORMATION PRESCRIBED BY ARTICLE L225-37 OF THE FRENCH COMMERCIAL CODE

The conditions relating to the participation of shareholders in general meetings are specified in Article 25 of the company's by-laws.

Furthermore, all data likely to have an impact in case of a public offer are mentioned in the Management Report presented at the general meeting.

II – INTERNAL CONTROL PROCEDURES

1) OBJECTIVES

The internal control procedures currently in force in the company pursue the following purposes:

- on one hand, to ensure the compliance of transactions carried out and the work performed by the company's staff with legislative and regulatory provisions, especially those specific to banking and financial activities;
- on the other hand, to ensure that the accounting, financial and management information conveyed to the corporate managing bodies truly reflects the company's activity and situation.

The primary objective of the internal control system is to prevent and control the risks resulting from the company's activity, as well as the risks of errors or fraud, in particular in accounting and finance. Like all control systems, there cannot be an absolute guarantee that these risks are completely eliminated. However, after several years as a financial institution, Affine has set up rigorous internal control procedures under the oversight of supervisory authorities, appointed a specific officer to be responsible, and above all has made the company's employees aware of the importance of internal control.

Furthermore, Affine, in its capacity as parent company, has ensured that the appropriate procedures and internal control are set up within its subsidiaries.

2) ORGANISATION

The officer responsible for internal control reports directly to General Management.

The internal control system applied by Affine comprises two levels:

- a) The first-level controls correspond to all resources continuously implemented by the operating entities to guarantee the legality, security and proper execution of the transactions that are carried out, as well as compliance with the due care provisions linked to the surveillance of risks of all types associated with the transactions.
- b) The second-level controls verify, with suitable frequency (monthly or quarterly), the lawfulness and appropriateness of transactions, primarily by examining:
 - the effectiveness of the first-level controls,
 - compliance with the procedures, and their updating,
 - the suitability of the existing systems for the measurement and surveillance of all of the risks associated with the transactions.

The controls are based on written procedures that are regularly updated. These procedures conform both to regulatory rules and to company policies. They describe the methods and procedures for recording, processing and retrieving information, accounting schemes, and procedures for undertaking transactions. They

ensure the production of data and information required for the purpose of surveillance of risks to the company and its subsidiaries.

3) RISK CONTROL

The company's dual role as a real estate enterprise and as a financial institution governs the identification of risks, their control and the systems for monitoring assets and controlling the quality of financial and accounting information.

▀ a) Credit risk

The contractual relations with the lessee or tenant are based on tried and tested standard contracts that are updated regularly with the help of specialised legal counsel.

■ Risk analysis for decision making

Establishing a property finance leasing contract involves a strict and detailed analysis of the financial position of the future lessee and its sub-tenants, if any. Guarantees are taken if necessary and may be required in the event of the lessee's default (lessee advance, security deposit, bank guarantee...).

A mechanism allows the renewal of the guarantees when their lifespan is shorter than the finance lease.

■ Risk control after taking the decision

Comprehensive controls

As the holder of more than 230 real estate assets, Affine Group is particularly vigilant to ensure that:

- assets are covered by insurance that will restore their value in the event of losses,
- properties are compliant with all applicable regulations: environmental legislation, regulations governing high-rise buildings, buildings open to the public, etc.,
- building maintenance is performed under the supervision of recognised professionals,
- major repairs are done in a timely manner to ensure the safety and comfort of building users and to conserve the value of the building,
- the financial analysis of the main lessees and tenants is performed each year,
- the estimation of the value of properties is carried out by recognised appraisers, twice a year, at each reporting date.

Affine Group has taken out all necessary insurance policies for its activity with major international insurance companies:

- property and casualty: replacement value with no overall indemnity ceiling,
- professional liability,
- building owner's liability insurance,
- directors' liability.

Specific controls

Exposure to clients is monitored very regularly through a specific procedure. Any delay or default on payment lasting more than six months leads to the systematic write-down of the full amount of the relevant receivable. Our principal lessees' and tenants' financial structure is reviewed annually, or whenever a significant event affecting them occurs.

As of 2003, Affine set up a technical appraisal procedure for buildings which ensures the good quality of properties before the builder's warranties expire.

■ **b) Financial risk**

The company makes sure that it always has surplus liquidity, particularly in the form of confirmed bank credit lines. Affine systematically hedges its interest rate risk on the market via caps and swaps.

In addition, in its interest rate risk hedging operations, Affine works exclusively with leading banking institutions.

■ **c) Preparation and processing of accounting and financial data**

The organisation and engagements of the accounts department are defined in the accounting procedures manual.

The accounts and management control department of Affine handles the accounts management of all the French companies that are more than 50% owned by the Group. Foreign companies use the services of local accounting firms.

Most of the transactions are directly reported in accounting using software which receives data from the different departments (Management, Corporate and administrative services etc.). Very little data is entered manually.

Furthermore, the accounting procedures used by the Group are defined in the accounts procedures manual.

In 2008, the department was boosted by the arrival of an accounts controller who reports directly to the head of department.

The department holds a weekly meeting to evaluate advances made as well as the problems encountered and to inform the teams of ongoing projects.

Given the importance of its subsidiaries, Affine ensures that they comply with the internal control mechanism and carries out periodic checks to confirm such compliance. A management report allows the Group's general management to constantly monitor the progress of the activity and the financial health of the subsidiaries. Furthermore, the Affine accounts department warns general management in the event that any anomalies are noted.

Prior to each accounts closing (semi-annual and annual) a timetable is prepared by the Accounts Department and sent to all officers in charge of dossiers.

A transactions tracking and works progress monitoring file is indexed on a dedicated IT network for the accounts department and is updated every day.

In the event of anomalies in the process of operations, the officer in charge of the dossier informs the accounts manager, who in turn informs general management if necessary.

Each accounts closing is checked by General Management which analyses deviations from forecasts.

Off balance sheet commitments are transmitted to the Board of Directors.

Financial and accounting information is then verified by the Statutory Auditors and then presented to the Board of Directors.

■ **d) Operational risks**

■ Computer risk

Affine's entire computer system is protected by daily backups and, in case of loss, an external backup facility is provided. Coded access procedures and anti-virus systems are additional measures taken against computer risk.

■ Legal risk

All property finance leasing contracts and rental property purchase contracts signed with our customers are recorded in official deeds. Any point that may be ambiguous is accordingly subject to the dual scrutiny of the Legal Department and the notary each time a contract is drawn up.

With regard to other contracts, our Legal Department benefits from the assistance of specialised counsel to confirm its analysis of complex legal points.

■ Environmental risks

The company participates in the *Haute Qualité Environnementale* (High Environmental Quality) standard, in particular by adopting preventive measures that make it possible to limit the impact on the environment when buildings are built or renovated. This standard also offers ways to make a building more comfortable for the people who use it.

Affine periodically performs inspections of the buildings it owns to verify that environmental regulations are observed by their users.

■ **e) Risk linked with money laundering**

The origin of the purchasers' and partners' funds is systematically verified in compliance with the provisions applicable to both lending institutions and real estate professionals. Periodic staff meetings provide an opportunity to remind our personnel of the instructions to be followed in this regard.

Statutory auditors' report prepared pursuant to Article L.225-235 of the French Commercial Code based on the report of the chairperson of the board of directors of Affine S.A.

Financial year ended 31 December 2009

To the Shareholders,

In our capacity as Affine's statutory auditors and pursuant to Article L.225-235 of the French Commercial Code, we submit our report on the report prepared by your company's chairperson in accordance with Article L.225-37 of the French Commercial Code for the financial year ended 31 December 2009.

The chairperson is responsible for preparing and submitting a report for approval by the board of directors describing the internal control and risk management procedures implemented within the company together with the other information required by Articles L.225-37 of the French Commercial Code pertaining to corporate governance.

Our responsibility is to:

- report to you our observations made on the basis of the information contained in the chairperson's report concerning the internal control and risk management procedures pertaining to the preparation and processing of the accounting and financial information, and
- certify that the report includes the other information required by Article L.225-37 of the French Commercial Code with the understanding that it is not our responsibility to verify the fairness of this other information.

We have carried out our work in accordance with French auditing standards.

INFORMATION CONCERNING THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES PERTAINING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

Our professional standards require that we perform the due diligence necessary to assess the fairness of the information concerning the internal control and risk management procedures pertaining to the preparation and processing of the accounting

and financial information contained in the chairperson's report. This due diligence consists in particular of:

- reviewing the internal control and risk management procedures pertaining to the preparation and processing of the accounting and financial information underlying the information presented in the chairperson's report and the existing documentation;
- reviewing the work done to prepare this information and the existing documentation;
- determining whether any major deficiencies in the internal control pertaining to the preparation and processing of the accounting and financial information that we may have uncovered in the performance of our audit were properly disclosed in the chairperson's report.

On the basis of this work, we have no observation to make on the information concerning the company's internal control and risk management procedures pertaining to the preparation and processing of the accounting and financial information contained in the report of the chairperson of the board of directors prepared pursuant to Article L.225-37 of the French Commercial Code.

OTHER INFORMATION

We certify that the report of the chairperson of the board of directors contains the other information required by Article L.225-37 of the French Commercial Code.

The Statutory Auditors

Paris La Défense, 19 March 2010

KPMG Audit

Department of KPMG S.A.

Isabelle Goalec

Partner

Paris, 19 March 2010

Cailliau Dedouit et Associés

Mohcine Benkirane

Partner

Statutory auditors' report on the equity reduction by cancellation of shares purchased

Combined General Meeting of Shareholders on 23 April 2010 - Ninth Resolution

To the Shareholders,

In our capacity as the statutory auditors of Affine and pursuant to our engagement as stipulated in Article L.225-209, paragraph 7, of the French Commercial Code pertaining to the equity reduction by cancellation of shares purchased, we have prepared this report in order to appraise you of our assessment of the causes and conditions of the envisaged equity reduction.

We have performed the due diligence which we deem necessary in respect of the professional doctrine of the French Association of Chartered Accountants relating to this engagement. This due diligence required that we find out whether the causes and conditions of the envisaged equity reduction comply with the rules.

This transaction falls within the scope of your company's purchase of its own shares up to the limit of 10% of its share capital under

the terms stipulated by Article L.225-209 of the French Commercial Code. This purchase authorisation is the object of a motion for your general shareholders' meeting's approval which would be given for an eighteen-month period.

Your board of directors asks that you delegate to it full powers for a twenty-four month period with respect to implementing the authorisation for your company to purchase its own shares and then to cancel the shares so purchased up to the limit of 10% of its share capital per twenty-four month period.

We have no observation to make on the causes and conditions of the envisaged equity reduction, it being understood that such reduction may only be done insofar as your general shareholders' meeting approves your company's repurchase of its shares beforehand.

The Statutory Auditors

Paris La Défense, 19 March 2010

KPMG Audit

Department of KPMG S.A.

Isabelle Goalec

Partner

Paris, 19 March 2010

Cailliau Dedouit et Associés

Mohcine Benkirane

Partner

Report of the board of directors on issues of bonus shares to employees and executives

(Article L225-197-4 of the Commercial Code)

The Combined General Meeting of Shareholders of 9 November 2005 authorised the Board of Directors to issue either existing or future bonus shares of the company of a quantity of up to 1% of the number of shares in existence on the date of the meeting, on one or more occasions, to company employees or to certain categories of employees, or to executives specified under Article L225-197-1 II of the Commercial Code, or to economic interest groups linked to the company under the terms of Article L225-197-2 of the Commercial Code.

The General Meeting set the minimum length of the acquisition period at three years, with effect from the date on which the allocation rights are granted by the Board of Directors, and at the end of which these rights will be definitively acquired by their beneficiaries; two years with effect from the date of their final allocation, was established as the minimum period of retention of the shares by their beneficiaries.

The General Meeting gave full powers to the Board of Directors for the purpose of determining the identity of the beneficiaries, the category or categories of share allocation beneficiaries, at the instigation of General Management as approved by the Remunerations Committee, to distribute the share allocation rights on one or more occasions and at the times it deems opportune, and to set, as required, the conditions and criteria governing the share allocations, including but not limited to, the conditions of seniority, the conditions relative to the maintenance of the employment contract or of the corporate appointment during the acquisition period.

The Board of Directors' meeting of 19 December 2005, following recommendations made by the Remunerations Committee, proceeded to allocate 8,400 bonus shares (i.e. 25,200 shares after a three-for-one stock split made on 2 July 2007), of which 5,300 were allotted to company executives (i.e., 15,900 shares after a three-for-one stock split); of which 23,100 shares (after a three-for-one stock split) were vested in the beneficiaries in December 2008, at the end of the vesting period.

The Board of Directors' meeting of 18 December 2006, on recommendations made by the Remunerations Committee, proceeded to allocate 8,700 bonus shares (i.e. 26,100 shares after a three-for-one stock split), of which 5,300 were allotted to company executives (i.e. 15,900 shares after a three-for-one stock split); of which 23,100 shares (after a three-for-one stock split) were vested in the beneficiaries in December 2009, at the end of the vesting period.

The Board of Directors' meeting of 10 December 2007, following recommendations made by the Remunerations Committee, proceeded to allocate 25,350 bonus shares, of which 17,550 were allotted to company executives (after a three-for-one stock split).

The Board of Directors' meeting of 10 December 2008, following recommendations made by the Remunerations Committee proceeded to allocate 5,685 shares (after a three-for-one stock split), to employees who had contributed to Group results, excluding managers and executive staff, which now number 4,800 due to the departure of certain beneficiaries.

Number of shares granted to corporate officers on 31 December 2009:

Officers	Number and value of the shares issued free of charge, by the company and by companies affiliated with it	Number and value of the shares issued free of charge, by controlled companies as defined by Article L233-16
Alain Chaussard	<ul style="list-style-type: none"> - 9,900 shares ** allocated by the Board of Directors on 19 December 2005, (vested on 19 December 2008, at the end of the vesting period) - 9,900 shares ** allocated by the Board of Directors on 18 December 2006, (vested on 18 December 2009, at the end of the vesting period) - 10,050 shares * allocated by the Board of Directors on 10 December 2007 <p>Being a total of 29,850 shares allocated (of which 19,800 vested)</p>	none
Ariel Lahmi	<ul style="list-style-type: none"> - 6,000 shares** allocated by the Board of Directors of 19 December 2005, (vested on 19 December 2008, at the end of the vesting period) - 6,000 shares ** allocated by the Board of Directors on 18 December 2006, (vested on 18 December 2009, at the end of the vesting period) - 7,500 shares * allocated by the Board of Directors on 10 December 2007 <p>Being a total of 19,500 shares allocated (of which 12,000 vested)</p>	none

* The Affine share was traded at €16.25 as at 31 December 2009.

** After effecting a three for one stock split on 2 July 2007.

Summary of delegations of authority for share capital increase

(Article L225-100 paragraph 7 of the French Commercial Code)

Delegation of authority granted to the Board of Directors by the Combined General Meeting of 29 April 2009 (nullifying the delegation granted by the Combined General Meeting of 26 April 2007)

	Amount authorised	Term	Use
Delegation of authority with maintenance of the preferential share right (22 nd resolution)	€50,000,000	26 months (until 29 June 2011)	None
Delegation of authority with cancellation of the preferential subscription right (23 rd resolution)	€50,000,000 (charged against the ceiling set by resolution 22)	26 months (until 29 June 2011)	None
Delegation of authority with cancellation of the preferential subscription right through private placement (24 th resolution)	10% of the capital per year; this amount is charged against the platform set by the 22 nd resolution.	26 months (until 29 June 2011)	None



GROUPE AFFINE

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