

Management report

Business presentation
Consolidated
Financial Statements

2009



GROUPE AFFINE

Business presentation
**Consolidated
Financial Statements**

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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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Statement of consolidated financial position

Assets

(in thousands of euros)	Note	31/12/2009	31/12/2008
Non-current assets		1,075,621	1,148,208
Tangible assets	[1.1]	1,503	2,802
Investment properties	[1.2]	951,575	984,039
Intangible assets	[1.1]	466	4,434
Goodwill		-	3,661
Other intangible assets		466	773
Financial assets	[1.3]	95,776	127,334
Finance leases and related receivables		68,631	87,008
Assets at fair value via income		-	-
Assets available for sale		5,118	33,841
Derivatives stated at fair value		3,859	86
Hedging derivatives		-	-
Deposits and sureties paid		5,352	5,514
Loans		12,816	884
Deferred tax assets	[1.4]	4,182	1,536
Shares and investments in associated companies (consolidated under the equity method)	[1.5]	22,119	28,064
Current assets		206,683	245,223
Non-current properties held for sale	[1.2]	87,407	104,249
Business sector to be sold	[1.6]	5,067	6,437
Finance lease loans and receivables	[1.7]	618	562
Inventories	[1.8]	20,520	33,199
Trade receivables and related receivables	[1.9]	25,287	18,990
Receivables for investment properties		24,722	17,526
Amounts due from clients (construction contracts and deliveries in a partial state of completion)		565	1,464
Receivables on business centres		-	-
Current tax assets		459	594
Other receivables	[1.10]	32,540	54,130
Tax and social security receivables		6,198	16,731
Other receivables and adjustment accounts		26,342	37,399
Cash and cash equivalents	[1.11]	34,785	27,062
Cash equivalents		2,855	2,167
Cash on hand		31,931	24,894
TOTAL ASSETS		1,282,304	1,393,431

Liabilities

(in thousands of euros)	Note	31/12/2009	31/12/2008
Equity (group share)		345,448	385,344
Capital and related amounts	[2.1]	61,997	65,653
Share capital		47,800	47,800
Premiums		23,947	23,947
Treasury stock		(9,750)	(6,094)
Consolidated reserves		291,593	344,063
Deferred or unrealised gains or losses		(7)	16,801
Unrealised gains or losses on derivatives		-	-
Unrealised gains or losses on assets available for sale		(7)	16,801
Consolidated profit		(5,701)	(37,521)
Interim dividend		(2,434)	(3,651)
Minority interests		85,988	90,141
Minority share of consolidated reserves		82,979	89,872
Minority share of consolidated earnings		3,008	270
TOTAL EQUITY		431,436	475,486
NON-CURRENT LIABILITIES		683,805	588,233
Long-term loans	[2.2]	622,917	517,432
Financial liabilities	[2.3]	36,961	40,831
Derivatives stated at fair value		17,283	6,931
Hedging derivatives		-	3,218
Other financial liabilities		19,678	30,681
Provisions		8,756	3,762
Deposits and sureties received		11,911	11,637
Deferred tax liabilities	[2.4]	2,899	9,308
Non-current tax liabilities	[2.5]	362	2,634
Other liabilities		-	2,629
Current liabilities		167,063	329,712
Business sector to be sold	[2.6]	5,020	5,054
Non-current liabilities held for sale	[2.7]	36,487	27,492
Trade payables and related payables	[2.8]	53,528	65,602
Trade payables and other payables		10,496	31,506
Other payables		26,085	14,912
Adjustment accounts		11,728	15,168
Prepaid income		5,218	4,016
Loans and borrowings		63,441	218,882
Borrowings from banks	[2.9]	63,365	218,881
Borrowings from shareholders		76	1
Current tax liabilities	[2.10]	3,361	4,838
Tax and social security liabilities	[2.11]	5,227	7,846
Provisions		-	-
TOTAL LIABILITIES		1,282,304	1,393,431

Consolidated income statement

(in thousands of euros)	Note	31/12/2009	31/12/2008
Net rental income	[3.1]	62,838	63,546
Income on investment properties		101,667	89,310
Expenses on investment properties		(38,828)	(25,764)
Income from other activities	[3.2]	4,470	9,314
Income from finance leases		3,848	5,943
Profit/loss on property development transactions		(13)	2,246
Profit/loss on business centre activities		-	(7)
Other		636	1,132
Operating costs	[3.3]	(24,509)	(25,737)
Overhead costs		(23,460)	(26,748)
Depreciation and impairment		(463)	(723)
Charges net of provisions		(586)	1,734
Capital gains/losses on asset sales	[3.4]	24,806	6,969
Investment properties		24,530	6,139
Options exercised on finance lease properties		296	830
Operating assets		(20)	0
Net value adjustments	[3.5]	(43,676)	(46,852)
Increases in value of investment properties		12,874	5,046
Reductions in value of investment properties		(56,549)	(51,898)
NET OPERATING PROFIT		23,930	7,239
Net cost of debt		(27,643)	(39,437)
Revenues and dividends from non-consolidated companies		-	-
Income from financial assets at fair value via income		(8,841)	(9,762)
Income from financial assets held for sale		10,832	1,528
Other		(4,238)	(522)
NET FINANCIAL INCOME	[3.6]	(29,890)	(48,193)
Share of earnings of companies accounted for under the equity method	[3.7]	(4,382)	975
Change in goodwill	[3.8]	(3,545)	60
PROFIT/LOSS BEFORE TAX		(13,887)	(39,918)
Profit after tax on discontinued operations or those being sold	[3.9]	(819)	(1,406)
Taxes		12,013	4,073
NET PROFIT		(2,693)	(37,252)
Minority interests		3,008	270
NET PROFIT - GROUP SHARE		(5,701)	(37,521)
Earnings per share (€)	[3.10]	(0.76)	(4.72)
of which Group share of discontinued activities	[3.10]	(0.11)	(0.18)
Diluted earnings per share (€)	[3.10]	(0.62)	(3.92)
of which Group share of discontinued activities	[3.10]	(0.09)	(0.15)

Consolidated cash flow statement

(in thousands of euros)

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	-	-
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	[8.4]	31,808	945	32,754
Liquid bank assets in other assets	[8.8]	748		748
Investment securities	[8.1]	2,022	0	2,022
Sub-total (1)		34,700	950	35,650
Bank overdrafts ^(a)	[9.2]	(8,230)	(1,055)	(9,285)
Bank overdrafts in other liabilities	[9.6]	(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 in bank overdrafts but in 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

1. NOTES ON ASSETS

NOTE 1.1 - TANGIBLE ASSETS

Changes in property, plant and equipment

(in thousands of euros)	Operating tangible assets	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 YEAR AT 31/12/2009	2,901	-	2,901

"Buildings under construction" recorded in the table above represent assets that are not currently, and are not intended to become, investment properties, such as land, conference centres, hotels, and assets 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 YEAR AT 31/12/2009	1,590

Changes in amortisation 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 YEAR AT 31/12/2009	1,125	1,397	2,522

Goodwill

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

NOTE 1.2 - 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	-	-	-	-
Changes in fair value	(32,474)	-	(11,202)	(43,676)
Transfers between line items ⁽¹⁾	8,046	(14,510)	6,464	-
Sector transfers	1,228	(301)	-	926
END OF YEAR 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 €1,593,000 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.

NOTE 1.3 - LONG-TERM INVESTMENTS

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Finance leases and related receivables	68,631	87,008
Assets at fair value via income	-	-
Assets available for sale	5,118	33,841
Derivatives stated at fair value	3,859	86
Deposits and sureties paid ⁽¹⁾	5,352	5,514
Loans	12,816	884
TOTAL	95,776	127,334

⁽¹⁾ This entry primarily represents working capital and guarantee deposits paid on buildings.

(in thousands of euros)	Fair value as at 31/12/2008	Change in fair value during the period		
		Equity	Income	Total
Financial assets at fair value via income				
Derivatives	86	-	3,773	3,859
TOTAL	86	-	3,773	3,859

NOTE 1.4 - DEFERRED TAX ASSETS

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

NOTE 1.5 - SHARES AND INVESTMENTS IN ASSOCIATED COMPANIES (CONSOLIDATED UNDER THE EQUITY METHOD)

(in thousands of euros)	%	Values as at 31/12/2009	Total balance sheet	Revenues before tax	Income	Values as at 31/12/2008
MGP Sun Sarl	7 %	(1,599)	8,424	-	(8,139)	(777)
Aulnes	35 %	6	22	-	10	-
Copernic	50 %	(292)	736	881	(584)	(163)
2/4 Hausmann	50 %	(22)	1,641	-	(32)	(6)
Lothaire développement	-	-	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	17 %	-	30	-	(21)	-
TOTAL		22,119	-	-		28,064

⁽¹⁾ Sub-consolidation.

NOTE 1.6 - BUSINESS SECTOR TO BE SOLD

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Business sector to be sold	5,067	6,437
TOTAL	5,067	6,437

These concern assets associated with BFI.

NOTE 1.7 - FINANCE LEASE LOANS AND RECEIVABLES

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Ordinary receivables incl. tax	1,524	1,735
Non-performing doubtful receivables incl. tax but excl. termination charges	1,097	863
Non-performing doubtful receivables incl. tax on termination charges	-	381
Provisions for non-performing doubtful receivables excl. termination charges	(847)	(635)
Provisions for non-performing doubtful receivables on termination charges	-	-
Prepaid income	(1,165)	(1,840)
Loan accounts	9	58
TOTAL	618	562

NOTE 1.8 - INVENTORIES

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Property development inventory	22,241	35,089
Finance expense inventories (property development)	122	27
Provisions on inventories	(1,843)	(1,917)
TOTAL	20,520	33,199

NOTE 1.9 - TRADE NOTES AND OTHER RECEIVABLES

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Receivables on disposals of investment properties	13,160	5,380
Ordinary receivables	10,967	12,791
Doubtful receivables	4,480	3,408
Provisions for doubtful receivables	(3,320)	(2,590)
TOTAL	25,287	18,990

NOTE 1.10 - OTHER RECEIVABLES

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
French government – Tax and social security receivables	6,198	16,731
Sub-total	6,198	16,731
Trade payables	291	434
Client accounts	5,464	5,262
Subscribed share capital not paid up	14	15
Loans to affiliated companies	2,902	13,353
Other miscellaneous receivables	5,376	7,324
Bad debt provisions, other receivables	(533)	(533)
Other	-	-
Other receivables	13,513	25,854
Accruals	8,620	9,108
Prepaid expenses	4,209	2,438
Adjustment accounts	12,829	11,545
Sub-total	26,343	37,399
TOTAL	32,540	54,130

NOTE 1.11 - CASH AND CASH EQUIVALENTS

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Cash equivalents: SICAVs	2,022	1,760
Restatement of SICAVs at fair value	85	62
Settlement accounts for securities	748	265
Bank account overdrafts	31,931	24,975
TOTAL	34,785	27,062

2. NOTES ON LIABILITIES

NOTE 2.1 - SHARE CAPITAL

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 capital in euros	47,800,000	-	-	47,800,000

Treasury stock

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

NOTE 2.2 - LONG-TERM LOANS

(in thousands of euros)	Balance sheet items	0 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Bank loans	619,265	-	-	305,693	313,571
Balances to cover finance lease commitments	7,498	-	-	4,646	2,852
TOTAL AS OF 31/12/2009	626,763	-	-	310,339	316,423

This table does not include the deferment of effective rate borrowing costs totalling €3,846,000.

(in thousands of euros)	Balance sheet items	0 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Bank loans	510,993	-	-	227,770	283,224
Balances to cover finance lease commitments	10,045	-	-	7,176	2,869
TOTAL AS OF 31/12/2008	521,038	-	-	234,946	286,093

This table does not include the deferment of effective rate borrowing costs totalling €3,606,000.

NOTE 2.3 - FINANCIAL LIABILITIES

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Long-term	21,249	10,744
Commercial paper	15,750	30,675
Related debts	(38)	(588)
TOTAL	36,961	40,831

The discounted amount of premiums remaining to be paid on caps is shown in this entry. There is no longer any distinction between short and long term, as well as the value as at 31 December 2009 of all caps and collars entered into by the Company.

NOTE 2.4 - 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 2.5 - NON-CURRENT TAX LIABILITIES

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
French government - Exit Tax	362	2,634
TOTAL	362	2,634

NOTE 2.6 - BUSINESS SECTOR TO BE SOLD

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Business sector to be sold	5,020	5,054
TOTAL	5,020	5,054

NOTE 2.7 - NON-CURRENT LIABILITIES 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

These are loans and guarantee deposits received from tenants that are payable immediately upon the disposal of non-current assets held for sale.

NOTE 2.8 - TRADE PAYABLES AND OTHER PAYABLES

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Trade payables and related payables	3,804	4,642
Fixed asset payables and related accounts	6,692	26,864
Trade payables and related payables	10,496	31,506
Other customer payables	609	6,468
Other miscellaneous payables	24,414	8,039
Payments received for guarantee deposits	1,028	351
Other	34	55
Other payables	26,085	14,912
Adjustment accounts	11,728	15,168
Prepaid income	5,218	4,016
TOTAL	53,528	65,602

NOTE 2.9 - CURRENT LOANS AND BORROWINGS

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Less than one year	58,337	213,517
Finance lease commitment hedge accounts	3,929	1,978
Related debts	1,276	3,589
BANK LOANS	63,542	219,084

This table does not include the deferment of effective interest rate borrowing costs totalling €177,000 in 2009 and -€203,000 in 2008.

NOTE 2.10 - CURRENT TAX LIABILITIES

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Corporate income taxes	460	1,419
French government - Exit Tax	2,901	3,419
TOTAL	3,361	4,838

NOTE 2.11 - TAX AND SOCIAL SECURITY LIABILITIES

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008
Staff	1,710	1,889
Tax liabilities (VAT, taxes)	3,518	5,956
TOTAL	5,227	7,846

3. NOTES ON THE INCOME STATEMENT

NOTE 3.1 - NET RENTAL INCOME ON INVESTMENT PROPERTIES

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008	Change
Rental income	77,178	73,463	3,715
Rebilling of costs	24,035	14,744	9,292
Other income	1,742	1,123	619
Rent and similar income	102,956	89,330	13,626
Reversals of bad debt provisions for trade receivables	956	1,993	(1,037)
Provisions for charges	-	-	-
Increase in bad debt provisions on trade receivables	(1,698)	(1,065)	(633)
Irrecoverable receivables	(547)	(948)	401
Reversal of provision for property risk	-	-	-
Cost of risk	(1,289)	(20)	(1,269)
Income from investment properties (1)	101,667	89,310	12,357
Rental expense	(38,828)	(25,764)	(13,064)
Expenses on investment properties (2)	(38,828)	(25,764)	(13,064)
NET RENTAL INCOME (1) + (2)	62,838	63,546	(707)

Rental income consists of rents and similar income earned on office and business buildings during the period. Property costs consist of rental costs borne by the owner, construction expenses, and costs of legal disputes.

NOTE 3.2 - EARNINGS FROM OTHER ACTIVITIES

(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 and provisions subject to Articles 64 and 57	(13,790)	(15,987)	2,197
Change in underlying reserve	(791)	(1,329)	538
Cost of risk	62	(4)	66
Expenses on finance lease transactions	(425)	(781)	356
Profit from finance lease transactions (1)	3,848	5,943	(2,095)
Revenues	30,314	48,037	(17,722)
Changes in inventories	(12,839)	31,507	(44,346)
Cost of risk	-	(50)	50
Expenses for property transactions	(17,489)	(77,248)	59,760
Profit from property development activities (2)	(13)	2,246	(2,258)
Income	-	-	-
Expenses	-	(7)	7
Profit from business centres (3)	-	(7)	7
Other miscellaneous operating income	636	1,132	(496)
Other miscellaneous operating expenses	-	(0)	-
Other income (4)	636	1,132	(496)
EARNINGS FROM OTHER ACTIVITIES (1) + (2) + (3) + (4)	4,470	9,314	(4,844)

NOTE 3.3 - OPERATING COSTS

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008	Change
External services	13,579	14,681	(1,102)
Taxes, duties and related payments	948	1,134	(184)
Employee costs	8,932	10,933	(2,001)
Depreciation on buildings	463	723	(260)
Net provisions for risks and charges	586	(1,734)	2,320
TOTAL	24,509	25,737	(1,228)

NOTE 3.4 - GAIN/LOSS ON ASSET DISPOSALS

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008	Change
Proceeds from sales of fixed assets	162,614	25,666	136,948
Net carrying value of properties sold	(138,084)	(19,527)	(118,556)
Gain on investment properties (1)	24,530	6,139	18,391
Proceeds from sales of fixed assets	4,098	889	3,210
Recovery of Article 64 and 57 provision	9,450	9,861	(410)
Net carrying value of properties sold	(13,252)	(9,919)	(3,333)
Exercises of options on finance lease properties (2)	296	830	(533)
Proceeds from sales of operating buildings	90	55	35
Net carrying value of operating buildings	(110)	(55)	(55)
On operating assets (3)	(20)	0	(20)
TOTAL (1) + (2) + (3)	24,806	6,969	17,838

NOTE 3.5 - NET VALUE ADJUSTMENTS ON INVESTMENT PROPERTIES

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008	Change
Increases	12,874	5,046	7,827
Reductions	(56,549)	(51,898)	(4,651)
TOTAL INVESTMENT PROPERTIES	(43,676)	(46,852)	3,177

NOTE 3.6 - FINANCIAL INCOME/EXPENSE

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008	Change
On-maturity accounts & borrowings	(20,624)	(35,935)	15,310
Interest on lessee loans	(2,166)	(3,498)	1,332
Expenses on caps/swaps	(4,848)	-	(4,848)
Expenses for fixed maturity subordinated debt	(5)	(5)	(1)
Net cost of financial debt (1)	(27,643)	(39,437)	11,794
Revenues and dividends from non-consolidated companies (2)	-	-	-
Investment securities	23	142	(118)
Trading securities	-	114	(114)
Net foreign exchange losses on cash accounts	-	-	-
Net gains on consolidated shares	(1)	46	(47)
Net interest income on derivatives	(1,241)	370	(1,611)
Income from sale of shares due to be consolidated	-	2,215	(2,215)
Changes in fair value	(7,622)	(12,648)	5,027
Profit from dilution	-	-	-
Profit on financial assets at fair value via income (3)	(8,841)	(9,762)	921
Income from variable-income securities	1,865	1,783	82
Capital gains or losses on sales	8,968	(255)	9,223
Gains or losses on fixed-income securities	-	-	-
Net reversals on impairments of variable-income securities	-	-	-
Profit on financial assets available for sale (4)	10,832	1,528	9,305
Other financial income	1,447	1,293	154
Cost of risk	(4,408)	428	(4,836)
Other financial expenses	(1,278)	(2,243)	965
Other (5)	(4,239)	(522)	(3,717)
FINANCIAL INCOME (1) + (2) + (3) + (4) + (5)	(29,890)	(48,193)	18,303

NOTE 3.7 - SHARE IN EARNINGS OF COMPANIES CONSOLIDATED UNDER THE EQUITY METHOD (EQUITY-ASSOCIATED COMPANIES)

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008	Change
Net carrying amount of securities in sold equity-associated companies	-	(21,285)	21,285
Share in net profit	(4,382)	(2,554)	(1,828)
Sale price of equity-associated companies	-	24,815	(24,815)
TOTAL	(4,382)	975	(5,357)

NOTE 3.8 - CHANGE IN VALUE OF GOODWILL

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008	Change
Montéa	-	(64)	64
Valliers	-	(435)	435
Concerto Développement	(3,661)	-	(3,661)
AffiParis	116	559	2,183
TOTAL	(3,545)	60	(3,605)

NOTE 3.9 - PROFIT/LOSS AFTER TAX ON DISCONTINUED OPERATIONS OR THOSE BEING SOLD

(in thousands of euros)	As at 31/12/2009	As at 31/12/2008	Change
Gain/(loss) after tax from discontinued businesses or those in the process of being sold	(819)	(1,406)	587
TOTAL	(819)	(1,406)	587

This entry represents the loss after tax of BFI, which is in the process of being sold.

NOTE 3.10 - 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 31/12/2009 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.

Statement by the persons responsible for the financial report

(Article L.451-1-2 of the French Monetary and Finance Code)

We hereby declare that, to our knowledge, the financial statements have been drafted in accordance with the applicable accounting standards and give an accurate view of the assets, financial situation and results of the company and of all the companies included in the consolidation, and that the management report on pages 1-56 in the first

part of the management report and on pages 92, 99-103 and 111-112 of the second part presents an accurate picture of the business evolution, results, and financial situation of the company and all the companies included in the consolidation, as well as a description of the risks and uncertainties facing them.

Maryse Aulagnon
Chairman - Chief Executive Officer

Alain Chaussard
Co-Chief Executive Officer



GROUPE AFFINE

Société anonyme au capital de 47,800,000 €
A French société anonyme with share capital of
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