

Paris, 02 October 2012, 06:00 p.m.

## Merger by absorption of AffiParis by Affine

*This press release is issued in accordance with Article 12 of Financial markets authority (AMF) instruction No. 2005-11 dated 13 December 2005 as amended*

### **PRESENTATION OF THE MERGER/ABSORPTION OF AFFIPARIS BY AFFINE**

As announced in a press release dated 25 September 2012, the Boards of Directors of Affine and AffiParis, which met on 25 September 2012, approved the terms and conditions for the merger by absorption of AffiParis by Affine (the "**Merger**") as well as the terms of the draft merger treaty and in particular, the exchange ratio of 0.46 Affine share for one AffiParis share (the "**Exchange Ratio**"), i.e. for instance 23 Affine shares for 50 AffiParis shares.

Affine currently holds 87.7% of AffiParis' capital and approximately 87.9% of its voting rights.

The draft merger treaty, signed on 25 September 2012, will be filed shortly at the registry of the Paris Commercial Court. In anticipation of this transaction, the liquidity contract regarding AffiParis' shares was suspended after the closing of 24 September 2012.

In early December, the Merger will be subject to approval by the extraordinary general shareholders' meetings of Affine and AffiParis. The agenda and the draft resolutions submitted to the general shareholders' meetings will shortly be published in the BALO, the French gazette for mandatory legal announcements, in accordance with statutory deadlines.

The Merger will be completed under the terms stipulated in Articles L. 236-1 *et seq.* and R. 236-1 *et seq.* of the French Commercial Code.

Consequently and subject to completion of the conditions precedent described below:

- the prevailing AffiParis assets and liabilities as at the Merger Completion Date (as defined below) will be transferred to Affine; such assets and liabilities will include all AffiParis assets, property, rights and investments as at said date, without any exception or qualification together with all its liabilities and obligations as at the same date;
- Affine will replace AffiParis as owner of the latter's receivables on the understanding that new debts shall not be substituted for old ones with respect to said receivables.

### **REASONS AND GOALS OF THE MERGER**

The Merger primarily seeks to (i) streamline the structure of Affine, reduce its operating costs and (ii) allow AffiParis' minority shareholders to receive, in exchange for their securities, Affine shares which offer greater visibility, increased liquidity and generate higher yield.

## **TERMS AND COMPLETION OF THE MERGER**

### **DESIGNATION AND VALUATION OF TRANSFERRED ASSETS AND LIABILITIES**

The Merger terms were prepared on the basis of the financial statements of the two companies for the year ended 31 December 2011. It is stressed that the Exchange Ratio applied for the Merger was based on actual data estimated following a multicriteria analysis of Affine and AffiParis.

Pursuant to applicable regulations, the Merger will be completed on the basis of the net book value of AffiParis' assets and liabilities as stated in AffiParis' financial statements for the year ended 31 December 2011.

On this basis, the net book value of the assets and liabilities transferred by AffiParis to Affine would amount to €202,516,757.58 and €136,907,496.54 respectively, i.e. net assets transferred by AffiParis of €65,609,261.02, reduced to €64,366,019.04 euros after the May dividend payment.

### **EXCHANGE RATIO**

In order to determine the consideration for AffiParis' absorption by merger, an estimation of the relative value of AffiParis and Affine was carried out based on a multicriteria analysis.

This multicriteria approach is based on the average of IFRS, EPRA and triple net EPRA net assets value (that provide an accounting, a long term and a liquidation view respectively of the net assets) and EPRA earnings (corresponding to current net profit, Group share) as at 31 December 2011 and 30 June 2012, as well as the average share prices over 6 and 12 months.

Given the valuation methods used and the criteria adopted to value the two companies, the Exchange Ratio has been set at 0.46 Affine shares for one AffiParis share, i.e. for instance 23 Affine shares for 50 AffiParis shares.

### **CONSIDERATION FOR THE MERGER**

Pursuant to the provisions of Article L236-3 of the French Commercial Code, the 4,953,313 AffiParis shares held by Affine will not be exchanged; those shares and the 13,927 treasury shares held by AffiParis will therefore be cancelled.

On this basis, the total AffiParis shares to be exchanged amount to 683,860 shares.

Consequently, in consideration for AffiParis' absorption by merger, at the Merger Completion Date (as this term is defined below) and in application of the Exchange ratio, Affine will increase its share capital by a nominal value amounting to €1,855,577,39 through the issue of 314,576 new Affine ordinary shares to AffiParis' shareholders (with the exception of Affine and AffiParis treasury shares).

The issue of Affine new shares in consideration for the Merger will be decided by the extraordinary general shareholders' meeting held in early December 2012.

For the first time, these new shares will be entitled to Affine's dividends for the current financial year beginning 1 January 2012. They will be entirely assimilated to existing shares and will give holders the right to receive all distributions decided as from the Merger

Completion Date, regardless of their origin (including any future distributions pursuant to Affine's assumption of AffiParis' distribution obligations).

These new shares will apply to NYSE Euronext Paris for an admission for trading on its Eurolist market.

AffiParis' shareholders will be personally responsible for buying or selling fractional shares. However, for AffiParis' shareholders who might not own the number of AffiParis shares required to obtain a whole number of Affine shares calculated as close as possible to the lower whole number in application of the Exchange Ratio, the latter (i) will sell on NYSE Euronext Paris Affine's new unallocated shares corresponding to the fractional rights pursuant to the terms set out in Articles L228-6-1 and R228-13 of the French Commercial Code and (ii) will distribute the proceeds received between the holders of the fractional rights in proportion to said rights.

The difference between (i) the amount of AffiParis' share of net assets corresponding to AffiParis' shares not held by Affine or by AffiParis (i.e. €7,808,407.83) and (ii) the nominal value of Affine's share capital increase (i.e. €1,855,577.39), will represent a merger premium of €5,952,830.44, which will be shown on the liability side on Affine's balance sheet as a "Merger premium", to which both Affine's old and new shareholders will be entitled.

#### **MERGER CONDITIONS PRECEDENT**

The completion of the Merger and the resulting capital increase for Affine are subject to compliance with the conditions precedent below:

- that Affine obtains a decision from the Financial markets authority ("**AMF**") confirming that the completion of the merger through absorption of AffiParis by Affine will not lead to the prior implementation of a buy-out offer (*offre publique de retrait*), pursuant to Article 236-6 of the AMF's general regulations (*Règlement Général*), on the AffiParis shares not held by Affine. The AMF received such a request on 2 October 2012;
- Approval of the Merger by AffiParis' extraordinary general shareholders' meeting in early December 2012 (including in particular the approval for early dissolution, without liquidation, of AffiParis and the transfer of all assets and liabilities to Affine);
- Approval of the Merger by Affine' extraordinary general shareholders' meeting in early December 2012 (including in particular approval of the value of assets and liabilities transferred, the Exchange Ratio and the Affine share capital increase in consideration for the Merger).

#### **EFFECTIVE DATE OF THE MERGER AND TAXATION**

Subject to compliance with the conditions precedent stated above, the Merger will be legally effective following the later of the two extraordinary general meetings held by Affine and AffiParis to approve the Merger (the "**Merger Completion Date**").

For accounting and tax purposes, the Merger will become effective retroactively as at 1 January 2012.

The Merger will be subject to the favourable tax regime for mergers set out in Articles 210 A and 208 C bis of the French General Tax Code.

**AffiParis' shareholders, who are individuals with shares held through a share savings plan (*Plan d'Épargne en Actions* or PEA), should note that following amendments of French Finance Act No. 2011-1977 dated 28 December 2011 which resulted in the tax authority's comments in its instruction No. 34 of 21 March 2012 (5 I-4-12), such shareholders are required to register Affine shares received from the Merger on an ordinary investment account and make a cash deposit on their PEA account equal to the value of Affine shares received in exchange, calculated as at the exchange date, within two months of the Merger Completion Date, in order to avoid a compulsory closing of the PEA account.**

#### **CONCLUSIONS OF THE CONTRIBUTION AND MERGER AUDITORS AND OF THE INDEPENDENT EXPERT**

The Exchange Ratio is set out in a fairness opinion report issued by independent expert Ricol Lasteyrie, acting at the request of AffiParis. Said report concludes that the Exchange Ratio is fair for AffiParis' minority shareholders.

Two reports in connection with the Merger dated 1 October 2012 were issued by Mr. Didier Kling and Mr. Jacques Potdevin, the contribution and merger auditors, who were appointed by order of the Paris Commercial Court on 27 June 2012. These reports state (i) that the value of assets and liabilities transferred amounting to €64,366,019 are not overvalued and that as a result, AffiParis' transferred net assets are at least equal to the value of Affine's share capital increase plus the merger premium, and (ii) that the Exchange Ratio stated above of 0.46 Affine shares for 1 AffiParis share is fair.

The reports issued by the contribution and merger auditors will be filed at the registry of the Paris Commercial Court within the legal deadlines.

#### **DOCUMENTS THAT CAN BE CONSULTED BY SHAREHOLDERS**

The draft merger treaty, the Board of Directors' report to Affine's general shareholders' meeting, the Board of Directors' report to AffiParis' general shareholders' meeting, the fairness opinion dated 25 September 2012, the reports of the contribution and merger auditors dated 1 October 2012, the annual financial statements approved by the general shareholders' meetings as well as the management reports of the past three years of the companies participating in the Merger, Affine and AffiParis' half-year financial reports provided in Article L.451-1-2 of the French Monetary and Financial code, and all documents to be provided within the scope of the shareholders' ongoing right to investment information will be made available to shareholders at Affine's and AffiParis' registered offices and on their websites within the legal deadlines.



## About Affine Group

*Affine is a property company specialising in commercial property. At 30 June 2012, Affine and its subsidiary AffiParis owned and managed 65 properties with a total value of €702m inclusive of taxes, spread over a total surface area of 524,000 sqm. The company owns office property (60%), commercial property (11%) and warehouses (28%). Its business activity is evenly divided between the l'Île de France (Paris region) and other French regions.*

*Affine is the largest shareholder of Banimmo (49.5%), the Belgian repositioning property company present in Belgium, France and Luxembourg, and of Concerto European Developer, a subsidiary specialising in organising development operations in logistic property.*

*In 2003, Affine adopted the special 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: FR0000036105) and admitted to the deferred settlement service (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)*

## About AffiParis

*Specialising in commercial property in Paris, particularly office property, AffiParis holds assets comprising, at 30 June 2012, 10 properties with an estimated value of €207 million and a total surface area of 39,000 sqm, located at 95% in Paris.*

*AffiParis opted for the special tax treatment applicable to French real estate investment trusts (SIIC) in 2007. AffiParis shares are listed on NYSE Euronext Paris (Ticker: FID FP / FID.PA; ISIN code: FR0010148510).*

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