

# 1H10 Results



Presentation of 10 September, 2010



# Affine Group

## Summary

**Property portfolios**

**Development of group companies**

**Analysis of 1H10 accounts**

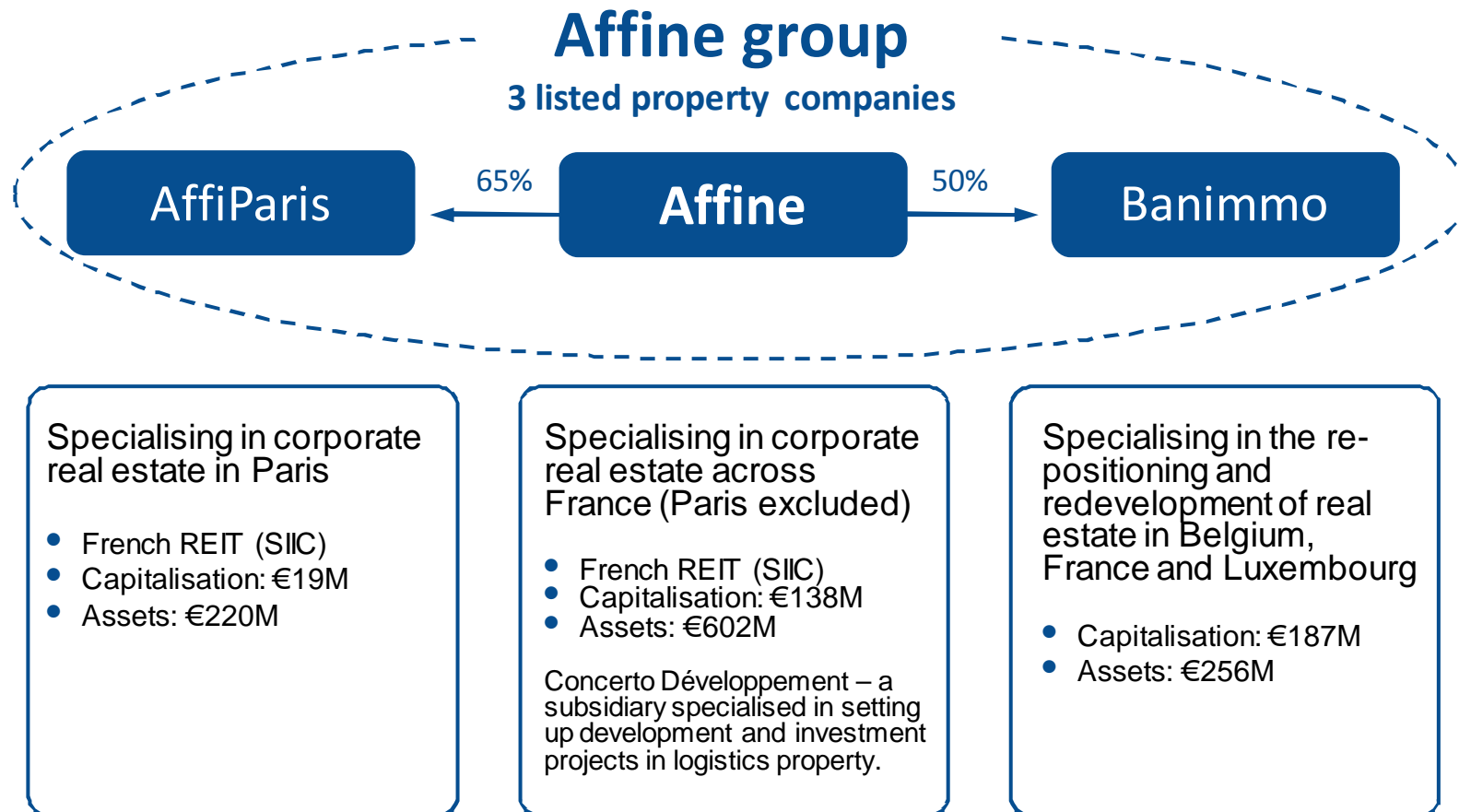
**Financing**

**Affine on the stock market**

**Strategy and outlook**

# Affine Group

A group organised around 3 property companies





# Property portfolio

# Property portfolio

## Key figures

	30/06/09	31/12/09	30/06/10
Number of assets <sup>(1)</sup>	123	110	107
Total surface area	900,000 sqm	851,000 sqm	829,000 sqm
Investments <sup>(2)</sup>	€46m	€131m	€28m
Disposals	€10m	€163m	€27m
Fair value (incl. TT)	€1,147m	€1,089m	€1,079m
Occupancy rate <sup>(3)</sup>	91.6%	92.1%	88.4%
Gross rental invoiced	€40.0m	€77.2m	€36.1m

(1) Including pre-sale contracts (VEFAs) in progress

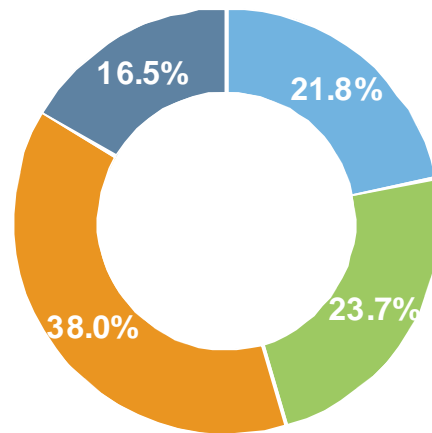
(2) Including external growth

(3) Except buildings being restructured and excluding Banimmco

# Property portfolio

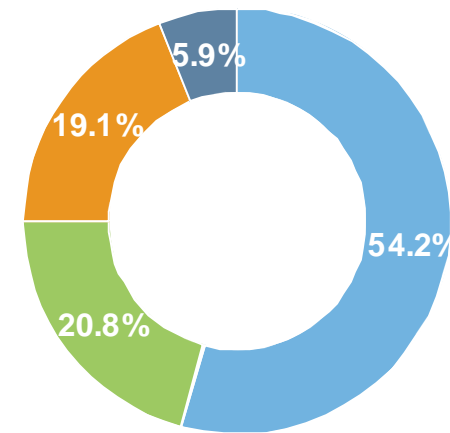
Diversified portfolio (breakdown in value terms)

## Geographical breakdown



- Paris
- Paris region excl. Paris
- Other regions in France
- Euro zone excl. France

## Breakdown by asset type



- Offices
- Shopping centres
- Warehouses
- Others

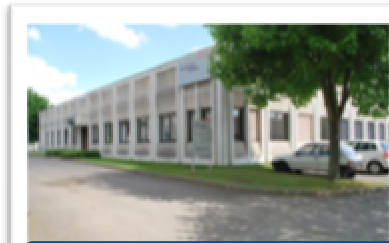
# Property portfolio

## Disposals

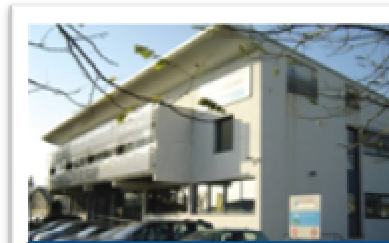
€27m (excl. TT) for Affine



Valbonne: €3.3m



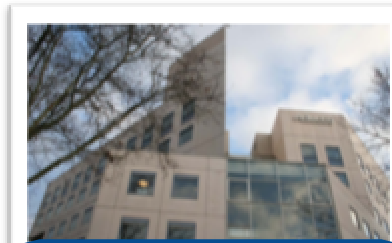
Tremblay: €0.9m



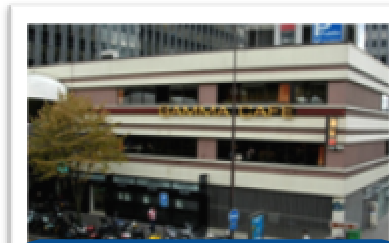
Vénissieux: €1.4m



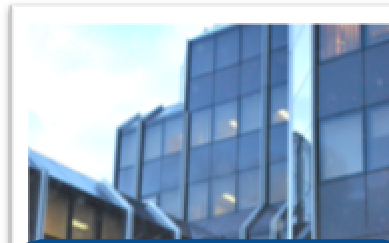
Buc: €3.1m



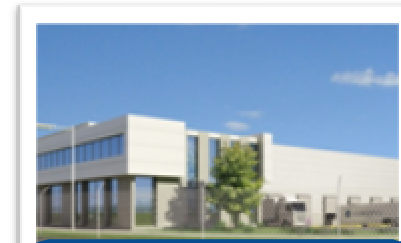
Villeurbanne: €8.0m



Paris Bercy: €1.8m



Malakoff: €1.4m



Vilvorde: €6.3m

# Property portfolio

## Investments

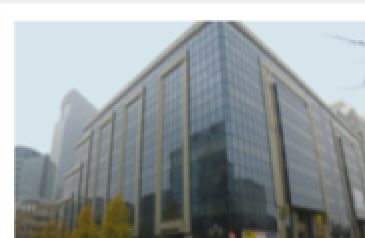
€28m (excl. TT) for Affine and Banimm

Acquisition €12.0m

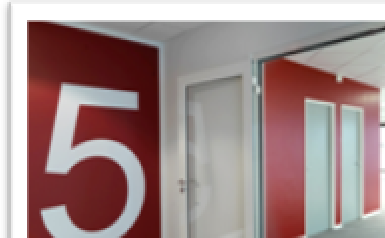


Rouen

Restructuration €9.6m



North Plaza

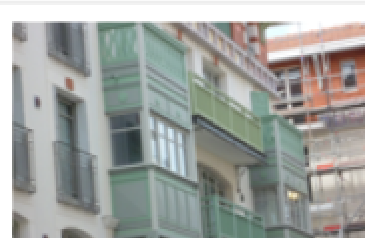


Issy-les-Moulineaux

Development €5.9m



Nevers



Arcachon

POST CLOSURE

City Mall \* €54.2m

Verviers

Namur

Charleroi

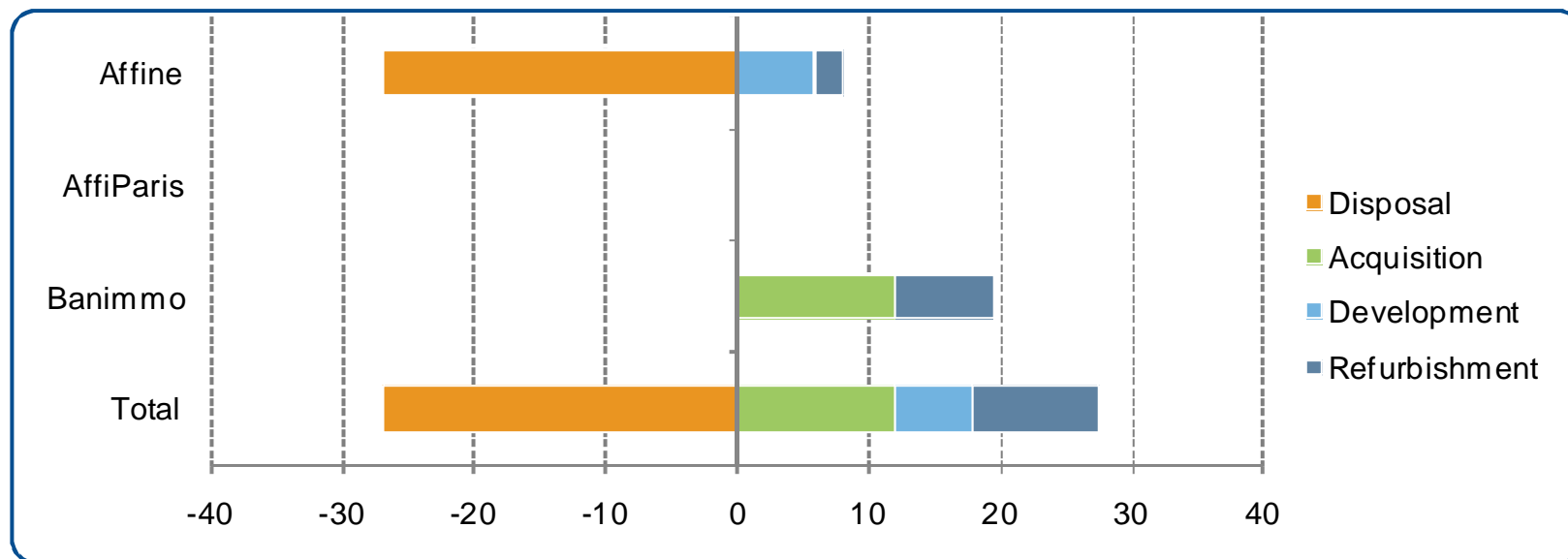


\* Post City Mall operation, shopping center share goes from 21% to 25%

# Property portfolio

Investments balance disposals

## Balance between total investments and disposals (€m)



- Investments : €27.5m
- Disposals : €26.9m

# Property portfolio

Nevers

**7,900 sqm**

Retail premises



Espace Colbert

## Location



- ▶ Excellent location
  - in front of the Prefecture
  - immediate access to the pedestrian zone
- ▶ Easy access
  - on foot, by car, or by bus (several bus routes)
- ▶ Reinforced appeal
  - Downtown car parking (430 lots)
  - Carrefour Market and H&M



# Property portfolio

Arcachon



Ville d'Été



- ▶ Excellent location
  - in front of the town hall downtown
- ▶ Easy access
  - on foot, by car, or by bus (several bus routes)
- ▶ Reinforced appeal
  - Downtown car parking (650 lots)
  - Marketplace



# Property portfolio

Rouen



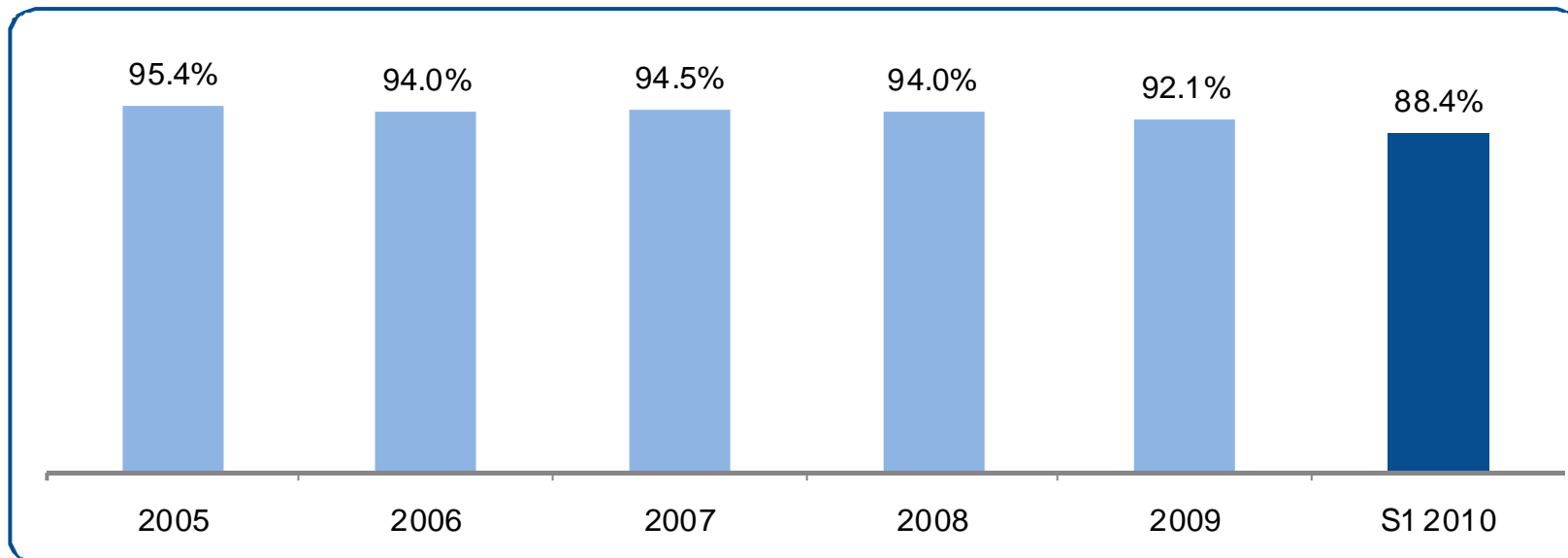
## Rue Champmeslé

- ▶ Excellent location
  - historical shopping centre of the city
  - Perpendicular to the Gros Horloge street, a pedestrianized zone
- ▶ Easy access
  - on foot, by car, or by bus (several bus routes)

# Property portfolio

Rise in vacancy rate

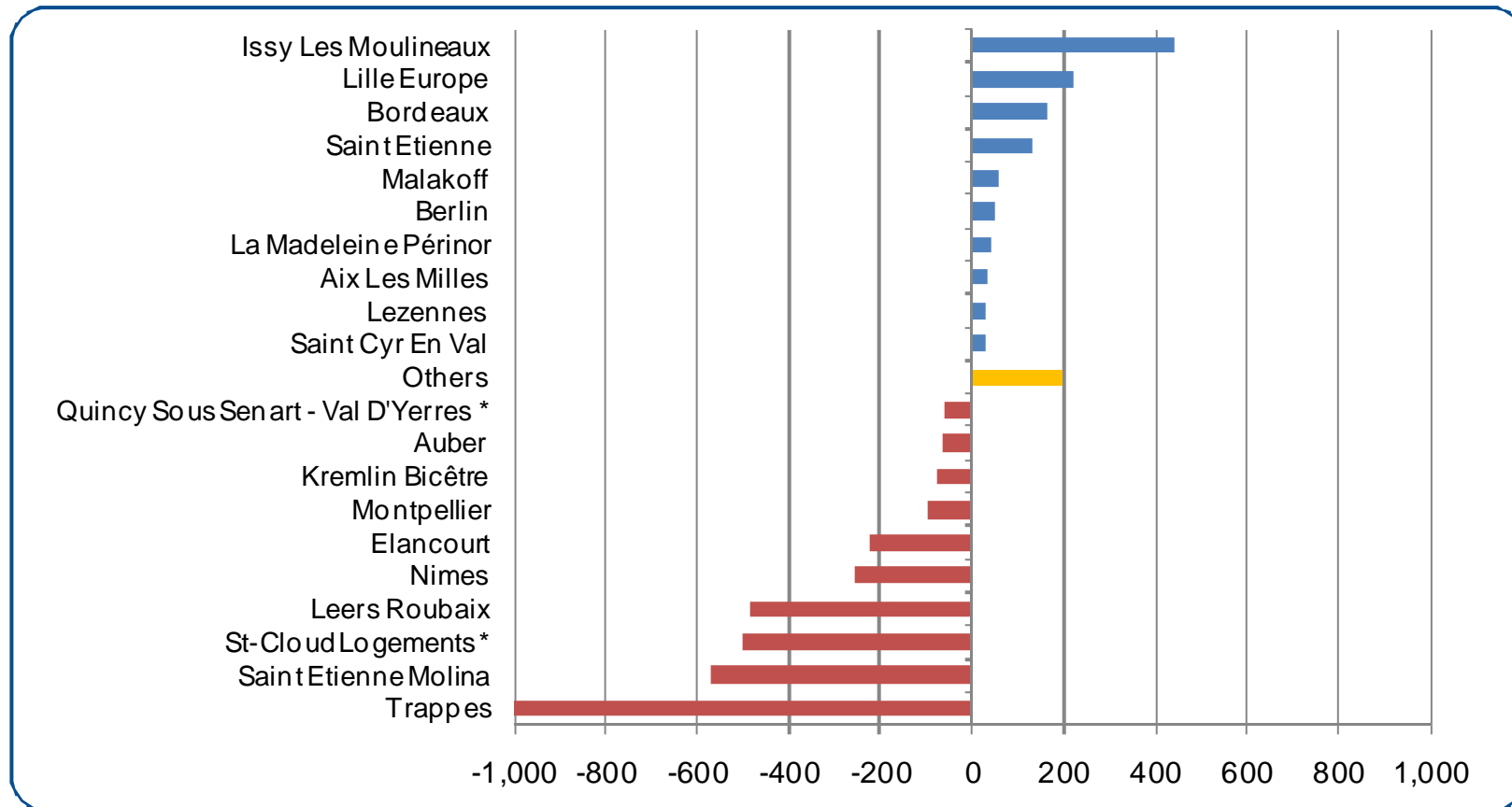
## Trend in occupancy rates (ex Banimmco)



# Property portfolio

Impact of the vacancy change on rents

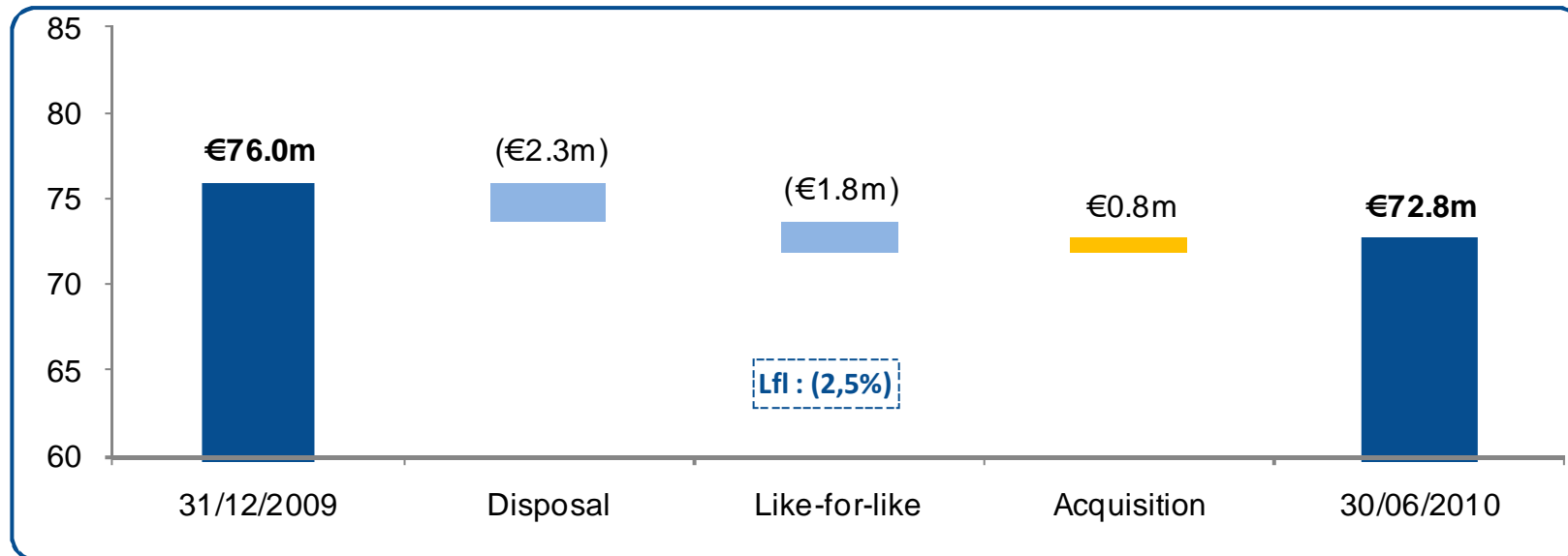
## Excluding Banimmo (€'000)



# Property portfolio

4.3% drop in rental income

## Trend in headline rents



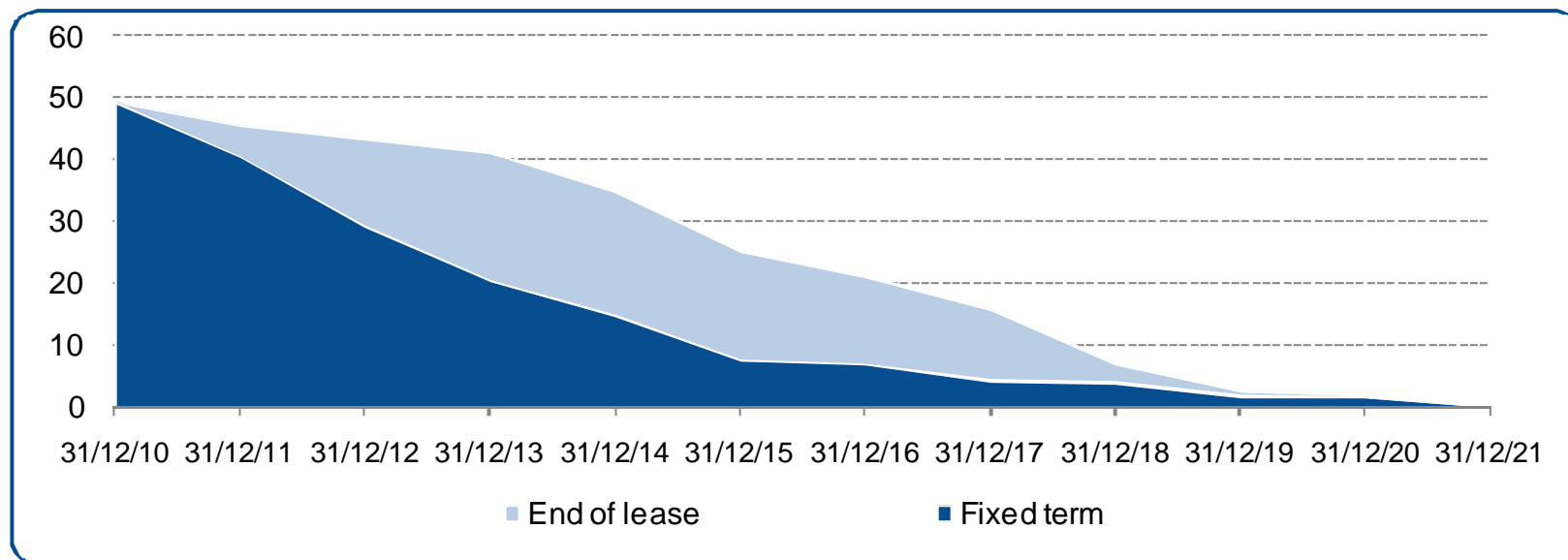
### On a like-for-like basis, factors were:

- Re-negotiations
- Indexation
- Occupancy rate

# Property portfolio

Average rental duration 5.7 years

## Trend in rents according to lease duration (ex Banimmo) (€m)

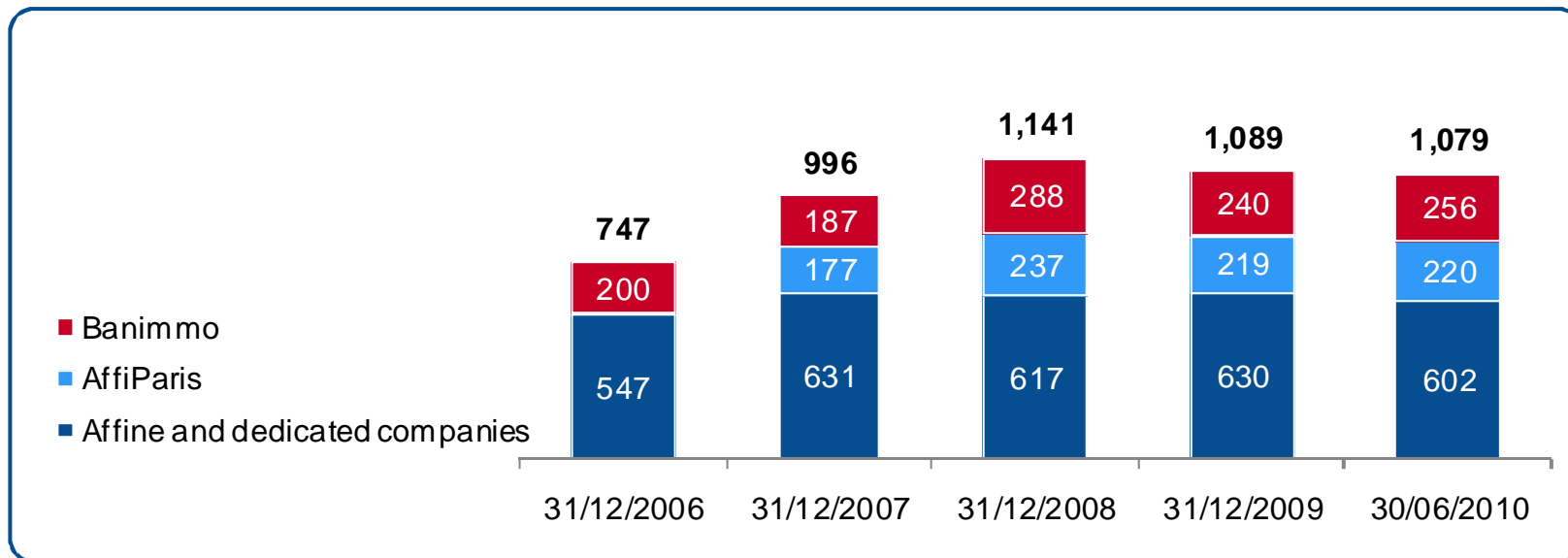


- Average time until next possible exit: 3.5 years
- Average time until lease expiry: 5.7 years

# Property portfolio

Fair value down by 0.9%

## Fair value including TT (in €m)

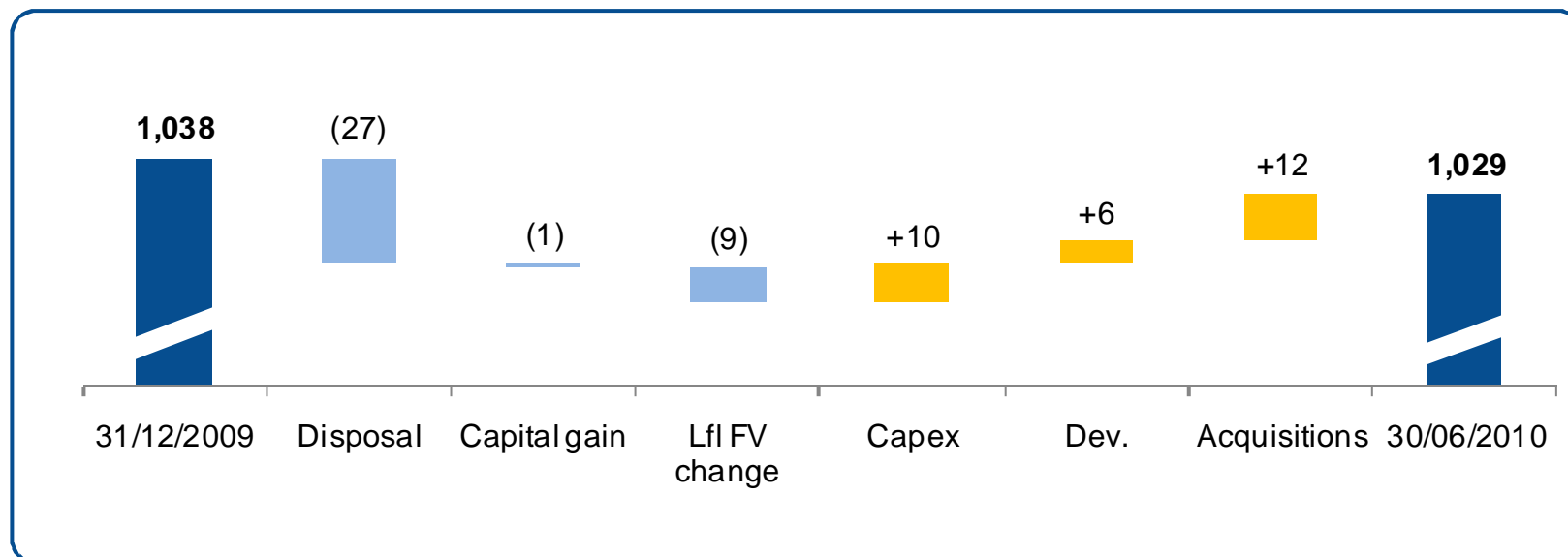


- 0.89% drop over 6 months
- Fair value down 0.88% on a like-for-like basis

# Property portfolio

Unfavourable effect of vacancy rate

## Change in fair value excluding TT (in €m)



## Breakdown of the 0.9% fall in fair value on a like-for-like basis

- Market rent effect: 1.5%
- Rate effect: 2.0%
- Other (including vacancy): -4.3%

# Property portfolio

7.0% current yield

## Return by asset type, 30 June, 2010

	Portfolio split	Headline yield	Potential yield
Offices	54.2%	7.0%	7.8%
Retail property	20.8%	6.4%	7.5%
Warehouses	19.1%	7.5%	9.2%
Other	5.9%	8.1%	8.3%
<b>Total</b>	<b>100.0%</b>	<b>7.0%</b>	<b>8.1%</b>

## Analysis of fair value sensitivity to a 25bp change in yield

(€m)	Fair Value Excl. TT	Yield	Impact
Offices	558	7.1%	19.4
Retail property	214	6.8%	6.4
Warehouses	196	8.7%	5.6
Other	61	7.0%	1.4
<b>Total</b>	<b>1,029</b>	<b>7.4%</b>	<b>32.8</b>

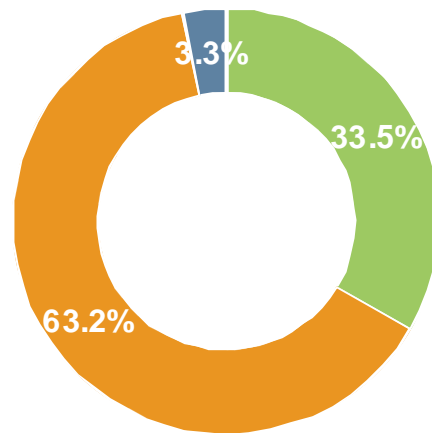


# Situation of Group companies

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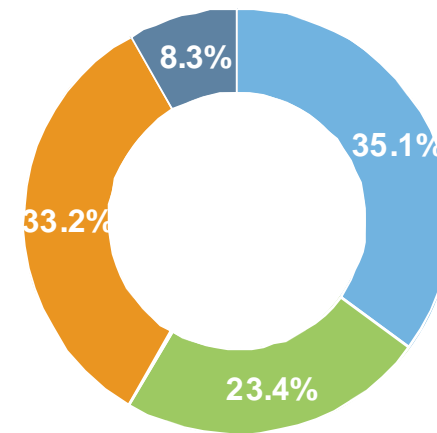
Affine | Diversified portfolio (breakdown in value terms)

## Geographical breakdown



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## Breakdown by asset type

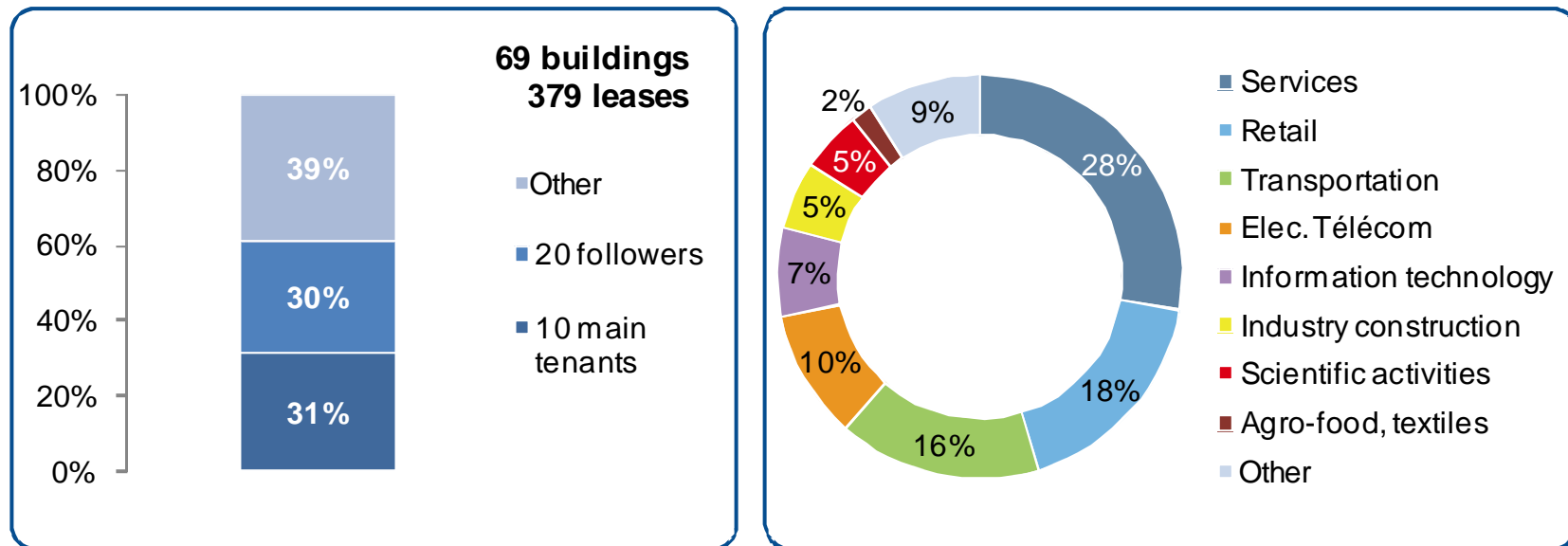


- Offices
- Shopping centres
- Warehouses
- Others

# Situation of Group companies

Affine | Tenants

## Breakdown of leases by tenant and type of occupancy

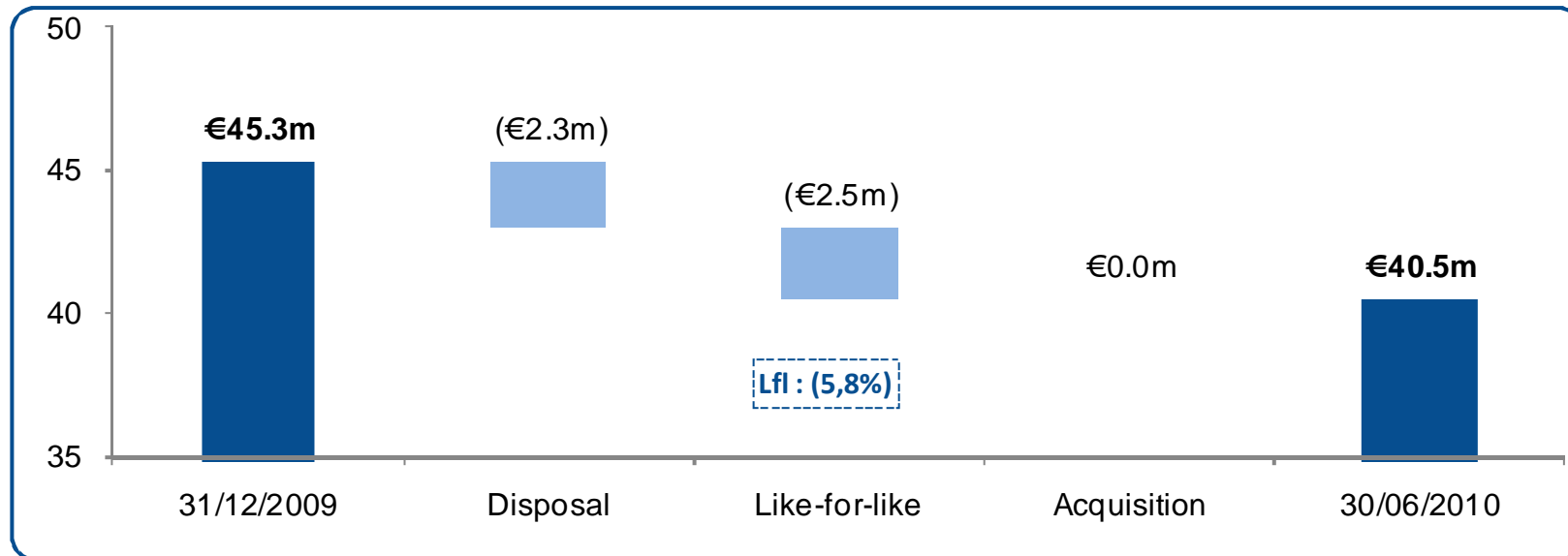


- 10 main tenants make up for 31% of rents (TDF, Corbeil-Essonnes town council, Heidelberg, French Armed Forces, ...)

# Situation of Group companies

Affine | 10.6% drop in rental income

## Trend in current rents



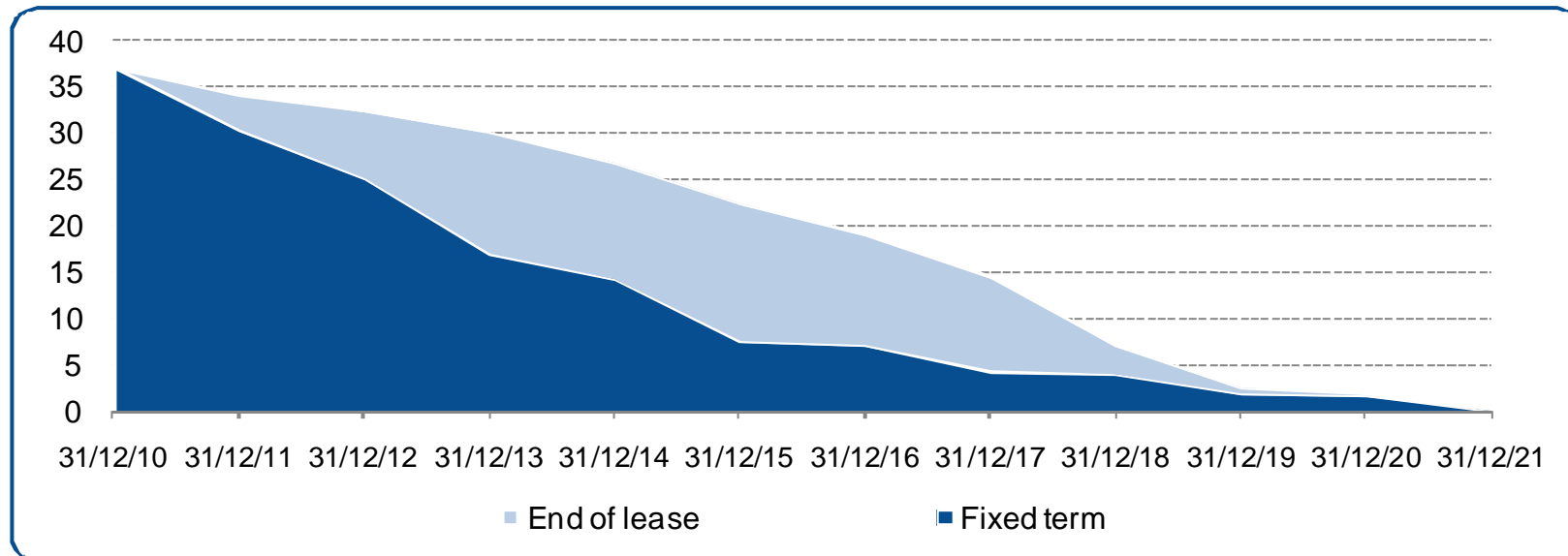
## On a like-for-like basis, factors were:

- Re-negotiations: -€0.0m
- Indexation: -€0.6m
- New leases: +€1.9m
- Departures: -€3.8m

# Situation of Group companies

Affine | Average duration 5.9 years

## Trend in rents according to lease duration



- Average time up to next break option: 3.9 years
- Average time up to lease expiry: 5.9 years
- 10 new leases signed and 2 renewals (9,600 sqm; €1.1m)
- 5 leases terminated (7,800 sqm; €1.2m)

# Situation of Group companies

Banimmo

More information on  
[www.banimmo.be](http://www.banimmo.be)

## Portfolio

- 19 buildings totalling 161,000 m<sup>2</sup> and €19.9m in rents in full year
- Market value of portfolio: €256m including TT, down 1.6% on a like-for-like basis

## Results

- Rental income: €8.4m vs €10.2m, fall linked to disposals (-€1.0m) and restructuring (-€0.9m) with an OR of 86.5%
- Recurring operating result : €4.4m vs €1.6m, thanks to the favourable progression of associates (mainly Montea and Jardin des Quais)
- Operating result: €4.4m vs €1.9m; no disposal occurred in H1
- Result of the financial period: -€6.5m vs -€6.0m

## Main disposals and acquisitions

- Acquisition of a retail complex in Rouen for €12m
- Post-closure, signature of a strategic agreement with City Mall, group specialized in the development of shopping malls in city centers

## Reinforcement of financial structure

- Bond issue with warrant for €75m
- Debt/ Total balance sheet: 53.8%



# Situation of Group companies

AffiParis

More information on  
[www.affiparis.fr](http://www.affiparis.fr)

## Portfolio

- 18 buildings totalling 67,100 m<sup>2</sup> and €12.3m in rent in a full year
- Market value of assets: €220.2m incl. TT, up +0.6% on a like-for-like basis

## Results

- Rental income: €5.7m; rental income virtually unchanged (-1.1%), despite the few disposals, departures and renegotiations, with an overall OR of 96.0%
- Operating margin: €5.8m slight rise (+0.4%)
- Operating cash flow: €5.9m, sharp rise (+38%)
- Current profit: up by 64% at €1.9m
- Net profit: €0.7m vs -€16.4m



## Analysis of 2010 half-year consolidated accounts

# Analysis of 2010 half-year accounts

## Operating margin

(€m)	30/06/09 <sup>(2)</sup>	31/12/09 <sup>(2)</sup>	30/06/10
Investment properties	34.0	62.8	28.4
Finance lease	2.1	3.8	1.2
Property development <sup>(1)</sup>	(0.1)	0.0	(0.2)
Miscellaneous	(0.3)	0.6	1.1
<b>Total</b>	<b>36.3</b>	<b>67.3</b>	<b>30.6</b>

(1) Excluding change in the Sant Feliu value.

(2) To more clearly reflect the components of the profit and its changes, the contribution of BFI appears under the heading "After-tax profit from businesses that have been discontinued or are being sold", i.e. "Miscellaneous" in this presentation.

# Analysis of 2010 half-year accounts

## Consolidated earnings

(€m) <sup>(1)</sup>	30/06/09	31/12/09	30/06/10
<b>Operating margin</b> <sup>(2)</sup>	<b>36.3</b>	<b>67.3</b>	<b>30.6</b>
Financial income <sup>(3)</sup>	(12.7)	(31.2)	(14.6)
Operating expenses and miscellaneous	(11.9)	(24.5)	(10.0)
Corporate income tax	4.7	5.1	0.4
<b>Current profit</b>	<b>16.4</b>	<b>16.7</b>	<b>6.4</b>
Net capital gains on disposals	1.7	24.8	(1.2)
<b>Current profit after disposals</b>	<b>18.1</b>	<b>41.5</b>	<b>5.2</b>
Change in fair value of buildings <sup>(4)</sup>	(38.8)	(43.7)	(12.8)
Change in fair value of financial instruments	(5.5)	(7.6)	(10.7)
Miscellaneous <sup>(5)</sup>	(4.1)	0.2	1.1
Deferred taxation net of Exit Tax	2.7	6.9	0.8
<b>Net profit</b>	<b>(27.6)</b>	<b>(2.7)</b>	<b>(16.4)</b>
Of which Group share	(18.9)	(5.7)	(11.9)
<b>Net profit before change in FV</b>	<b>16.6</b>	<b>48.6</b>	<b>7.1</b>

(1) Based on IFRS accounting standards for corporate accounting.

(2) Excluding change in the Sant Feliu value.

(3) Excluding change in fair value.

(4) Including change in the Sant Feliu value.

(5) Share in companies consolidated using the equity method, changes in goodwill, net profit from activities that have been discontinued or area being sold, in 2009 net capital gain of €9m for the sale of Altaréa shares.

(6) To more clearly reflect the components of the profit and its changes, the contribution of BFI appears under the heading "After-tax profit from businesses that have been discontinued or are being sold", i.e. "Miscellaneous" in this presentation.

# Analysis of 2010 half-year accounts

## Consolidated earnings

(€m) <sup>(1)</sup>	Banimmo	AffiParis	Affine	Group
<b>Operating margin<sup>(2)</sup></b>	<b>5.8</b>	<b>5.8</b>	<b>19.0</b>	<b>30.6</b>
Financial income <sup>(3)</sup>	(3.2)	(3.3)	(8.1)	(14.6)
Operating and miscellaneous	(3.4)	(0.6)	(5.9)	(10.0)
Corporate income tax	(0.2)	(0.0)	0.6	0.4
<b>Current profit</b>	<b>(1.1)</b>	<b>1.9</b>	<b>5.6</b>	<b>6.4</b>
Net capital gains on disposals	(0.2)	-	(1.0)	(1.2)
<b>Current profit after disposals</b>	<b>(1.3)</b>	<b>1.9</b>	<b>4.6</b>	<b>5.2</b>
Change in FV of buildings <sup>(4)</sup>	(3.7)	1.2	(10.2)	(12.8)
Change in FV of financial instruments	(4.6)	(2.4)	(3.7)	(10.7)
Miscellaneous <sup>(5)</sup>	0.4	-	0.7	1.1
Deferred taxation net of Exit Tax	0.7	-	0.0	0.8
<b>Net profit</b>	<b>(8.5)</b>	<b>0.7</b>	<b>(8.6)</b>	<b>(16.4)</b>
Of which Group share	(4.3)	0.7	(8.3)	(11.9)
<b>Net profit before change in FV</b>	<b>(0.2)</b>	<b>1.9</b>	<b>5.3</b>	<b>7.1</b>

(1) Based on IFRS accounting standards for corporate accounting.

(2) Excluding change in the Sant Feliu value.

(3) Excluding change in fair value.

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(5) Share in companies consolidated using the equity method, changes in goodwill, net profit from activities that have been discontinued or area being sold, in 2009 net capital gain of €9m for the sale of Altaréa shares.

# Analysis of 2010 half-year accounts

## Consolidated cash flow

(€M)	30/06/09	31/12/09	30/06/10
Operating cash flow (excluding cost of debt)	30.3	54.3	21.7
Change in working capital requirements	9.7	18.0	2.3
Tax	(0.3)	1.5	(0.8)
Miscellaneous (business to be sold)	(0.2)	0.3	-
<b>Operating cash flow</b>	<b>39.5</b>	<b>74.1</b>	<b>23.3</b>
<b>Operating cash flow Group share</b>	<b>32.8</b>	<b>62.9</b>	<b>18.2</b>
Acquisitions	(40.5)	(109.4)	(26.8)
Disposals	13.5	178.2	40.1
Miscellaneous	2.6	0.4	(2.0)
<b>Investment cash flow</b>	<b>(24.4)</b>	<b>69.2</b>	<b>11.3</b>
New loans	104.3	153.0	95.7
Loan repayments	(104.2)	(234.2)	(109.6)
Interest	(15.7)	(31.0)	(14.2)
Miscellaneous	(14.5)	(26.0)	(12.4)
<b>Financing cash flow</b>	<b>(30.1)</b>	<b>(138.2)</b>	<b>(40.5)</b>
<b>Increase (decrease) in cash</b>	<b>(15.0)</b>	<b>5.2</b>	<b>(5.9)</b>

# Analysis of 2010 half-year accounts

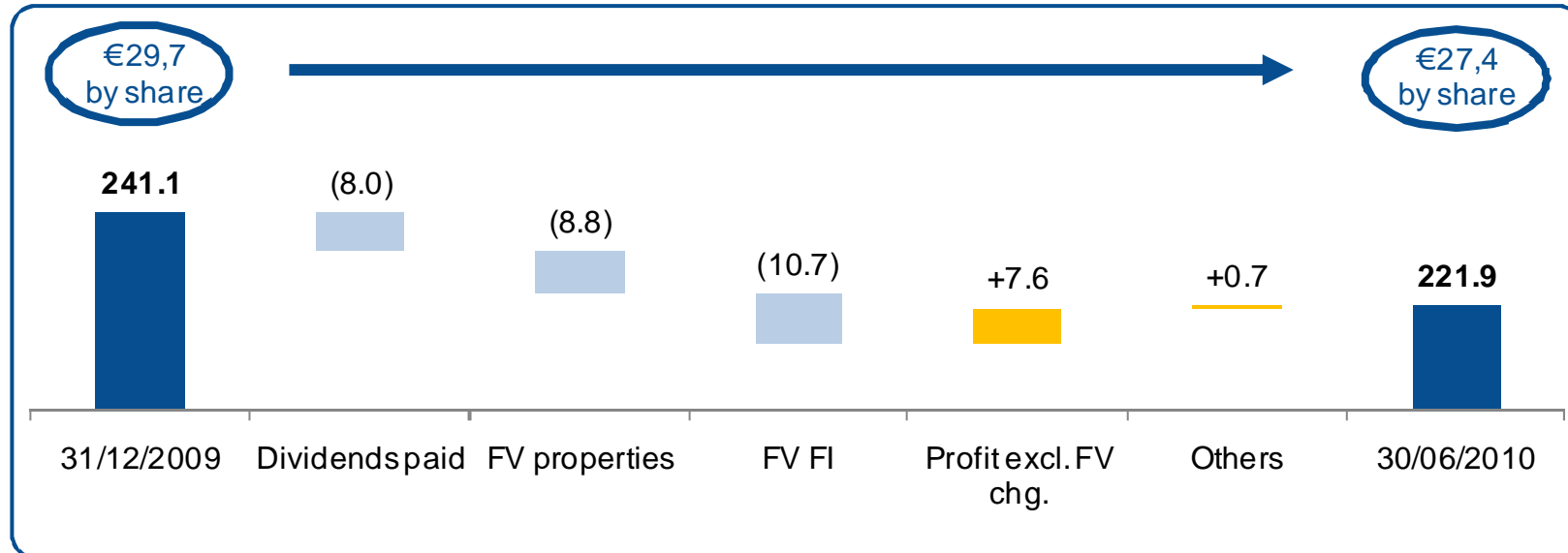
## Consolidated balance sheet

(€m)	30/06/09	31/12/09	30/06/10
Properties	1,083.4	1,038.0	1,028.7
<i>Of which investment properties</i>	933.7	950.6	872.0
<i>Of which properties for sale</i>	149.7	87.4	156.7
Equity holdings	30.5	5.1	5.1
Equity affiliates	23.2	22.1	20.9
Cash	12.6	34.8	22.0
Other	200.1	182.3	164.6
Shareholders' equity (before allocation)	422.6	431.4	401.0
Financial debt	779.8	724.5	705.0
Other	147.4	126.4	135.4
<b>Balance sheet total</b>	<b>1,349.8</b>	<b>1,282.3</b>	<b>1,241.4</b>

# Analysis of 2010 half-year accounts

Net Asset Value (excl. TT)

Change in NAV (excl. TT) ex convertible bonds (ORA) and perpetual subordinated loan notes (TSDI) (€m)





# Financing

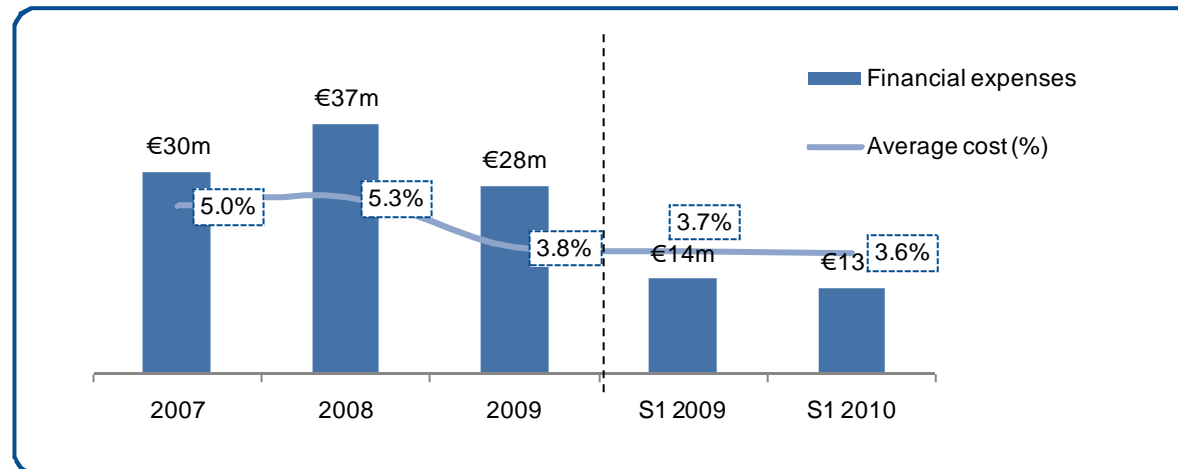
# Financing

Net debt to asset ratio apparently high...

## Group LTV of 59.0%

- Affine and dedicated subsidiaries: 58.1%
- AffiParis: 62.3%
- Banimmo\*: 53.8%

## Average financing cost of 3.6% (Hedging included)

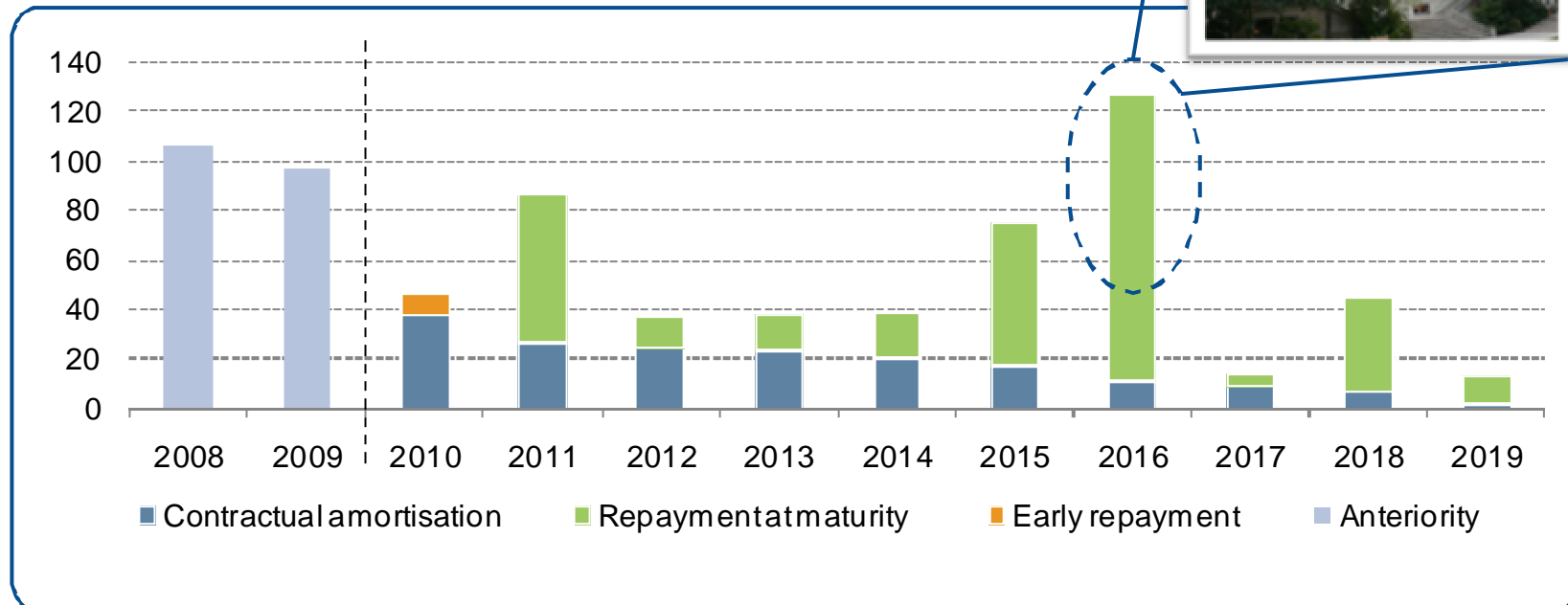


# Financing

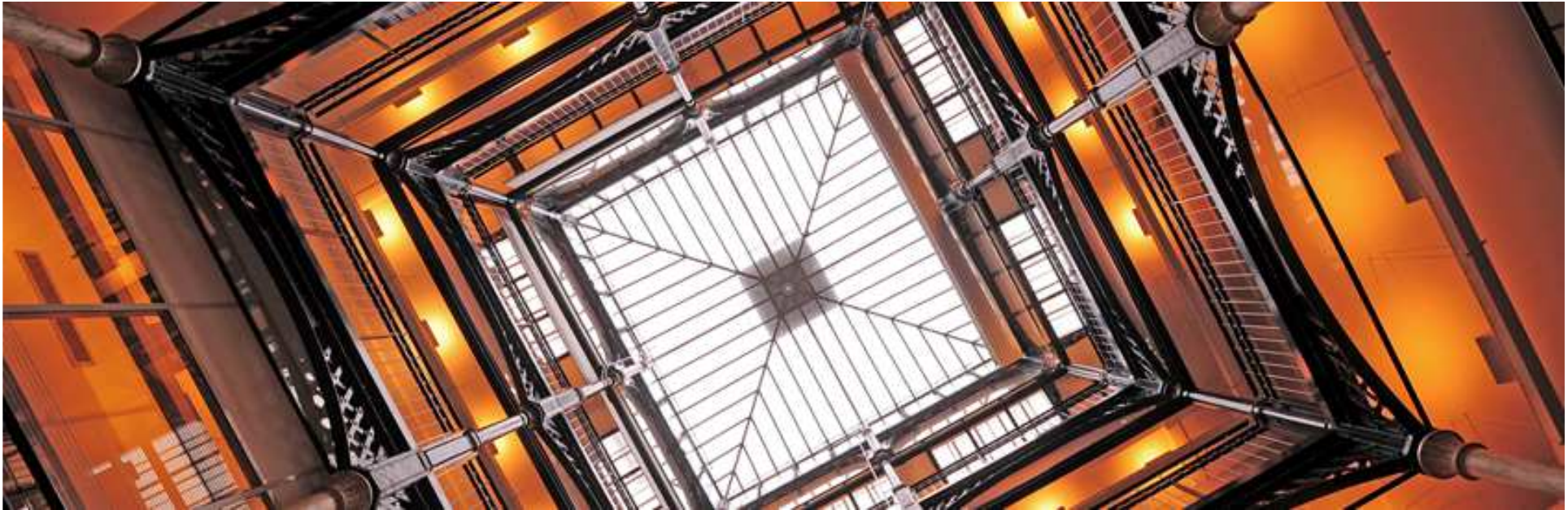
... but a secured debt profile



## Amortisation of debt (ex Banimmo) (in €m)



- Secured for 2010
- Average duration: 5.4 years
- No major repayment date before 2016
- Amortisable: around €30m p.a. on average

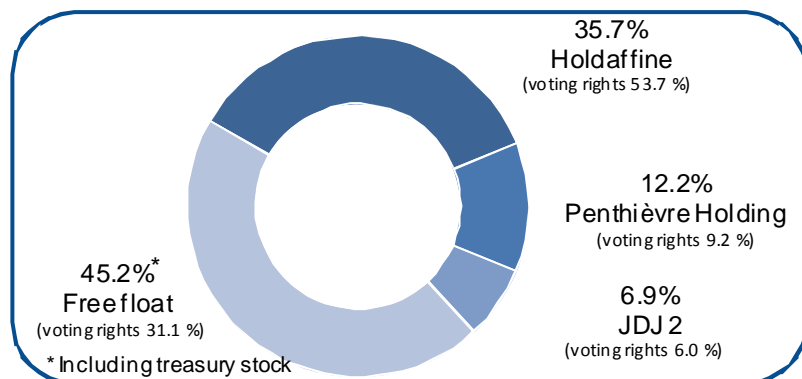


# Affine on the stock market

# Affine on the stock market

## Shareholding

### Shareholding



- Holdaffine is an unlisted company whose sole activity is to hold control of Affine
- It has no debt
- 85% of its capital is held by group executives

- Annualised capital turnover rate of 24%
- Annualised capital turnover rate of 53% based on the float

### Affine is listed on NYSE Euronext Paris

31 June, 2010

Number of shares	8,113,566
Share price	€17.07
Market capitalisation	€131.8m
Change in H1 2010	+5.0%

Consolidated operating income per share	€0.8
Operating cash flow per share	€2.2

Bonus dividend per share (GM of 28 September)	€0.58
Net return (2009 dividend / share price at 30 June, 2010)	10.4%

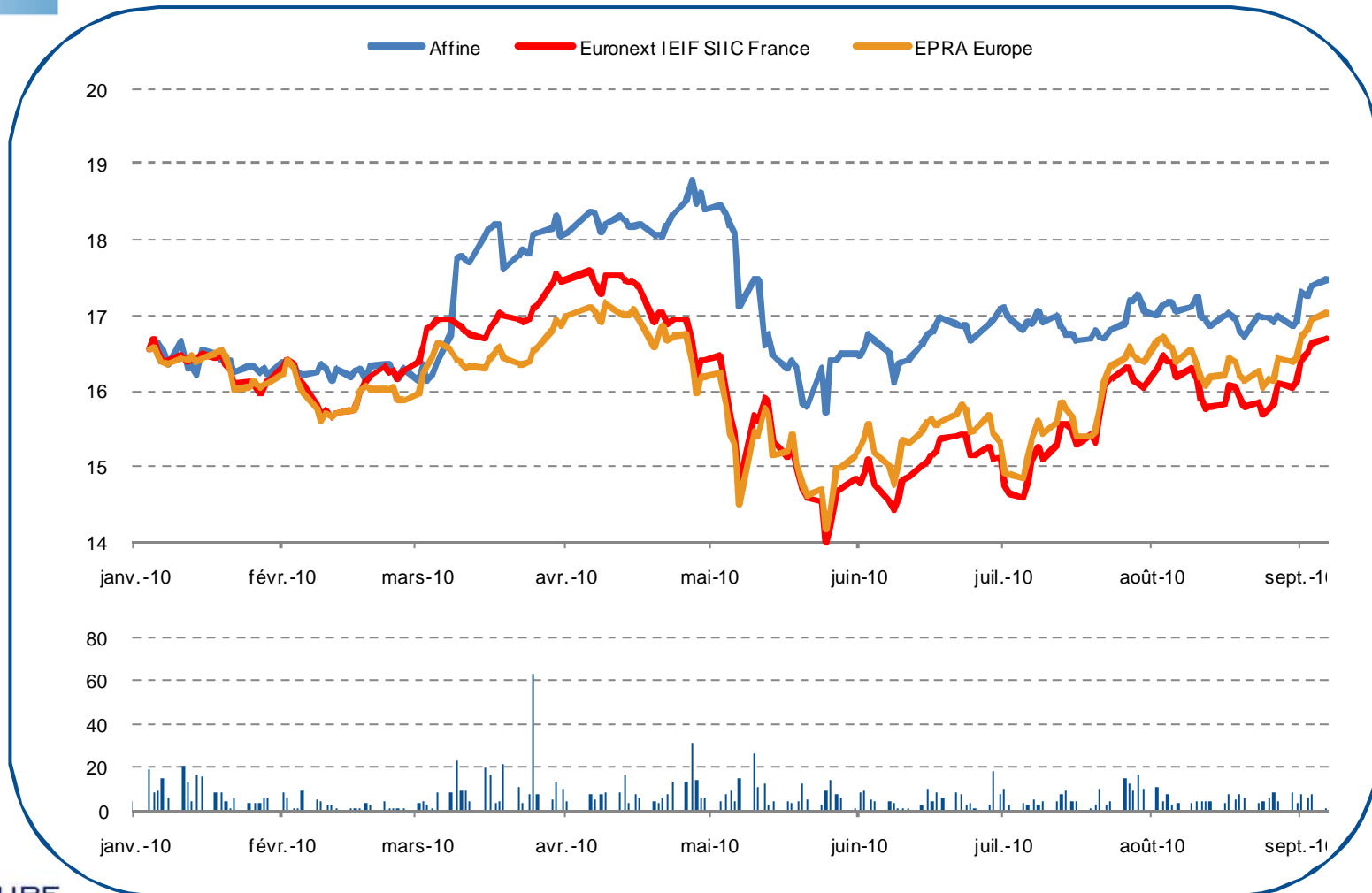


Ticker (Bloomberg / Reuters)

IML FP / BTPP.PA

# Affine on the stock market

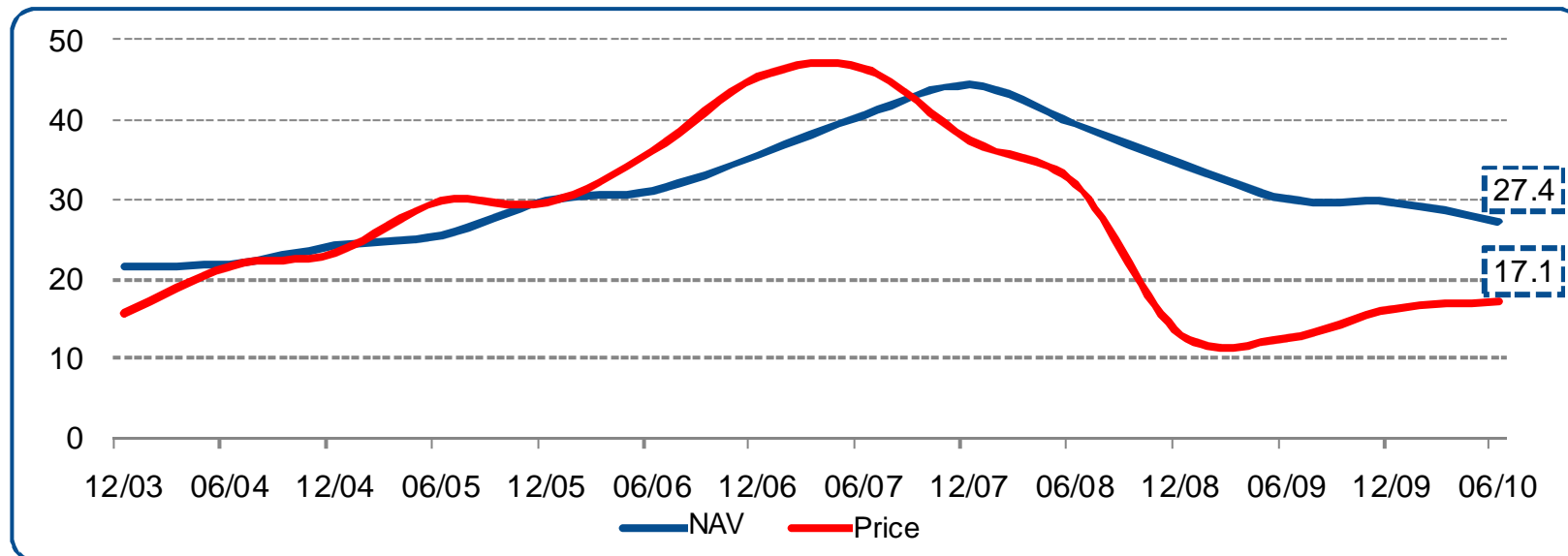
Share price (€) and average transaction volumes (000)



# Affine on the stock market

Discount on NAV

NAV\* (excl. TT) per share and Share price (€) end of period



- Discount of 37.6%

\* Ex convertible bonds (ORA) and perpetual subordinated loan notes (TSDI)



# Strategy and outlook

# Strategy and outlook

In 2010-2011, accompany the upturn

## Operational priority : occupancy rate

- Maintaining tight relationship with our tenants
  - *Anticipate their needs and projects*
  - *Improve their comfort (Capex)*
- Intensifying new tenants search
- Main effects expected in 2011

## Portfolio : continued refocusing

- Disposals of non-core assets (around €85m in 2H 2010)
- Investment budget between €100m and €150m (€80m to date)
  - *Active research of new projects*
  - *Renovation and refurbishment of buildings*
  - *Improvement of buildings environmental performances*

## High yield property company: dynamic distribution

- Distribution in May 2010 of a dividend of €1.20 (including interim of €0.30 already paid in November 2009)
- Distribution of a bonus dividend of €0.58 per share end of October



# Contacts

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**Liquidity contract:**

Société Générale

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# Appendix

# Appendix

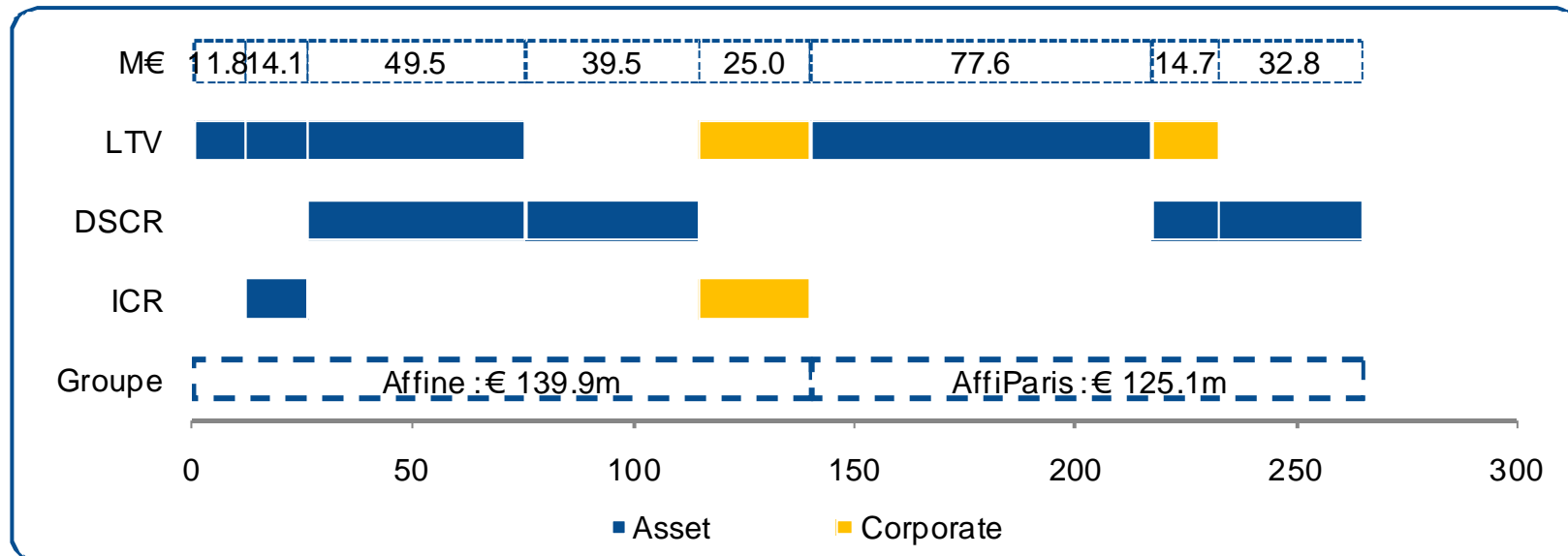
## Calculation of net debt to asset value ratio (LTV)

(€m)	30/06/09	31/12/09	30/06/10
Net financial debt	767	693	687
Debt allocated to lease financing	42	51	46
Debt allocated to investment securities	21		
Debt allocated to development business	11		
<b>Debt for investment properties</b>	<b>694</b>	<b>643</b>	<b>640</b>
<b>Value of properties (incl. TT)</b>	<b>1 147</b>	<b>1,108</b>	<b>1,079</b>
<b>Property companies on equity basis</b>	<b>23</b>	<b>22</b>	<b>21</b>
<b>VEFA &amp; Fixed assets adjustments</b>	<b>(1)</b>	<b>(5)</b>	<b>(5)</b>
<b>LTV</b>	<b>59.3%</b>	<b>58.1%</b>	<b>59.1%</b>

# Appendix

## Covenants

### Breakdown of covenants (ex Banimmco)



### Banimmo

- For syndicated loan: LTV ratio is 65%, and 2 DSCR ratios

**The Group was in compliance with all covenants at 30 June**

# Appendix

## Finance lease

### Key figures

(€m)	30/06/09	31/12/09	30/06/10
Number of buildings	100	100	72
New transactions (in €M)	-	0.3	-
Financial outstandings (in €M)	78	69	62
Operating margin	2.1	3.8	1.2

### Lease purchase outstandings (at year-end) (€m)

