

Paris, 29 August 2011, 6:00 p.m.

## 2011 consolidated half-year results

**SHARP INCREASE IN NET EARNINGS (€26.5M)**  
**IMPROVEMENT IN CURRENT OPERATING PROFITS (+16%)**  
**INCREASE IN NAV (+3.7%)**

### KEY FIGURES

(€m)	H1 2010	2010	H1 2011
Gross rental income	36.1	70.6	35.7
Net rental income	28.9	59.6	31.2
<b>Current operating profit *</b>	<b>19.2</b>	<b>44.6</b>	<b>22.2</b>
Net operating profit	7.0	36.2	36.3
<b>Net profit</b>	<b>(15.9)</b>	<b>10.6</b>	<b>26.5</b>
<i>of which Group share</i>	<i>(11.6)</i>	<i>10.3</i>	<i>21.8</i>
EPRA earnings	4.9	17.6	7.5
Fair value of assets (including transfer taxes)	1,078.8	1,059.8	1,065.5
<b>EPRA net asset value (excl. TT) (€)</b>	<b>273.6</b>	<b>286.0</b>	<b>296.6</b>
EPRA net asset value per share (excl. TT) (€)	29.67	30.70	29.83

\* Excluding the depreciation in 2010 and 2011 of Saint Feliu included in net operating profit.

The Board of Directors of Affine, meeting on 29 August 2011, approved the financial statements of 30 June 2011. The financial statements were subject to a limited audit review.

After two years of losses due to the decline in the fair values of properties, the return to a profitable situation, announced in 2010, was confirmed in the first half of 2011.

### 1) NOTICEABLE IMPROVEMENT IN CURRENT OPERATING PROFIT

The net rental income increased 7.9% benefiting from the decrease in service charges. This positive change results from diminution of provisions on rents and the favourable effect of service charges annual settlement.

On a like-for-like basis, gross rental income in the period increased by 1.3%. After accounting for disposals, whose effects were largely offset by the acquisitions, gross rental income was down by 1.3%.

The current operating profit, up by 15.7%, benefits from the improvement of the property development activity (€1.3m vs €1.0m), excluding depreciation on inventory, and the 4.0% diminution of operating costs (€10.1m vs €10.6m), while continues the natural erosion of revenues from finance lease transactions (€1.0m vs €1.2m).

## **2) NET PROFIT SHARPLY UP**

Net profit was up sharply at €26.5m compared to a loss of €15.9m in the first half of 2010. The first six months of the year benefited from the strong upturn of the fair values of properties (+€11.7m vs -€7.7m) and financial instruments (+€5.3m vs -€10.7m), while the cost of debt remained stable at €13.9m.

Adjusted for non-current items such as the change in the fair value and gains and losses on disposals, EPRA earnings come to €7.5m compared to €4.9m in 2010.

## **3) MAJOR GROWTH IN OPERATING CASH FLOW**

Operating cash flow reached €37.5m over €6.4m for the same period in 2010.

As a reminder, in 2010 the switch of some Banimmo buildings to the IAS2 accounting standard had resulted in their reclassification as inventory: consequently the acquisitions, disposals, and capital expenditure related to these properties, previously entered as investment cash-flow, are now included in operating cash flow and lead to its greater volatility.

In 2010, Banimmo conducted no property disposals, thus leading to a sharp change in WCR, whereas the first half of 2011 saw the amount from the disposal of Clamart (€20m). Corrected for the IAS 2 effects, the operating cash flow would stand at €21.2m over €25.7m.

## **4) SLIGHT RISE IN NET ASSET VALUE**

In the first half, the like-for-like fair value of properties increases by 1.2%. It stood at €1.065 billion (including transfer taxes), slightly up (0.5%) over the end of 2010, disposals (-€30m) being more than offset by improvements in fair value (€11.7m) and investments (€19.3m).

As a result, the EPRA net asset value (excluding transfer taxes), less the quasi-equity (perpetual subordinated loan notes) and after restatement of the fair value of derivative instruments and deferred taxes, increases by €10.6m (+3.7%) over the end of 2010 to reach €296.6m at the end of June 2011, i.e. €29.83 per share (excluding treasury shares and after dilution of the convertible bonds). Transfer fees included, the EPRA NAV is €347.1m, or €34.92 per share.

## **5) FINANCIAL DEBT REDUCED**

The Group signed nearly €43m in new financing during the period. The average cost of net debt in the first half of 2011 is 2.9%, and 4.1% including hedging. Excluding Banimmo, the average duration of debt is 5.4 years. No significant maturity needs to be refinanced before 2016.

The Group's net financial debt totalled €698m at 30 June 2011 (compared to €718m at 31 December 2010), representing 1.6 time total equity. For the property business strictly speaking, the LTV ratio (net bank debt/market value of properties including transfer taxes, excluding property sales not yet completed, plus the value of companies consolidated under the equity method) declines slightly to 57.2%. For Affine alone (excluding AffiParis and Banimmo), the ratio is 53.2%.

## **6) DISTRIBUTION POLICY**

In compliance with the distribution obligations attached to the SIIC (REIT) status, Affine paid, for the year 2010, a dividend of €2.43 per share (for a total of €20.6m) with the option to be paid either in cash or in new shares based on a share price of €19.00. Taking into consideration the particularly high amount of this distribution, and contrary to previous years, no interim dividend will be paid in October.

The option to be paid in shares was used by 54.2% of shareholders, including Holdaffine. The number of shares went from 8,487,966 to 9,002,042.

## **7) OUTLOOK**

The French property market, in slight recovery since the crisis of 2008-2009, remains however subject to the uncertainties of a long-term financial crisis with multiple rebounds.

In this environment, the Group's policy of prudence for the last three years remains valid. It is still however pursuing its strategy aimed at strengthening its profitability, enhancing the occupation of its buildings, simplifying its structure (specifically through studying Affine/AffiParis getting closer), improving the readability of its financial statements, and focusing its portfolio on the assets that best meet its criteria for size, risk and returns.

It will continue to invest in new assets or in improving its portfolio of properties, and Affine will continue to examine all opportunities for external growth or alliances.

## **8) SCHEDULE**

- 15 November 2011: Third quarter revenues
- February 2012: 2011 Full-year revenues and results

NB: Henceforth, the Affine Group will present its financial statements in accordance with EPRA recommendations. In addition to the income statement prepared in accordance with IFRS standards (first table), this presentation includes earnings calculated according to EPRA recommendations (second table) and which represent the current net profit from the property activity exclusively (i.e. net profit – group share excluding changes in fair value, gains or losses on sales and other non-current items). For comparative purposes, the classification previously used by the Affine Group, which was based on the operating margin of the businesses, is provided pro forma for 2010 in the last table.

**CONSOLIDATED EARNINGS – NEW PRESENTATION**

<b>(€m)<sup>(1)</sup></b>	<b>H1 2010<sup>(5)</sup></b>	<b>2010</b>	<b>H1 2011</b>
Gross rental income	36.1	70.6	35.7
<b>Net rental income</b>	<b>28.9</b>	<b>59.6</b>	<b>31.2</b>
Other income	1.0	5.6	1.3
Corporate expenses	(10.6)	(20.3)	(10.1)
<b>Current EBITDA<sup>(2)</sup></b>	<b>19.4</b>	<b>44.9</b>	<b>22.3</b>
<b>Current operating profit</b>	<b>19.2</b>	<b>44.6</b>	<b>22.2</b>
Other incomes and expenses	(3.2)	(5.1)	(2.1)
Net profit or loss on disposal	(1.3)	(0.4)	4.5
<b>Operating profit before value adjustment</b>	<b>14.8</b>	<b>39.0</b>	<b>24.6</b>
Net balance of value adjustments	(7.7)	(2.8)	11.7
<b>Net operating profit<sup>(3)</sup></b>	<b>7.0</b>	<b>36.2</b>	<b>36.3</b>
Net financial cost	(13.9)	(27.6)	(13.9)
Fair value adjustments of hedging instr.	(10.7)	(2.9)	5.3
Taxes	0.6	0.6	(2.8)
Miscellaneous <sup>(4)</sup>	1.1	4.4	1.6
<b>Net profit</b>	<b>(15.9)</b>	<b>10.6</b>	<b>26.5</b>
<b>Net profit – Group share</b>	<b>(11.6)</b>	<b>10.3</b>	<b>21.8</b>

(1) Based on IFRS statements for corporate presentation and EPRA recommendations.

(2) The current EBIDTA is the current operating profits excluding costs of current depreciations and impairments. This amount does not include, in H1 2010, 2010 and H1 2011 the depreciation of Saint Feliu of respectively €4.0m, €5.2m, and €2.0m, present in the other income and expenses.

(3) Net operating profit is the current profit after taking account of changes in values, including changes in goodwill adjustments contrary to previous years.

(4) Share of companies consolidated under the equity method, net income from activities discontinued or being sold, other income and financial expenses.

(5) Restated for the impacts of IAS 2.

**EPRA EARNINGS**

<b>(€m)</b>	<b>H1 2010</b>	<b>2010</b>	<b>H1 2011</b>
<b>Net profit – Group share</b>	<b>(11.6)</b>	<b>10.3</b>	<b>21.8</b>
Adjustment to value of investment properties	7.7	2.8	(11.7)
Profit from asset disposals	1.3	0.4	(4.5)
Adjustment to Goodwill	-	-	-
Adjustment to value of financial instruments	10.7	2.9	(5.3)
Companies consolidated under the equity method	(0.3)	(3.1)	(0.6)
Net profit or loss after tax from discontinued activities	(1.5)	(1.2)	-
Non-current, deferred taxes, and exit tax	(0.8)	(1.0)	1.9
Other non-current items	3.9	5.0	1.1
Minority interests of the above items	(4.4)	1.4	4.8
<b>EPRA earnings <sup>(6)</sup></b>	<b>4.9</b>	<b>17.6</b>	<b>7.5</b>

(6) In October 2010, the EPRA, a trade association of listed European property companies, updated its guide on performance measurement. As explained in the note on EPRA restatements, the EPRA earnings exclude changes in fair value, capital gains or losses on disposals and other non-current items.

**CONSOLIDATED EARNINGS – PREVIOUS PRESENTATION**

<b>(€m)<sup>(1)</sup></b>	<b>H1 2010<sup>(7)</sup></b>	<b>2010</b>	<b>H1 2011</b>
Investment properties	28.9	59.6	31.2
Finance lease	1.2	2.9	1.0
Property development <sup>(2)</sup>	(4.2)	(2.8)	(1.7)
Miscellaneous	1.0	1.0	0.4
<b>Operating margin<sup>(3)</sup></b>	<b>26.9</b>	<b>60.7</b>	<b>30.9</b>
Financial income <sup>(4)</sup>	(14.6)	(27.5)	(12.9)
Operating and miscellaneous expenses	(10.9)	(21.3)	(10.7)
Corporate income taxes	0.4	0.3	(0.7)
<b>Current profit</b>	<b>1.8</b>	<b>12.2</b>	<b>6.5</b>
Net capital gains on property sales	(1.3)	(0.4)	4.5
<b>Current profit after property sales</b>	<b>0.5</b>	<b>11.8</b>	<b>11.0</b>
Change in fair value of properties <sup>(5)</sup>	(7.7)	(2.8)	11.7
Change in fair value of financial instruments	(10.7)	(2.9)	5.3
Miscellaneous <sup>(6)</sup>	1.8	4.3	0.6
Deferred tax net of exit tax	0.2	0.3	(2.1)
<b>Net profit</b>	<b>(15.9)</b>	<b>10.6</b>	<b>26.5</b>
Of which Group share	(11.6)	10.3	21.8

(1) Based on IFRS accounting standards for corporations. (2) Excluding change in value of Saint Feliu. (3) Excluding changes in fair value. (4) Excluding profit from dilution and change in fair value (5) Including change in value of Saint Feliu. (6) Share in companies consolidated using the equity method, changes in goodwill, net profit from businesses that have been discontinued or are being sold. (7) Restated for the impacts of IAS 2.

## **About the Affine Group**

*A diversified property company specialising in commercial property, the Affine Group's portfolio at 30 June 2011 comprised 98 properties worth €1,065m with a total area covering 754,000 sqm. The group mostly owns office properties (58%), commercial properties (20%) and warehouses (16%).*

*Its activity is split between Affine (53%), active in French regions outside Paris, AffiParis (21%), a SIIC (French REIT) specialising in Paris property, and Banimmo (26%), a Belgian property repositioning company located in Belgium, France and Luxembourg.*

*The Affine group also includes Concerto Développement, a subsidiary specialised in managing development and investment transactions in logistics properties in Europe.*

*In 2003, Affine opted for the tax treatment applicable to French real estate investment trusts (SIIC). The Affine share is listed on NYSE Euronext Paris (Ticker: IML FP/BTTP.PA; ISIN code: FRO000036105) and admitted to the deferred settlement system (long only). The Affine share is included in the CAC Mid&Small, SIIC IEIF and EPRA indices. AffiParis and Banimmo are also listed on NYSE Euronext. [www.affine.fr](http://www.affine.fr)*

## **Contact**

### **INVESTOR RELATIONS**

Frank Lutz  
+33 (0) 1 44 90 43 53 – [frank.lutz@affine.fr](mailto:frank.lutz@affine.fr)

### **PRESS RELATIONS**

Citigate Dewe Rogerson – Agnès Villeret  
+33 (0)1 53 32 78 95 – [agnes.villeret@citigate.fr](mailto:agnes.villeret@citigate.fr)