2012

REGISTRATION DOCUMENT

AFFINE

2012

A French public liability company
with share capital of €53,300,000
Head office: 5 rue Saint-Georges, 75009 Paris
712 048 735 RCS Paris

REGISTRATION DOCUMENT

This document is a free translation into English of the original French "Document de Référence" hereafter referred to as the "Registration Document". 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.

This reference document was filed with the French financial markets authority, the Autorité des Marchés Financiers (AMF) on, 03/04/2013, as required by article 212-13 of its general regulations. It may be used to back a financial transaction if supplemented by a transaction notice signed by the AMF. This document was prepared by the issuer and is binding on the issuer and its signatories.

Copies of this reference document are available free of charge from the offices of the Affine Group, 5 rue Saint Georges – 75009 Paris, and on Affine's website (www.affine.fr) and that of the AMF (www.amf-france.org).

1.1. Names and titles of the people responsible for the reference document

Ms Maryse Aulagnon, *Chairman of the Board - Chief Executive Officer*
Mr Alain Chaussard, *Deputy Chief Executive Officer*

1.2. Declaration of the people responsible for the document

"We certify after taking all reasonable measures to this end, that to our knowledge, the information contained in this reference document accurately reflects the reality and contains no material omissions that would alter its scope.
We certify, to our knowledge, that the accounts have been prepared in accordance with applicable accounting standards and give a fair image of the assets, financial position and earnings of the company and of all the companies included in the consolidation. We further certify that the management report presents a true picture of the business trends, earnings and financial position of the company and of all the companies included in the consolidation as well as a description of the main risks and uncertainties they face.
We obtained an end of engagement letter from the statutory auditors of the accounts which indicated that they verified the disclosures regarding the financial situation and the accounts given in this document as well as the reading of the entire document."

The consolidated statements and annual accounts for 2012 presented in the reference document are reviewed in the statutory auditors' reports found in sections 20.1 and 20.3 of the said document. Only the report on the annual accounts contains an observation. This pertains to the accounting consequences of the absorption by merger of AffiParis into Affine's accounts.

The consolidated statements and annual accounts for 2011 found on pages 62 to 117 and pages 146 to 175 respectively of the 2011 reference document are reviewed in the statutory auditors' reports which contain the same observation. This concerns the modification of the accounts presentation. Indeed following the withdrawal of Affine's license as a Financial Corporation obtained on 19 December 2011, the presentation of the company's accounts is based on the commercial model.

The consolidated statements and annual accounts for 2010 found on pages 82 to 143 and pages 151 to 178 respectively of the 2010 reference document are reviewed in the statutory auditors' reports which contain two observations. The first concerns the change of accounting method for the recognition of certain real estate assets in inventory, as required by IAS2. The second observation concerns the straight line recognition of rents.

Paris, 3 April 2013

Ms Maryse Aulagnon
Chairman of the Board
Chief Executive Officer

Mr Alain Chaussard
Deputy Chief Executive Officer

2.1. Statutory Auditors as at 31 December 2012

a) Permanent auditors
Cailliau Dedouit et associés
Represented by: Mr Rémi Savournin
Address: 19, rue Clément Marot 75008 Paris
Date of first engagement: 25 April 1979 (Immobail)
Term of engagement: six years starting from 29 April 2009
End of engagement: at the end of the annual Ordinary General Shareholders' Meeting of 2015, ruling on the 2014 accounts.

KPMG Audit (department of KPMG SA)
Represented by: Ms Isabelle Goalec
Address: 1 cours Valmy 92923 Paris La Défense Cedex
Date of first engagement: 26 April 2007
Term of engagement: six years starting from 26 April 2007
End of engagement: at the end of the annual Ordinary General Shareholders' Meeting of 2013, ruling on the 2012 accounts.

b) Alternate auditors
Mr Didier Cardon
Address: 19, rue Clément Marot 75008 Paris
Date of first engagement: 25 April 1979 (Immobail)
Term of engagement: six years starting from 29 April 2009
End of engagement: at the end of the annual Ordinary General Shareholders' Meeting of 2015, ruling on the 2014 accounts.

Michel Savioz
Address: 1 cours Valmy 92923 Paris La Défense Cedex
Date of first engagement: 26 April 2007
Term of engagement: six years starting from 26 April 2007
End of engagement: at the end of the annual Ordinary General Shareholders' Meeting of 2013, ruling on the 2012 accounts.

2.2. Renewal - appointment of Statutory Auditors

As the engagement of KPMG Audit - department of KPMG SA (permanent auditor) and of Mr Michel Savioz (alternate auditor) expires at the General Shareholders' Meeting of 24 April 2013, called to rule on the 2012 accounts, a motion will be submitted to renew the engagement of KPMG SA as the permanent statutory auditors and to appoint KPMG Audit FSII as the alternate statutory auditors for a period of six years.

The selected financial data below, regarding the years ended 31 December 2010, 2011 and 2012, are taken from the pro-forma consolidated statements in note 20.2.

To facilitate the interpretation of the operational performance of the Affine/AffiParis entity, Affine has been consolidating the sub-group Banimmo by the equity method since 1 October 2011. On that date it had 49.5 % of the capital versus 50.0 % previously. Les Jardins des Quais, 50/50 held by Affine and Banimmo, is consequently consolidated under the equity method.

To enhance the clarity of the accounts for the year and their comparability with those of prior years, the commented accounts below for 2010 and 2011 are pro-forma accounts in which the sub-group Banimmo and Jardins des Quais were consolidated under the equity method for the full year for the three years. These accounts (income statement, balance sheet, cash flow) are part of the consolidated notes audited by the Statutory Auditors.
The consolidated statements and annual accounts are presented in sections 20.1 and 20.3 respectively.

3.1. Key figures

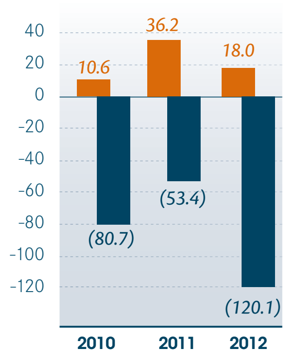
Consolidated statements (€m)	2010	2011	2012
Gross rental income	50.0	48.3	46.4
Current operating profit(1)	34.4	34.6	34.5
Net profit	10.5	16.6	4.6
Net profit – group share	10.3	15.3	4.7
EPRA earnings	16.0	18.5	19.9
Funds from operation	27.7	19.7	17.9
Investments	24.4	25.5	20.5
of which Investment properties(2)	*23.6*	*25.3*	*20.5*
of which other	*0.8*	*0.2*	*0.0*
FV of investment properties (incl. TT)(3)	725.0	709.0	580.4
FV of investment properties (excl. TT)(3)	686.5	672.2	549.3
EPRA net asset value (excl. TT)(4)	281.9	287.6	288.8
EPRA NNNAV (excl. TT)(4)	na	317.9	308.8
Net financial debt	465.3	434.7	333.8
LTV (%)(5)	51.5	50.8	45.5
Average cost of debt (%)(6)	3.7	4.0	3.8
EPRA occupancy rate (%)	87.7	89.0	87.8

Figures per share (€)	2010	2011	2012
Net profit(7)	0.83	1.26	0.20
EPRA earnings	1.45	1.60	1.73
Dividend	2.43	1.20	1.20
EPRA net asset value excl TT(4)	30.26	28.97	28.21
EPRA NNNAV excl TT(4)	na	32.02	30.17
Share price (end of the year)	17.10	12.50	12.61

(1) In 2010, 2011 and 2012, this amount does not include the impairment of buildings in inventory of the property development business of €5.4m, €3.0m and €1.4m respectively, which is recognised under other income and expenses.
(2) At historic cost, with full ownership or under a finance lease agreement.
(3) Fair value of investment properties, including property held for sale, including and excluding transfer taxes. The transfer tax rate for buildings is 6.2%.
(4) Including ORA (mandatory convertible bonds) and after deducting Perpetual Subordinated Loan notes (PSL).
(5) The LTV corresponds to the ratio of net financial debt associated with investment properties to the value of investment buildings, excluding those in anticipation of completion, and including buildings in inventory.
(6) Including hedging costs.
(7) After dilution due to ORA.

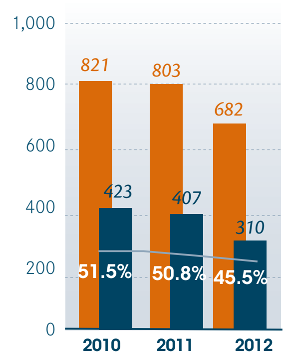
EPRA
The EPRA Performance Measures (EPM) are stipulated in the EPRA Best Practice Recommendations section.

INVESTMENTS
€m



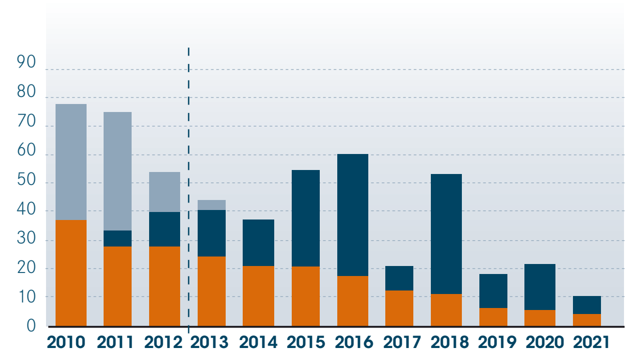
Investment
Disposal

LTV
€m



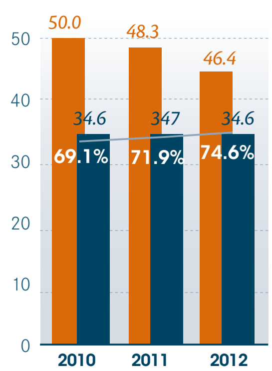
Value
Loan
LTV

DEBT REPAYMENT SCHEDULE
€m



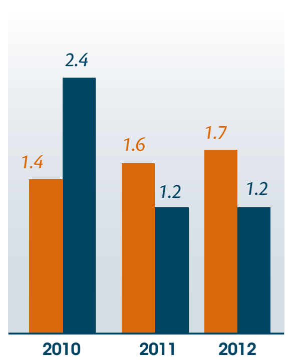
Contractual amortisation
Repayment at maturity
Early repayment

OPERATING PERFORMANCE
€m



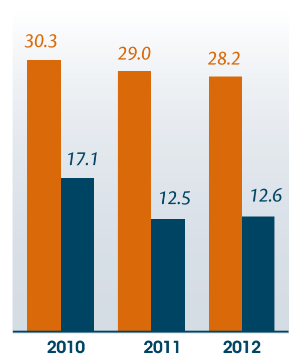
Gross rental income
EBITDA
EBITDA (%)

EPRA EARNINGS AND DIVIDEND PER SHARE
€



EPRA earnings per share
Dividend per share

EPRA NAV PER SHARE AND SHARE PRICE*
€



EPRA NAV (excl. TT)
Share price

* at year-end

The company conducted a review of the risks that could have a significant adverse impact on its activity, financial situation or earnings (or on its capacity to reach its goals) and considers that there are no other significant risks except for those presented below.

4.1. Risks linked to the activity

4.1.1. Risks linked to the economic climate

The company's activity and its development are sensitive to changes in the economic climate. These changes may promote, or on the contrary, reduce demand for new surface areas in commercial real estate. They may also have an impact, ultimately, on the occupancy rate and on the capacity of tenants to pay their rents and rental charges.

4.1.2. Risks linked to the real estate market

Rent levels and the valuation of buildings are highly influenced by the supply and demand for real estate premises. This trend may affect the capacity of lessors to raise or even maintain the amount of their rents when leases are renewed. An unfavourable change in demand over supply will affect the earnings, activity, value of assets or the financial situation of the company.

The bulk of the company's current income is generated from rents and recoverable rental charges collected from tenants. The revaluation of rents is subject to changes in the official indicators on which they are indexed.

The company has a prudent policy with respect to rent levels. It guarantees tenant stability by ensuring that rents are consistent with rental values.

With the sharp increase in benchmark indices in recent years, the company has had to deal with demands to reduce certain rents at the expiry of their three-year periods. Lastly, rents are generally pegged to the Cost of Construction Index (CCI), the Tertiary Activities Rent Index (TARI), and the Commercial Rent Index (CRI). Consequently, rents generally increase between two due dates for adjustment.

The portfolio's appraisal value on a like-for-like basis dropped slightly by 1.3%. This is broken down as follows:

- a 2.3% decline due to the drop in rental values (RV).
- a 1.2% drop owing to the increase in the yield rates used for certain appraisals,
- a 2.2% residual increase (planned upgrades, reversion, etc.).

The average yield rate obtained by appraisals came to 7.5% and a negative or positive change of 25 basis points in this rate would lead to an increase or a decrease of the portfolio's value by €18.2m. The sensitivity test is presented in section 8.1.2 - Value of properties.

The average yield rate increases by 40 basis points primarily due to the sale of the building located on rue Paul Baudry.

4.1.3. Risks linked to the regulation and non-renewal of leases

In France, the legislation on commercial leases is very strict for landlords. The contract clauses regarding the term, the termination, renewal or indexing of rents fall under public policy and in particular, restrict the flexibility of property owners if they want to raise rents to bring them in line with market rents.

Furthermore, on the lease maturity date and at the end of each three-year period, the tenant has the option of either leaving the premises or opting for the tacit renewal of his lease. If the landlord refuses to renew the lease when it expires, the tenant is entitled to compensation for eviction. The company cannot guarantee that it will be able to rapidly relet its assets and at satisfactory rents at the expiry of the leases in case the tenant leaves.

The company must therefore deal with fierce competition from other operators in the sector who can propose property to tenants on attractive terms. However, it believes that thanks to the close relations that it has developed with its tenants, providing them with assistance as they grow and expand, it can count on them to stay on and renew their expired leases.

The lack of income from vacant premises and the fixed charges on these premises are likely to impact its earnings. Furthermore, it is possible that, at the time of lease renewals, the company might have to deal with a different market situation that may be less favourable for landlords, or changes in legislation, regulation or case law that may have introduced new constraints concerning the revaluation of leases. Changes to the rules applicable to commercial leases, especially concerning the term, indexing and capping of rents or calculations of compensation for eviction due to tenants could have negative impacts on the valuation of the company's assets, earnings, activity or financial situation.

4.1.4. Risks linked rent defaults

A large portion of the Group's revenue comes from the rental of its real estate assets to third parties. Therefore, any rent payment default, constantly and closely monitored by the Group, would have an impact on its earnings. In order to protect itself against this risk, the company evaluates the financial situation of its main tenants every year. It also conducts an analysis of the solvency and financial capacity of all potential tenants.
At the signature of leases, tenants may be asked to produce guarantees, especially in the form of deposits or first-demand bank guarantees in addition to, quite often, the payment of security deposits.

4.1.5. Risks linked to the segment and geographical concentration of the company's portfolio

The company aims to obtain a balanced distribution of its assets between several sectors. Its capacity to maintain such a balanced distribution will however depend on the supply and demand situation of real estate assets, which could prevent the acquisition or disposal of buildings at suitable prices.
Similarly, the company ensures that its real estate asset portfolio is geographically distributed to ensure proper diversification of risks. Market developments may weigh on the company's capacity to maintain a uniform geographical diversification of its portfolio.

4.1.6. Risks linked to current or future regulation

While conducting its business, the company is required to comply with a large number of regulations on commercial leases, joint ownerships, the prevention of natural and technological risks, the safety of persons and the protection of the environment.
Generally, lessees are responsible for bearing the expense of the impact of any new regulation and any required upgrade of buildings to meet requirements.
However, the non-compliance of an asset with current or future regulations could generate additional expenses.
In order to check the compliance of the Group's portfolio with regulatory provisions, technical audits are carried out by qualified consultants.

4.1.7. Risks linked to estimating the value of assets

A large part of the company's portfolio is appraised twice a year through external appraisals. The value of this asset portfolio depends on the ratio of supply to demand on the market, numerous other factors which could change significantly and the development of the economic climate; buildings occupied by potentially fragile tenants are closely monitored.
The value of the company's portfolio in the consolidated statements, as reported under IFRS, corresponds to the fair value resulting from the most recent appraisals.
If there were to be a significant change in values between two appraisals, the evaluation of the company's assets might not match their realisation value in the event of a disposal. Furthermore, any fall in the values determined by the appraisals would affect the company's net income in the consolidated statements of the next closing.

4.1.8 . Industrial and environmental risks

The Group participates in the High Quality Environment initiative by adopting preventive measures to limit the environmental impacts of constructing and renovating buildings.
This initiative also offers ways to make a building more comfortable for its users.
Affine periodically performs inspections of the buildings it owns to verify that environmental regulations are observed by their users.

4.1.9. Risks linked to insurance

The company has purchased several types of insurance policies covering major risks to the buildings (comprehensive risks, damages) and on the company (civil liability). These policies are periodically renegotiated and compared with other insurers to ensure that the company has the best deal in terms of premiums paid and coverage proposed.

4.2. Risks linked to the company

4.2.1. Risks linked to the majority shareholder

On the registration date of this reference document, Holdaffine held the majority of the company's voting rights. Consequently, Holdaffine has a material influence on the company and on the organisation of its activity. It is in a position to take important decisions alone regarding in particular the appointment of members of the Board of Directors, the approval of the annual accounts and the distribution of dividends. Holdaffine, which has no proprietary debt, seeks to promote the development of Affine and the good performance of the Affine share on the stock market, a goal shared by all Affine shareholders. Furthermore, the rules of governance are scrupulously respected; for example, the Board has a majority of independent directors.

4.2.2. Liquidity risk

The company has specifically reviewed its liquidity risk and considers that it is capable of meeting its future payment obligations.
The company implements a prudent and strict financial management policy to ensure that it always has significant surplus cash beyond what it needs to service its debts. This is done by:
- maintaining of assets that can be easily converted into cash
- setting up of confirmed credit lines (€19M to date)
- the annual amortisation of credits (with, as applicable, a residual value at maturity)
- the scheduling of repayments
- diversification in banking relations

The company uses mainly two tools to monitor its liquidity risk:
- a daily cash statement prepared by the finance department and sent to general management after viewing all bank accounts,
- a 3-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 Board Meetings convened to approve the Group's financial statements.

The company ensures that its cash assets are invested in banks which, alone or through their parent group, present all the desired guarantees. Investments are prudently selected and any instrument comprising a risk of capital loss is excluded.

4.2.3. Interest rate risk

The Affine Group shows a preference for floating rate debt which represented, before hedges, more than 95% of its debt at 31 December 2012.
The Group continues its prudent debt management policy of systematically hedging its interest rate risk through market transactions (swaps, caps and tunnels) with leading banking institutions. Thus, during the year, two new swaps for a notional amount of €13,562,000 were concluded for a period of five to seven years and guaranteeing maximum rates ranging from 1.4% to 2.2%. Given the historically low rates, the Group is studying how to optimise the hedging rate over upcoming years.
Market risk is assessed using the value-at-risk approach (VaR), i.e. by estimating the net maximum loss that the portfolio of financial instruments could suffer under normal market conditions. Interest rates constitute the risk variable both for financial assets and for bank loans, the principal financial liabilities.
The tables below determine the net positions of sources and uses of funds after management of financial instruments.

SOURCES AND USES OF FUNDS AFFINE GROUP (Excluding Banimmo)

1. Uses

€K	2012	2013	2014	2015	2016	2017	2018	2019
FIXED RATE								
Finance lease	15,745	14,289	12,932	11,262	5,378	4,234	3,018	2,500
Rental	321,371	296,569	278,186	267,273	256,413	245,608	234,997	224,542
TOTAL	**337,116**	**310,858**	**291,118**	**278,535**	**261,792**	**249,842**	**238,015**	**227,042**
FLOATING RATE								
Finance lease	16,860	13,794	11,249	8,694	6,047	3,303	672	-
TOTAL USES	**353,977**	**324,652**	**302,366**	**287,229**	**267,838**	**253,145**	**238,687**	**227,042**
Of which Finance lease	*32,605*	*28,083*	*24,180*	*19,956*	*11,425*	*7,538*	*3,690*	*2,500*
Of which Rental	*321,371*	*296,569*	*278,186*	*267,273*	*256,413*	*245,608*	*234,997*	*224,542*

2. Funds

€K	2012	2013	2014	2015	2016	2017	2018	2019
FIXED RATE								
Consolidated equity	351,434	356,493	363,359	369,774	375,714	381,156	386,075	390,445
Borrowings	11,167	10,103	6,861	4,105	3,289	2,295	1,517	-
Total	362,601	366,596	370,221	373,879	379,003	383,451	387,592	390,445
FLOATING RATE								
Borrowings	290,095	255,291	224,160	175,215	118,860	102,569	51,771	37,484
Unused lines *	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000
TOTAL FUNDS	**671,697**	**640,887**	**613,380**	**568,094**	**516,863**	**505,020**	**458,363**	**446,928**
Of which Borrowings	*301,263*	*265,394*	*231,021*	*179,320*	*122,149*	*104,864*	*53,288*	*37,484*

*Hypothesis: credit lines are automatically renewed.

3. Off-balance sheet instruments

€K	2012	2013	2014	2015	2016	2017	2018	2019
SWAPS (SENSITIVITY TO TF)								
Swap (Affine borrows at 4.06%) Crédit Agricole	10,980	9,900	8,820	7,740	-	-	-	-
Swap (Affine borrows at 3.93%) HSBC	10,020	9,261	8,471	7,650	-	-	-	-
Swap (Molina borrows at 3.625%) Natixis	14,486	-	-	-	-	-	-	-
Swap (Affine borrows at 2.93%) Société Générale	11,409	10,750	-	-	-	-	-	-
Swap (Affine borrows at 2.595%) BNP Paribas	14,000	10,500	7,000	3,500	-	-	-	-
Swap (Cour des Capucines borrows at 1.825%) Crédit Agricole	1,938	1,824	1,706	1,584	-	-	-	-
Swap (Affine borrows at 2.230%) Société Générale	9,463	8,993	8,500	7,985	7,445	6,879	6,287	-
Swap (Affine borrows at 1.378%) Crédit Agricole	3,760	3,760	3,760	3,760	3,760	-	-	-
CAPS								
Cap 4% HSH Nordbank	-	-	-	-	-	-	-	-
Cap 2.5% Crédit Agricole	8,456	7,800	-	-	-	-	-	-
Cap 2.75% Crédit Agricole	2,398	2,061	-	-	-	-	-	-
Cap 2.75% BECM	14,765	13,157	-	-	-	-	-	-
Cap 2.75% Crédit Agricole	14,765	13,157	-	-	-	-	-	-
Cap 2.75% HSBC	14,765	13,157	-	-	-	-	-	-
Cap 2.75% Natixis	14,765	13,157	-	-	-	-	-	-
Cap 2.5% Société Générale	4,591	4,337	-	-	-	-	-	-
Cap 2.5% CIC	5,258	4,935	-	-	-	-	-	-
Cap 2.5% Crédit Agricole	23,708	22,981	-	-	-	-	-	-
Cap 2.8% SaarlB	2,975	2,765	2,555	-	-	-	-	-
Cap 2.5% CIC	1,318	1,265	1,190	-	-	-	-	-
Cap 2.5% Crédit Agricole	4,888	1,092	-	-	-	-	-	-
Cap 2.75% CIC	6,581	6,108	5,624	5,140	-	-	-	-
Cap 2.50% CIC	5,088	4,928	4,728	4,448	-	-	-	-
TUNNELS								
Société Générale: between 4.20% and 5.35%	7,027	6,741	6,430	6,086	-	-	-	-
HSH Nordbank: between 3.80% and 5%	-	-	-	-	-	-	-	-
Natixis: between 3.97% and 5%	4,205	4,003	3,751	3,550	-	-	-	-
Natixis: between 3.90% and 5%	8,527	8,284	8,040	-	-	-	-	-
Crédit Agricole: between 3.91% and 5%	14,105	13,822	13,523	-	-	-	-	-
BNP Paribas: between 3.80% and 5.40%	5,320	-	-	-	-	-	-	-
Société Générale: between 4.55% and 5.05%	31,248	-	-	-	-	-	-	-
HSBC: between 3.80% and 4.80%	10,860	10,140	9,360	-	-	-	-	-
WEIGHTED AVERAGE RATE	**3.21%**	**3.00%**	**3.36%**	**3.14%**	**1.94%**	**2.23%**	**2.23%**	**0.00%**

4. Summary

€K	2012	2013	2014	2015	2016	2017	2018	2019
LIQUID ASSETS								
Total uses	353,977	324,652	302,366	287,229	267,838	253,145	238,687	227,042
Total funds	671,697	640,887	613,380	568,094	516,863	505,020	458,363	446,928
Outstanding balance sheet financing (before refinancing of matured debts)	**317,720**	**316,235**	**311,014**	**280,865**	**249,024**	**251,875**	**219,676**	**219,886**
RATES								
Total uses fixed rate	337,116	310,858	291,118	278,535	261,792	249,842	238,015	227,042
Total funds fixed rate	362,601	366,596	370,221	373,879	379,003	383,451	387,592	390,445
Net balance fixed rate (1)	**25,485**	**55,738**	**79,103**	**95,344**	**117,211**	**133,609**	**149,577**	**163,403**
Total uses floating rate	16,860	13,794	11,249	8,694	6,047	3,303	672	-
Total funds floating rate	309,095	274,291	243,160	194,215	137,860	121,569	70,771	56,484
Net balance floating rate	**292,235**	**260,496**	**231,911**	**185,521**	**131,813**	**118,266**	**70,099**	**56,484**
Swap hedge	76,056	54,988	38,258	32,219	11,205	6,879	6,287	-
Backing on caps	124,322	110,896	14,096	9,588	-	-	-	-
Backing on tunnels	81,292	42,990	41,104	9,635	-	-	-	-
Total hedging (2)	**281,670**	**208,874**	**93,459**	**51,443**	**11,205**	**6,879**	**6,287**	**-**
OVER HEDGING (2+1)	**307,155**	**264,613**	**172,562**	**146,787**	**128,416**	**140,488**	**155,863**	**163,403**

Analysis of the sensitivity of cash flows for floating rate instruments is presented in the notes to the consolidated statements under section 20.1.7.6.2.3 of this reference document under the title Nature and scope of risks linked to financial instruments – interest rate risk.

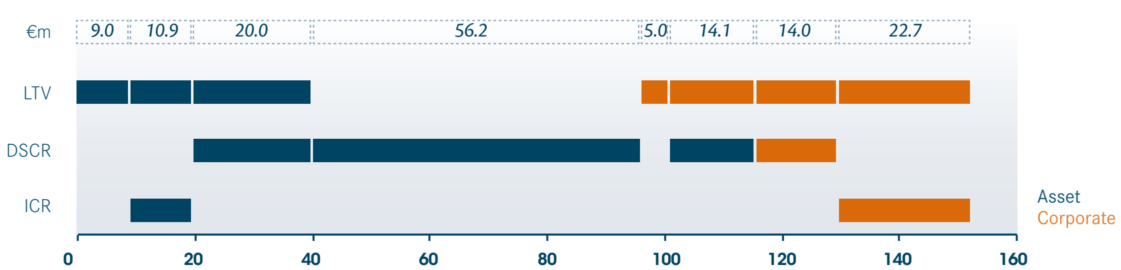
4.2.4. Risks linked to financial covenants

The loans contracted by the Group's companies generally carry clauses that require compliance by the borrower with one or several financial ratios relative to one or several financed assets. A small number of financial loans specify covenants applicable at the level of the borrowing company itself.

In most cases, these covenants apply ratios such as LTV (loan-to-value), DSCR (debt service coverage ratio) or ICR (income cover ratio); the thresholds to be observed and the consequences of crossing the thresholds vary depending on the transaction. In most cases, the difference must be offset by a partially accelerated repayment (LTV ratio) or by the establishment of cash security (DSCR and ICR ratios).

The chart below represents the breakdown of affected outstanding debts by covenant type:

BREAKDOWN OF COVENANTS



At 31 December 2012, the company had complied with its covenants. These ratios are updated every six months. Pursuant to the terms negotiated with banks, the ratios for the loans and borrowings are updated once or twice a year.

4.2.5. Risk linked to the financial structure ratio

At the end of 2012, the LTV ratio was 45.5% after recognition of duties on buildings, the value of the securities of the companies consolidated under the equity method and real estate financial assets.
This ratio remained much lower than the levels permitted under the financial covenants pertaining to bank debt, generally 65%.

4.2.6. Foreign exchange risk

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

4.2.7. Bank counterparty risk

The Affine Group is committed to investing its cash and contracting derivatives only with reputable banking institutions. It also ensures that it diversifies its sources of bank credit: as at 31 December 2012, the main bank represented 20.4% of total loans and top five banks with the largest loans represented 71.5% of total loans.

4.2.8. IT risks

Affine’s entire computer system is protected by daily backups in case of loss, and a backup facility is hosted on an external secure location. Coded access procedures and anti-virus systems supplement the measures taken against computer risk.

5.1. History and timeline of the company

5.1.1. Corporate name

Until 27 April 2012, the company's corporate name was "AFFINE". At the General Shareholders' Meeting held on that date, a decision was made to adopt as the new name: "AFFINE R.E."
The business name of "AFFINE" remains unchanged.

5.1.2. Register of trade and companies

The company is registered in the Paris register of trade and companies under number: 712 048 735.
The SIRET code is 712 048 735 00062.
The APE code is 6820B (Rental of land and other real assets); until 8 February 2012, the APE code was 6491Z (finance lease).

5.1.3. Date of incorporation and life span

The company was incorporated in January 1971 (formerly Société Financière Immobail) for a period of 99 years as from that date. Each corporate year lasts one year, starting on 1 January and ending on 31 December.

5.1.4. Head office, legal form and legislation

The company's head office is located 5 rue Saint Georges in the 9th arrondissement of Paris.
Affine is a French law public liability company with Board of Directors.

5.1.5. Key events

Dates	Changes in Group structure
1990	Creation of Affine after a round table with institutional partners.
1992	Acquisition of Sovabail and Somica (renamed Imaffine).
1996	Delisting of Sovabail.
1996 – 1998	Absorption of Affine by Sovabail and recomposition of the shareholding structure.
September 1999	Sovabail acquires Société Financière Immobail, former-Sicomi, listed on the first market of the Paris stock exchange.
July 2000	Absorption of Sovabail by Immobail, which resumes the name "Affine".
February 2001	Affine acquires control of Concerto Développement.
September 2003	Option for the SIIC regime with effect from 1 January 2003.
October 2003	Issuance of Bonds redeemable in shares (ORA I) (€20M)
September 2004	Sale of Imaffine to Altaréa and grant to Affine of bonds with equity warrants up to 4.2% of Altaréa's capital.
April 2005	Acquisition by Affine of control over the BFI group of business centres.
June 2005	Issuance of Bonds redeemable in shares (ORA II) (€10m).
January 2006	Creation of Abcd, subsidiary dedicated to construction engineering.
February 2006	Acquisition of 75% of the capital of the Banimmo group.
September 2006	Acquisition of 25% of the capital of Sicafi Montea.
February 2007	Acquisition of 64% of the capital of Fideimur, a real estate company.
March 2007	Listing on compartment C of Euronext Paris of Fideimur, renamed AffiParis in July 2007 and option for the SIIC regime.
June 2007	Listing of Banimmo on compartment B of Euronext Brussels. Affine's equity interest is brought down to 50%.
July 2007	3 for 1 split of the par value of Affine stocks.
July 2007	Affine increases its equity capital through the issue of an indefinite term debt of €75M (TSDI).
February 2008	Disposal of Affine's equity interest in Abcd.
November 2009	Disposal of Affine's equity interest in the capital of Altaréa, or 2.4%.
December 2009	Disposal of Affine's equity interest in the capital of BFI, now finalised in February 2010.
November 2011	Subscription in the capital increase of AffiParis; at the end of the transaction and after acquiring the shares on the market, Affine held 86.9% of AffiParis' capital as at 31 December 2011.
December 2011	Withdrawal of Affine's license as a credit institution (financial corporation).
December 2012	Merger-absorption of AffiParis by Affine.

5.2. Investments

5.2.1. Main investments in 2012

In 2012, Affine invested €18m through an acquisition and refurbishments.
Following its eco-renovation, the Traversière tower, fully leased by SNCF until 2021, was given the BREEAM label. In line with this policy of upgrading buildings, works complying with regulations for disabled persons are currently underway.
At the same time, the company has undertaken important refurbishment works in the Auber building and on the Réaumur building for the purpose of partially reconverting it into residential property.
On 24 March, Affine, alongside the Mayor of Arcachon and representatives of Eiffage (developer and builder of the site) inaugurated the Arcachon municipal market, which marks the end of the town centre's redevelopment, for which the Group has invested in 2,400 sqm of ground-floor retail premises. Affine plans to strengthen its presence in the heart of this dynamic city by buying additional retail premises.

In May, Affine purchased 6,250 sqm of offices in the Lilleurope tower. Located in the heart of Euralille, which is France's third largest business district after La Defense (Paris) and La Part-Dieu (Lyons), it overlooks the international Lille Europe TGV station. The tower is one of the city's prime locations. It has easy access by rail, car or public transport. It should become even more attractive due to the increased traffic at the Lille Europe train station, the concentration of the city's tertiary activities in the heart of Euralille, and urban planning projects that are currently being studied. The acquisition of five additional floors, as Affine already owns 10 of its 20 floors, consolidates its presence in this iconic building. The entire building is leased to different "blue chip" tenants, which include SNCF and Tereos.
This operation is in line with Affine's development strategy, which focus on buildings that offer significant potential for value creation in the short and long terms, for instance near current or future TGV (high-speed train) stations.

Concerto European Developer is a subsidiary of Affine focusing on property development projects for distribution and production logistics. It has developed its business activities, located mainly in France:
- Construction for Sunclear, French leader in the distribution of semi-finished plastic products, of a 21,700 sqm logistics platform in the Paris region. The platform is let under a 9-year fixed lease and will be completed by late April 2013;
- Construction for Eurodif, a leading European group in the home and fashion sectors, of a 24,700 sqm logistics platform, to be delivered in Spring 2013, through a 9-year fixed term lease;
- Signing of 9-year fixed term lease with Solodi, a subsidiary of Devanlay, the global license holder of the Lacoste brand for textile and leather goods, on a 18,770 sqm logistics platform, to be delivered in early 2014.

The company is also in the running for other important projects through a tender offer launched by industrial and distribution groups.
Abroad, the company continues the marketing of the site of Sant Feliu de Buixalleu (Spain) on a total surface area of 38,700 sqm. The first project, which concerns a surface area of 3,700 sqm, was delivered on 30 November to a subsidiary of the Barcino group, a Catalan import/export company. The second project signed with ILS Servicios Logisticos for a 10-year fixed term lease is related to a 10,700 sqm logistics platform, to be delivered by late 2013.

5.2.2. Main investments in progress

The Affine Group continues the development of the Sant Feliu (Spain) logistics platform and the development of the Aube regional logistics park in Troyes.

5.2.3. Main investments launched

Outside the refurbishment programme launched and presented above, no major investment has been planned.

6.1. Main activities

Affine is a property company specializing in commercial property. At the end of 2012, Affine owned and managed, 63 properties worth €580m, with a total surface area of 506,000 sqm. The firm owns office properties (59%), retail properties (14%) and warehouses and industrial premises (26%). Its activity is distributed more or less equally between Ile-de France and the other French regions.

Affine is also the reference shareholder of Banimmo, a Belgian property repositioning company with activities in Belgium and France. The firm owns 24 properties in office and retail properties worth €414m.
Lastly, its subsidiary Concerto European Developer is specialized in logistics development.

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: FR0000036105) and admitted to the deferred settlement system (long only). It is included in the CAC Mid&Small, SIIC IEIF and EPRA indexes. Banimmo is also listed on NYSE Euronext.

Strategic vectors

Portfolio quality is a high priority

After a phase of refocusing on its property activity and rebalancing its property portfolio towards retail buildings, Affine continues its strategy of optimizing the management of its portfolio. Affine mainly seeks to enhance the quality and profitability of the buildings, strengthen relationships with tenants and improve cost control.
Improving the quality of assets represents a medium-term priority for the Group. The drop in value resulting from the crisis has slowed asset turnover on the market, thus reducing acquisition opportunities. It has also created a significant slowdown in the construction of new buildings. This situation is reinforced by increasingly strict construction standards in addition to greater user sensitivity to environmental issues.

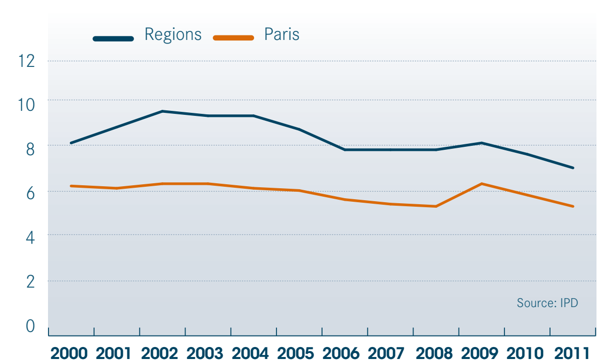
Therefore the targeted renovation of selected buildings meets the requirements of both tenants and shareholders. By offering a higher-quality working environment, renovation often allows an extension of leases, thus securing rents, and a better valuation of the property. This closer relationship with tenants creates a fair balance which is not confined solely to financial dimension.
The optimization of the property portfolio is also reflected in the continued disposal of buildings that no longer meet the Group's strategy in terms of size, maturity, or cost of refurbishment to comply with environmental standards.

In parallel, the Group wishes to resume an active growth policy, either through building acquisitions or through the purchase of portfolios of buildings or companies meeting its criteria of profitability and risk.

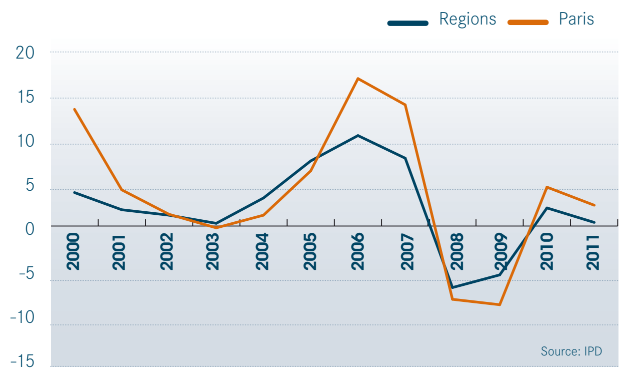
A regional player

Affine operates in major French cities in the regions and occasionally in smaller towns with a strong development potential, and more specifically cities served by the high-speed train (TGV). By helping to revitalize cities and define the urban landscape of tomorrow, through a close relationship with local communities, Affine promotes the development of their economic environment and of their urban fabric.
Commercial properties in regional cities offer more value stability and higher yields than in Paris, where the market is affected by more speculative behaviours. Affine's long term investor approach and geographic and asset type diversification, protects the Group from the obstacles faced by some investors on these markets, especially due to their more shallow presence. Affine already has a well-established presence in regional capitals such as Bordeaux, Lille, Lyon, Marseille and Nantes. Affine is still present in Paris and the Paris region.

CHANGE IN RENTAL YIELD (%)



CHANGE IN FAIR VALUE OF OFFICE PREMISES (%)



Multi-specialist

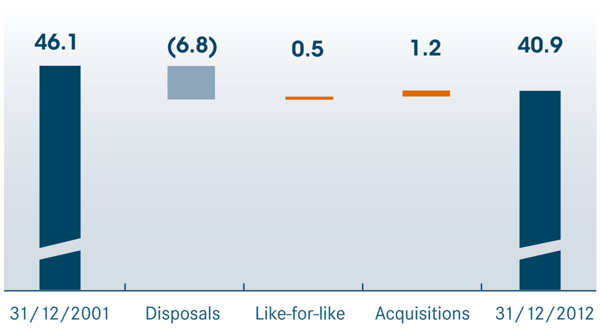
As a multi-specialist, the Group is capable of seizing opportunities that seem to offer the higher potential for creating value on the three asset types of offices, retail and warehouses. Affine's human-scale industrial approach is based on a single platform for property management, while enabling the tailor-made processing of requests from each of its tenants through its specialized asset managers. The Group wants to develop this principle in the medium to long term to provide more service and to increase the loyalty of its customers.

Property company

Headline rents

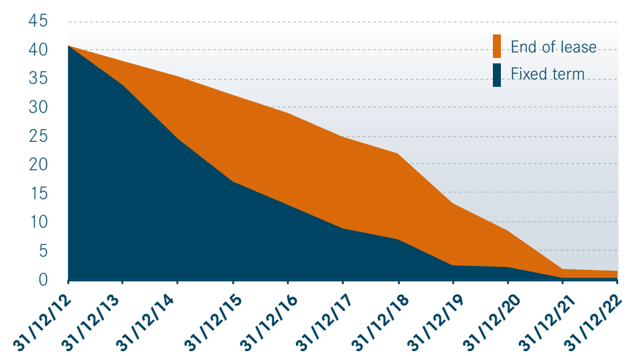
Rents of leases in effect at 31 December 2012 accounted for €40.9m, an increase of 1.4% on a like-for-like basis compared with 31 December 2011, and a drop of 11.2% taking account of acquisitions and disposals.

CHANGE IN HEADLINE RENTS (€m)



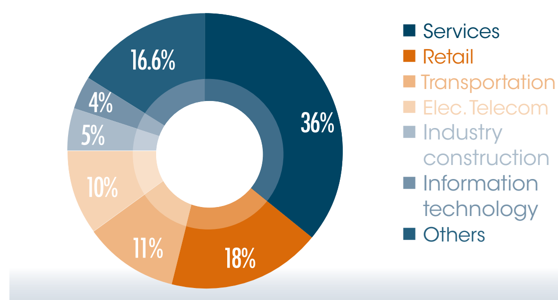
Over the year, Affine signed 35 new leases concerning a total surface area of 7,800 sqm and total annual rents of €1.2m. Furthermore, 14 tenants cancelled their leases, representing in total a surface area of 9,700 sqm and annual rents of €1.2m. Lastly, 17 leases were renegotiated for a total amount of €4.4m.
The average term of leases and their fixed terms are 5.1 and 2.8 years respectively.

SCHEDULE OF LEASES (€m)

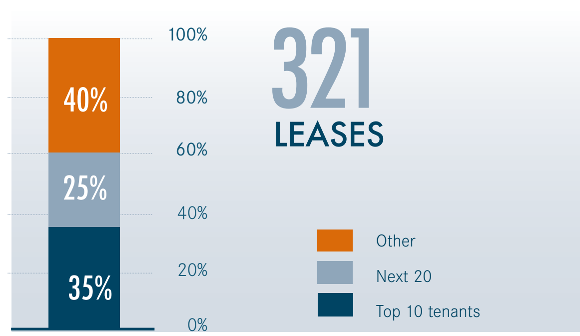


Among the top thirty tenants, which account for 60% of total rents, none reaches 10%, thus avoiding any concentration of risk on rental income. The largest tenants are: SNCF, TDF, the Corbeil-Essonnes municipal authority, and the French army.

BY BUSINESS SECTOR OF (RENTS)



LEASE BREAKDOWN

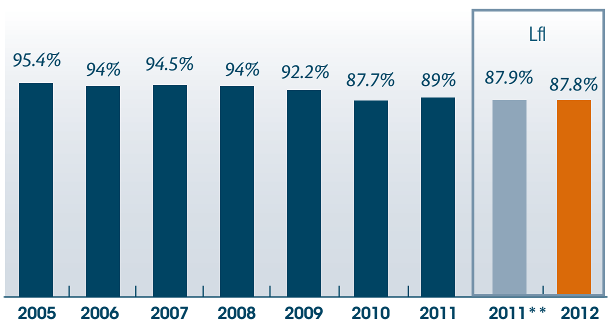


Occupancy rate

As many of the buildings are occupied by multiple tenants, the effective occupancy rate ranges between 94% and 95%. Affine's strategy of focusing on investments in high added-value buildings, may lead the Group to acquire properties with occupancy rates temporarily below this average.

At 31 December 2012, Affine's financial occupancy rate (excluding buildings currently being sold by units or refurbished: residual residential property in Saint-Cloud, part of the building complex in Gennevilliers and the Réaumur building in Paris in reconversion) was 87.8%, compared with 87.9% at the end of 2011 on a like-for-like basis (89.0% published). The arrival of several new tenants for the Elancourt, Arcachon and Issy-les-Moulineaux sites offsets the departure of tenants from mostly the Mer, and Saint-Quentin-Fallavier sites.

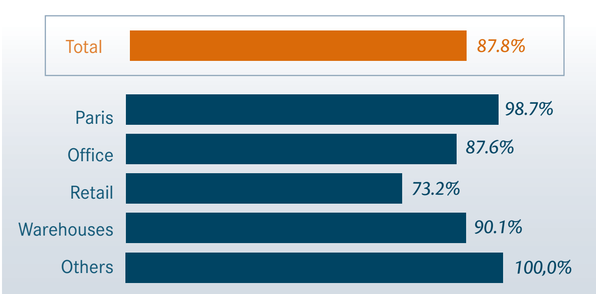
OCCUPANCY RATE *



* Financial occupancy rate excluding buildings being restructured.
** Calculation based on late 2012 perimeter.
Lfl: like-for-like.

68% of the Group's financial vacancy is due to 7 properties. Of these, three shopping centres, Nevers, Nîmes and Troyes, are still in a letting process.

BREAKDOWN OF OCCUPANCY RATE BY SECTOR



Retail assets therefore have the highest vacancy rate, at more than 26%, with the rates for warehouses and offices standing at 10% and 12% respectively. The Paris segment has the highest performance, with an occupancy rate close to 99% (excluding Réaumur, which is currently being refurbished).

Investments & Disposals

REFURBISHMENT

Following its eco-renovation, the Traversière tower, fully leased by SNCF until 2021, was given the BREEAM label. In line with this policy of upgrading buildings, works complying with regulations for disabled persons are currently underway.

At the same time, the company has undertaken important refurbishment works in the Auber building and on the Réaumur building for the purpose of partially reconverting it into residential property.

ACQUISITIONS

On 24 March, Affine, alongside the Mayor of Arcachon and representatives of Eiffage (developer and builder of the site) inaugurated the Arcachon municipal market, which marks the end of the town centre's redevelopment, for which the Group has invested in 2,400 sqm of ground-floor retail premises. Affine plans to strengthen its presence in the heart of this dynamic city by buying additional retail premises.

In May, Affine purchased 6,250 sqm of offices in the Lilleurope tower. Located in the heart of Euralille, which is France's third largest business district after La Defense (Paris) and La Part-Dieu (Lyons), it overlooks the international Lille Europe TGV station. The tower is one of the city's prime locations. It has easy access by rail, car or public transport. It should become even more attractive due to the increased traffic at the Lille Europe train station, the concentration of the city's tertiary activities in the heart of Euralille, and urban planning projects that are currently being studied. The acquisition of five additional floors, as Affine already owns 10 of its 20 floors, consolidates its presence in this iconic building. The entire building is leased to different "blue chip" tenants, which include SNCF and Tereos.

This operation is in line with Affine's development strategy, which focus on buildings that offer significant potential for value creation in the short and long terms, for instance near current or future TGV (high-speed train) stations.

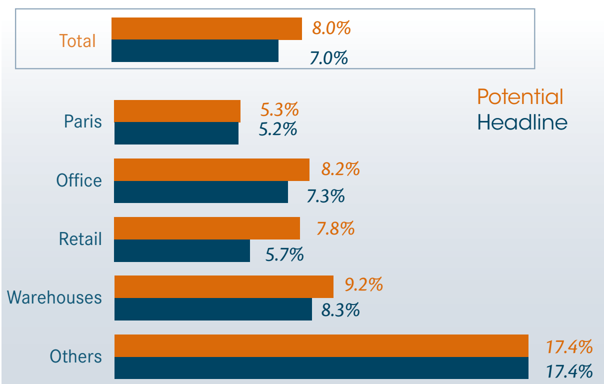
DISPOSALS

The sale of the building located rue Paul Baudry in Paris (8th District) took place on 4 December, at a net price of €96m (€101.8m including transfer taxes). This transaction is the culmination of a sale process that was launched in late 2011, in order to sell an asset that was of high quality, but accounted for a too large portion (around 15%) of the Group total properties (further details are given in the 04 December press release available at www.affine.fr). The sale of this building led to a €8.9m loss in the consolidated financial statements.

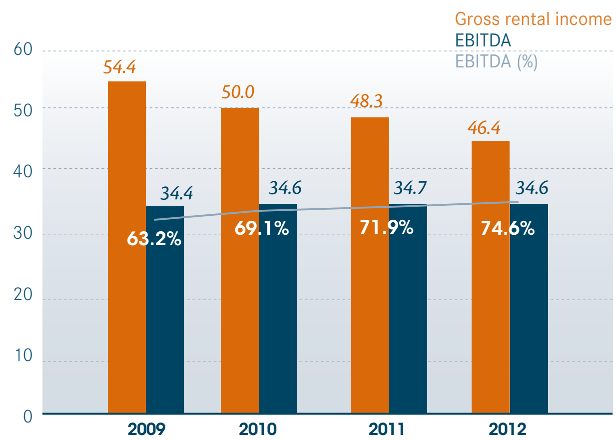
As part of its process to streamline its property portfolio, Affine sold over the period 8 buildings regarded as mature or too low in value: offices in Paris (9,450 sqm), La Madeleine (7,824 sqm), Saint-Julien-les-Metz (3,240 sqm), Saint-Ouen (1,634 sqm) Valbonne (2,120 sqm) and Toulouse (658 sqm); industrials premises in Lezennes (908 sqm); retail assets in Vert-Saint-Denis (4,565 sqm); and almost completed the sale by apartment in Saint-Cloud. Without including the building located rue Paul-Baudry, all the disposals were made at prices slightly above fair value at the end of 2011 (+€11,000).

Performance

RENTAL YIELD OF ASSETS



EVOLUTION OF OPERATING PERFORMANCE
€M



Other businesses

Development

CONCERTO EUROPEAN DEVELOPER

Concerto European Developer is a subsidiary of Affine focusing on property development projects for distribution and production logistics. It has developed its business activities, located mainly in France:

- Construction for Sunclear, French leader in the distribution of semi-finished plastic products, of a 21,700 sqm logistics platform in the Paris region. The platform is let under a 9-year fixed lease and will be completed by late April 2013;
- Construction for Eurodif, a leading European group in the home and fashion sectors, of a 24,700 sqm logistics platform, to be delivered in Spring 2013, through a 9-year fixed term lease;
- Signing of 9-year fixed term lease with Solodi, a subsidiary of Devanlay, the global license holder of the Lacoste brand for textile and leather goods, on a 18,770 sqm logistics platform, to be delivered in early 2014;
- Development of an agreement with Shema (Société Hérouvillaise d'Economie Mixte pour l'Aménagement) for the development/construction of a multi-modal logistics platform at the port of Honfleur (Calvados Honfleur Logistics Park), geared towards freight and the pooling of logistic flows.

The company is also in the running for other important projects through a tender offer launched by industrial and distribution groups.

Abroad, the company continues the marketing of the site of Sant Feliu de Buixalleu (Spain) on a total surface area of 38,700 sqm. The first project, which concerns a surface area of 3,700 sqm, was delivered on 30 November to a subsidiary of the Barcino group, a Catalan import/export company. The second project signed with ILS Servicios Logisticos for a 10-year fixed term lease is related to a 10,700 sqm logistics platform, to be delivered by late 2013.

PROMAFFINE

The company decided to stop launching new development projects in 2010, but manages the run-off of projects already undertaken by the company.

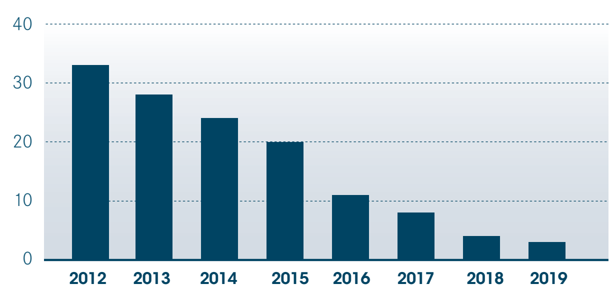
Affine continued the two joint development projects with Crédit Agricole Immobilier Promotion during the year:

- Nanterre-Seine Arche (92): 166 apartments (of which 70 for social housing) and 1,200 sqm of retail premises (booked by an investor); 89% completed at the end of December 2012;
- Marseille 10th: construction of the three buildings is complete, with 100% marketed for the first two buildings and 76% for the third building. The marketing, for sale or rental of the retail premise, is in process.

FINANCE LEASE

Since it obtained, in late 2011, the agreement from the French banking oversight authority (ACP) for the withdrawal of its licence as a credit institution, Affine has continued to manage its legacy assets. During the period, no lessee exercized the option to purchase its building in advance; 10 final options were exercised. Gross outstandings therefore fell from €90.1m at year-end 2011 to €67.3m at the end of 2012, and net outstandings fell from €40.3m to €32.5m. Fees continued to decline, and were down to €5.9m compared with €9.9m for the same period in 2011.

FINANCE LEASES OUTSTANDING



Associates

BANIMMO

At 31 December 2012, Banimmo owned 24 buildings (and 3 plots of land) with a total surface area of almost 155,000 sqm, and generated a gross rental income of €17.8m for the year. During the period, the company signed 16 new or renegotiated leases for 9,619 sqm. No significant departure was recorded during the period. At the end of December, the occupancy rate of the investment properties was 84%.

The nature of Banimmo's activities, i.e. the repositioning and redevelopment of buildings or sites, makes its portfolio valuation more volatile and thus less accurate than that of a property company that only holds property. Consequently, since 2010, the company has decided to use the historical cost accounting method (IAS2) for buildings under development or refurbishment. At the end of December 2012, the total value of the buildings stood at €414m, including the fair value of associates.

After a good start to 2012 for the marketing of renovated floor space, Banimmo signed 3 major projects in the second quarter: the development of "built-to-suit" offices in Charleroi (Belgium), the acquisition in Rocquencourt (78) of a tertiary site of 27,000 sqm of which the redevelopment is under study, and of the shopping centre in Suresnes, for which work began in late 2012. Furthermore, the Group delivered a mixed-use building (laboratory and offices) of 7,200 sqm in Ghent (Belgium). Finally, Banimmo has closed three disposal transactions: a residual retail unit in Orléans (45), usufruct fees from an office building in Brussels and the sale of a plot of land near Liège.

In addition, Banimmo owns stakes in companies which are consolidated through the equity method:

- Montéa (12.9%): property investment company (SICAFI) specializing in the development and acquisition of logistics and semi-industrial buildings in Belgium and France.
- Grondbank The Loop (25%): conversion and development on the Flanders Expo complex in Ghent, Belgium.
- Conferinvest (49%): operating of two Dolce conferences centres in La Hulpe and Chantilly.
- City Mall (43%): development of city centre shopping malls in Belgium.
- Jardins des Quais (50%).

As Banimmo is listed on NYSE Euronext Brussels, all details are available on the website banimmo.be.

JARDINS DES QUAIS

This large scale property of more than 25,000 sqm, held equally by Affine and Banimmo, is located on the banks of the Garonne and close to the historic centre of Bordeaux. The complex comprises ground-floor commercial spaces among which a Quai des Marques (factory outlet): more than 70 mid-range and high-end premises mostly geared towards ready-to-wear clothing and household goods, and quality restaurants. The first floor of this mixed-used complex has offices with terrace areas, let to Ernst & Young, Laser, l'INSEEC and 632 parking lots.

Rental income increased by €160,000 to reach €3.7m essentially owing to new leases signed during the second half of 2011 and 2012.

The occupation rate of 95%, is close to its maximum, and the turnover of the shops and restaurants went up by 3% compared to last year.

6.2. Main markets

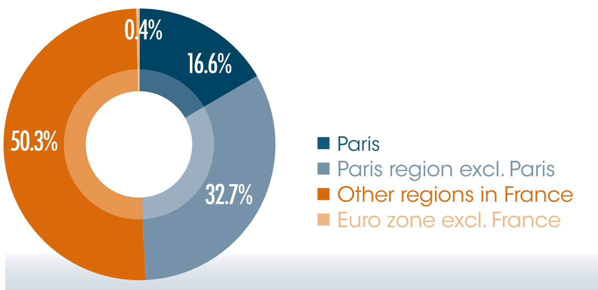
Portfolio breakdown

Affine is present in three commercial property sectors (offices, logistics and retail) and owns and manages 63 properties of a total value of €580m, with a total surface area of 506,000 sqm.

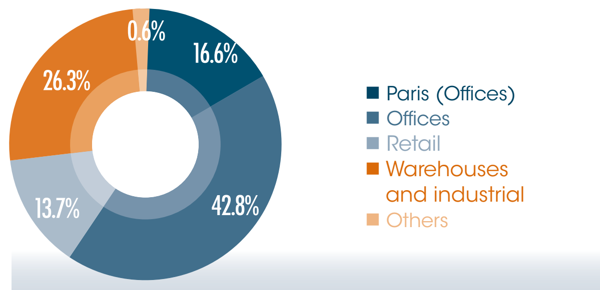
Over the last few years, a number of major investments in retail property, in conjunction with the disposal policy, have enabled the Group to rebalance its portfolio. The share of retail properties has thus increased from close to 5% in 2008 to around 14% at the end of 2012. After taking into account the Jardins des Quais, retail centre in Bordeaux, co-owned with Banimmo, this share rises to 21%, close to the warehouse share. The property portfolio mainly comprises office premises (59%).

This diversification goal also applies to the geographical distribution of buildings, distributed more or less equally between Ile de France and the other regions.

BREAKDOWN OF VALUE BY REGION



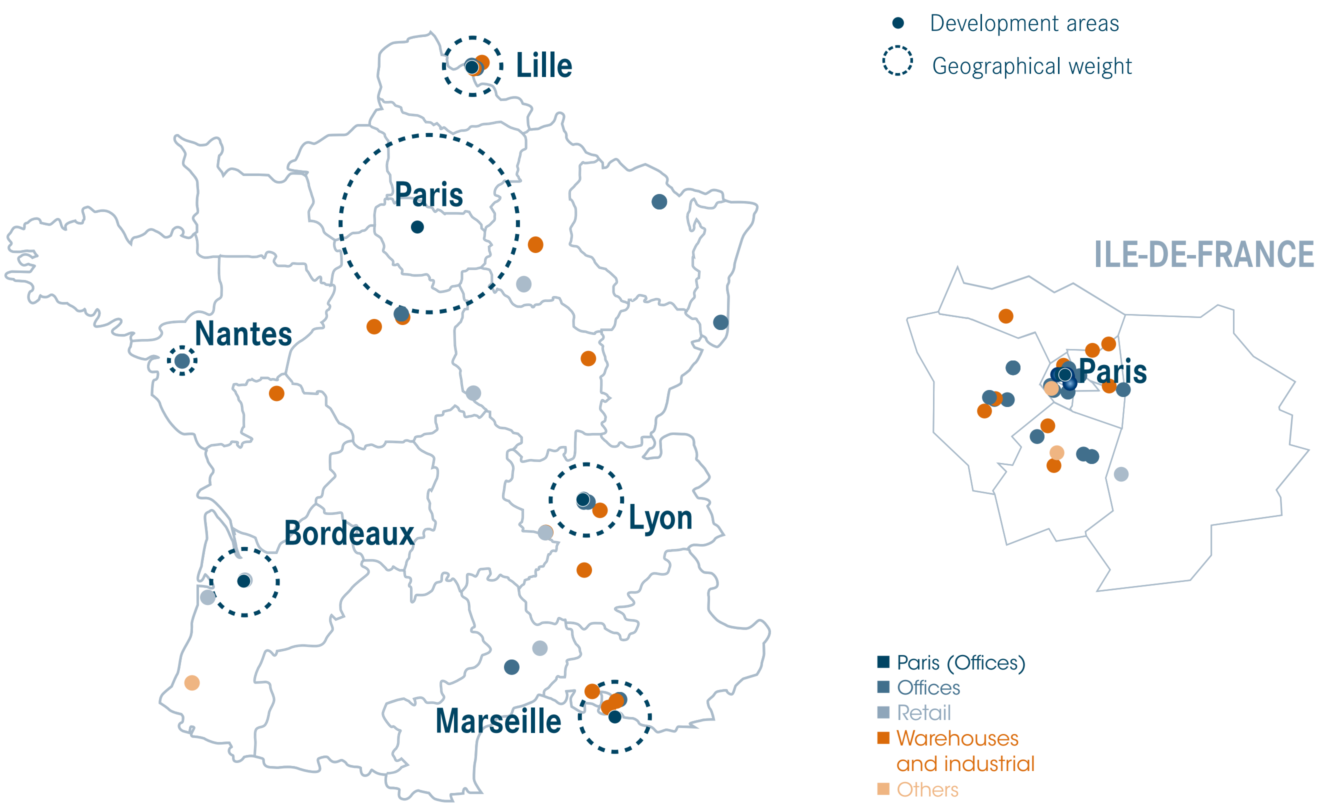
BREAKDOWN OF VALUE BY AREA OF EXPERTISE



Four areas of expertise

Affine's activity breaks down into 4 poles: a Parisian pole (offices), and 3 regional poles (offices, retail, warehouses & industrials).

MAP OF THE PORTFOLIO



Paris (Offices)

With the exception of a few retail properties, the Parisian portfolio consists of offices. It comprises 4 buildings, of which the main asset is the 7,800 sqm Traversière tower, close to Gare de Lyon and occupied by SNCF, the French national railway company.
The surface area of the Parisian assets is 11,800 sqm, with a fair value of €97m including transfer tax.

Offices

Office premises in the French regions represent 43% of the portfolio, i.e. €250m including transfer tax. In particular, it contains some major assets such as the Lille Europe tower (19,000 sqm over the Euralille train station) and the building acquired more recently in Lyon (4,900 sqm near the Part Dieu district).
The surface areas total 139,700 sqm divided more or less equally between the Paris region (outside Paris) and other French regions.

Retail

The commercial properties consist chiefly of city-centre retail areas such as the Les 7 Collines retail complex in Nîmes (14,000 sqm), Espace Colbert in Nevers (5,700 sqm), Galerie Dorian in Saint Etienne (5,100 sqm), and retail premises in Arcachon (2,400 sqm), giving a total of 41,000 sqm. The fair value of this sector is €77m including transfer tax.

Warehouses and Industrials

The logistics properties of the Affine group include several types of platform, most of these being bi-modal (rail/road), offering surface areas of up to almost 39,000 sqm for the warehouse in Saint-Cyr-en-Val. The surface area for platforms stands between 4,000 sqm and 39,000 sqm and for industrials between 1,600 sqm and 17,000 sqm.
These properties, appraised at about €153m including transfer tax and with a total surface area of 308,600 sqm, are located on the main arterial routes and in peri-urban areas.

Others

A number of buildings derived from the various phases of external growth, which do not correspond to Affine's strategy, are still in its portfolio and are in the process of being sold.

Market View - Investment France [1]

Key features

- Investment volume was higher than expected, sustained by large transactions.
- The market was nonetheless difficult and the hoped-for opening of investors' strategies did not take place.
- Buyers focussed on town centre retail and Parisian offices.
- The spread of letting yields continued to widen against a backdrop of historically low short and long term interest rates.
- Institutional investors made the market that was re-internationalized, especially in the segment of large transactions.
- Strong market features will ensure investment is sustained in 2013 despite a few necessary adjustments.

Economic and financial context

2012 followed the pattern seen in the final quarters of 2011 with the French economy posting weak growth of around 0.1%. And growth will be responding absent once again in 2013 because there is no real driving force in the economy.
Unemployment in mainland France rose in 2012 to stand at 10.1% at the end of the year and it is likely to continue rising in 2013 with forecasts likely to exceed 10.5% at the end of 2013. This is curbing household consumption, which was stable in 2012. Lower inflation in 2013 (1.7% compared to 2% in 2012) may help lead to a slight rise in consumption, 0.2%, in 2013.
Many businesses are in a precarious situation with profit margins squeezed, cash flow tight (although a slight improvement was noted recently in large companies), and order books that are hard to fill. This context led to a fall in business investment in sectors outside the financial sector of about 0.2% in 2012 that will probably not improve in 2013.
Monetary policy in the euro zone has remained an accommodating factor to growth with the official refinancing rate set at 0.75%. Analysts' views diverge as to a possible further fall in lending rates in 2013.
The French Stock Market, in 2012, was relatively good in 2012 with the CAC 40 posting a 15% rise, even though it still hasn't reached its pre-crisis level. According to Reuters' survey of analysts in December 2012, the CAC 40 may rise by approximately 9% in 2013.
At the end of 2012, the spread between French and German government bonds was low at less than 100 basis points.
At the end of the day, if the economic situation remains difficult, 2013 may go down as being a turning point for current and future challenges facing the country with a sustainable recovery from the crisis taking shape in the euro zone, structural reforms and a reduction of public debt.

1 Source: CB Richard Ellis - Market View - France/Ile-de-France - 4Q 2012. The reproduction of the whole or any part of this report is only authorised if its source is credited.

Volumes fell by a limited amount

Over the whole of 2012, 14.5 billion euros were invested in standard commercial real estate in France. Despite a difficult economic environment, these results exceed expectations with the drop in investment volumes limited to 10% over the year. After rather paltry results in the third quarter, the usual pressure to close transactions before the end of the year spurred the market on, even though there were no tax incentives to close deals. As a result almost 5.4 billion euros were invested in the last three months of 2012 making the quarter the busiest since the crisis in 2008.
The market's strong resistance can notably be explained by the signature of several large transactions which bolstered investment volume throughout the year. As many as 38 operations above 100 million euros were concluded, despite a context of financing constraints, and they alone accounted for 53% of annual investment. The market segment between 100 and 200 million euros was particularly active, revealing how liquid the market is beyond the exceptional mammoth deals. At the other end of the scale many small transactions were signed, but the market for intermediary properties went through a quiet patch. There were many deals below 25 million euros (372 reported) and these represented 20% of investment volume. The bipolar-nature of the market tempered the progression of medium-sized operations which stood slightly above 30 million euros.

Risk-adverse investors seek higher returns

From an accounting point of view the final results were relatively satisfactory considering the steady deterioration throughout 2012 in the prospects for the economy. But that doesn't mean everything was easy. There is, of course, still an abundance of funds waiting to be invested in the property market because of the crisis, and large investors especially consider the French market attractive because of its liquidity, breadth and depth. But the hoped-for softening of selection criteria for investors did not take place due to several factors: the prevailing degree of unease generated by the risk of recession, pressure on rental values and the circumspection of banks. Investors therefore remained very targeted, focusing on core assets that were as secure as possible, that is to say, fully-let properties with sound tenants holding leases with long periods to run before the next break and at rents close to market values.
The few players adopting more opportunist strategies had difficulty meeting their objectives due to a lack of debt for risky properties and a shortage of supply at acceptable prices. Indeed, risk was shunned by the vast majority of investors and for the others it was rarely remunerated sufficiently. Potential sellers had difficulty accepting the hike in yields sought for secondary assets, whatever the reason for the awaited adjustment - location, rental situation or technical quality of the building.

This combination of factors led to a considerable widening in the yield spread as the strong competition, seen throughout the year, for prime products maintained pressure on letting yields in the segment. This was particularly true for two categories of the most sought-after assets, offices and shops in Paris, for which yields dropped significantly in 2012. Thus for the best offices in the Paris central business district yields fell to 4.25% and shops in the best retail areas in the capital can now exchange hands at 4%, an all-time low.

Premiums paid for well known locations: parisian business districts and urban shopping areas

In a financial environment that doesn't exactly encourage diversification, two types of properties attracted the interest of investors: offices in Paris and town-centre shops in major urban centres. These types of assets accounted for 51% of investment volume. The quality of the location emerged as the key selection criterion for the vast majority of investors looking for safe investments.
So 2012 proved to be the year of the shop, which in terms of investment volume virtually equalled the all-time high investment level seen in 2007. Some 3.3 billion euros were invested in retail, a year-on-year increase of 30%. Shops benefited from their reputation as good defensive assets, especially high street shops and retail galleries in town centres. Some 60% of retail investment volume was concentrated in these two types of retail and there were some landmark transactions such as the sale of 52 Avenue des Champs-Elysées in Paris and the sale of the portfolio on Rue de la République in Lyon. It would seem that the crisis made retailers particularly selective about their choice of location thereby benefiting the best pitches in town centres, where rental values were steady and even continued to rise. Investors, in turn, were attracted to the same type of asset. By contrast, slightly less interest was shown in shopping centres, not least because retailers became more doubtful about their capacity to support the level of occupancy cost ratio imposed on them.

In the office market, opposite trends were observed and on the whole it was mediocre year for this asset class. Investment totalled 9.9 billion euros - an annual fall of 20%. They only accounted for 68.5% of investment in France, an all-time low proportion. In reality, this market was split in two: sluggish in the outskirts of the Paris region and, to a lesser extent, in regional France, but extremely active in established business districts in Paris. Thus with almost 5.6 billion euros of investment reported, 2012 posts the second highest results for office sales in Paris, just behind 2007 when 6 billion euros were invested. If the CBD particularly attracted the attention of investors, Southern Paris outperformed itself with investment there the highest on record at 2 billion euros. This was due to large-scale transactions such as the Avant Seine property in ZAC Paris Rive Gauche and 23-25 Rue de l'Université in the 7th arrondissement. The technical standard of office buildings is consistently a key criterion for investors, but the level of investment in the historic CBD, with its stock of offices that are, on the whole, old, explains why new, recent and redeveloped buildings actually account for a relatively low percentage of investment volume (48% in 2012 compared to 57% in 2010 and 2011). The market for off-plan investments turned over slowly, accounting for 14% of office transactions. And investors' aversion to risk resulted in investment in speculative development falling to a third of 2011's level, from 76% of off-plan office investment to 37%.
Finally, the investment market in industrial and logistics space continued its slow recovery, totalling more than 1.3 billion euros of investment, that is a rise of 33% on the previous year. This good

result was due to activity in the segment of logistics portfolios, which concentrated 50% of volume.

Large institutional foreign investors made the market

The duality seen in the investment market in 2012 was also present in the profile of players. Large transactions were essentially carried out by rich foreign investors that are capable of raising a lot of equity. Indeed international investors were behind 87% of the transactions that exceeded 200 million euros. This return to a more international market was accompanied by a diversification in the nationality of investors participating.
In particular there was a rise in the number of sovereign funds. After several years of investment in the French market, preferably via funds, in 2012 sovereign funds were more willing to invest directly attracted by trophy assets in Paris.
Traditional French investors animated the rest of the market, at the top of the list were insurance companies and SCPIs, which are still raising a lot of capital. By contrast, investors using more leverage or seeking high returns were not very active. For example investment funds and SIICs were once again net sellers, property companies tended to give preference to internal investment such as development and capital expenditure. Similarly, open-ended funds, some of which are currently being liquidated, were bigger suppliers than buyers. Finally, private investors were less active as uncertainty surrounding tax issues dampened their enthusiasm for property.

Will 2013 be a transitional year before recover?

Economic prospects are still fairly somber for 2013 in the euro zone, even though the future is starting to look clearer in the rest of the world. However the French market for standard commercial real estate investment demonstrated its capacity for resistance in 2012 despite the sharp deterioration in the economic context. The market's trump features lost none of their integrity.
First of all the amount of cash that is earmarked for investment in commercial real estate is high. Now, France is still a good choice for international capital because its market is liquid, secure and deep. In addition, the stabilization of prime yields, which had bottomed out in response to falling rents, will enable an attractive risk premium to be maintained in the property market as no significant recovery in long-term rates is expected in the medium term. As for credits, they may make a comeback, but only in very targeted situations and through the use of techniques such as diversifying sources of finance. The cost of credit will stay competitive, at least for secure assets, as short-term interest rates are expected to stay low and there will be keen competition as lenders protect their margins. Finally, some players, who have not been investing directly for several years, may start buying once again. Most property companies have now resolved their debt problems and some may need to reinvest. International investment funds have raised large amounts of capital that could be used for valued added and opportunist strategies.

However, the economy, which has been and will continue to be sluggish for some time to come, will continue to curb the eagerness of many investors who are still on the lookout for prime assets. The question therefore of the supply of quality properties drying up may arise again, even though rising prices in this segment are inciting some investors to sell to realize capital gains. Finally, if the rise in yields for secondary assets is expected to slowdown, the adjustment of prices in this segment has not yet materialized. And if prices are not reviewed, there will be no substantial investment volume in the segment. For these reasons we anticipate a limited fall in investment volume in 2013, our analysts putting the figure around 13 billion euros.

Market View - Offices Ile-de-France [1]

Key points

- Take up fell by 3% in 2012 to close to 2.4 million sqm.
- Large transactions (+8% year-on-year) have boosted the market.
- Immediate supply remains stable at 3.58 million sqm as at 1 January 2013 (6.5% vacancy rate).
- There continues to be pent-up demand in the Parisian market (4.4%), while supply is relatively abundant in the peripheral areas.
- Barely more than twenty speculative schemes in 2012.
- In 2012, headline rents fell in those areas with the highest amounts of supply.
- Rent-free periods have extended, and may exceed 2 months per contracted year for long-term leases in certain areas.

Economic context

Overall, 2011 was a fairly satisfactory year (growth of 1.7%), although this was mainly due to a strong Q1, as growth in subsequent quarters dropped. This situation continued in 2012, with extremely weak growth of close to 0.1%. Little change is expected in 2013, as nothing really appears to be driving the economy forward.
The rate of unemployment in mail and France increased in 2012 (reaching about 10.1% by the end of the year) and this trend is likely to continue in 2013, with a figure of more than 10.5% expected by the end of the year. Employment in Ile-de-France should fall slightly in 2013, as it did in 2012. These changes affect household spending: stable in 2012, it should slightly increase in 2013 by around 0.2%, with weaker inflation (1.7% compared to 2% in 2012) notably helping the situation.
Many businesses continue to be in a delicate position, due to their margins being squeezed, overstretched cash flows (despite large companies recently noting an improvement), order books that are hard to fill and so on. This has led to a fall in investment by non-financial companies of around 0.2% in 2012, and this trend is expected to continue in 2013.
Although ultimately the economic situation continues to be challenging, 2013 could prove to be a watershed year in terms of current and future challenges: a viable way out of the eurozone crisis, structural reforms, reduced public deficits, etc.

1 Source: CB Richard Ellis - Market View - France/Ile-de-France - 4Q 2012. The reproduction of the whole or any part of this report is only authorised if its source is credited.

A resilient market

During Q4 2012, the take-up of offices in Ile-de-France reached 580,500 sq m, which is above the average since 2000. Nevertheless, since Q3 was the best quarter in at least 12 years (with three transactions higher than 50,000 sq m), a significant quarterly fall (-30%) was actually registered. In 2012 as a whole, with a take-up of close to 2.4 million sq m (-3% year-on year), the market resisted well in a difficult business climate (elections, tax increases, weak economic growth…). Thus, although the two main tactics were generally 'wait-and-see' and 'renegotiate', the market was stimulated by occupiers' policies of optimising office spaces and above all cutting costs.

The relatively dynamic nature of the market in 2012 can largely be explained by the fact that the number of transactions > 5,000 sq m held up. After a disappointing first six months (27 transactions, with a take-up of 322,200 sq m) affected by the election campaign, there was a marked increase in the number of these transactions in the second half of the year. In total, 70 transactions > 5,000 sq m took place in 2012 (compared to 71 in 2011), with a total take-up of 1.1 million sq m (+8%). More than 60% of these transactions were pre-sales and prelets,* a sign that occupiers were attracted by quality premises and, above all, that they have anticipated their needs, unlike in 2008- 2009.

The proportion of new and redeveloped premises reached 41% (4 points above the historical average), while renovated properties accounted for 27% and used offices 32%.

With a take-up of 852,000 sq m in 2012, activity in Paris dropped notably (-10%). However it still remains significant, accounting for 36% of the Ile-de-France market. In the absence of major deals, like Thalès in Gennevilliers in 2011, the Western Crescent experienced a fall in properties sold or let of about 15%. The same situation applies to the Outer Rim, for which the last three months of 2012 were the worst since Q3 2010. The Inner Rim and La Défense saw activity increase by approximately 40%. Indeed, the number of transactions > 3,000 sq m in the Inner Rim doubled. For its part, La Défense, for which the first 9 months of the year were the quietest in 10 years, experienced extra activity in the fourth quarter due to two large transactions: 35,200 sq m (Allianz in the Tour Athéna) and 53,600 sq m (Ministry of the Environment in the Tour Esplanade).

The broadly defined industrial sector accounted for the lion's share of the market, with 31% of the premises sold or let in 2012. Two changes here are worthy of note: the weakness of the finance-insurance sector (6% take-up for office space > 1,000 sq m, i.e. 14 points less than in 2011) which is its worst performance in at least 12 years, and the strong public sector, whose market share of 20% (11 points more than in 2011) is the highest since 2002. This upsurge is largely explained by the Ministry of Defence's owner-occupier transaction in Paris 15 of 135,000 sqm.

A stable immediate supply, marked by significant disparities

As at 1 January 2013, the supply of immediately available offices in Ile-de-France registered a very slight increase (+1% quarter-on-quarter) reaching 3.58 million sq m, with a vacancy rate of 6.5%. The net absorption of the market therefore remained negative, with take-up of premises being mainly offset by the surrender of offices, in the majority of cases the space was made available to potential occupiers after renovation.
Despite this relative stability in the Ile-de-France region, there were still significant geographic and structural disparities which tended to become more marked over the course of the year: there continued to be pent-up excess demand in the Paris market, while supply was relatively abundant in outlying areas.
Supply in Paris changed little (+2% compared to the previous quarter) and the vacancy rate ranged from about 3.5% in North Eastern Paris and Southern Paris to 5.2% in Paris Centre West.
In La Défense, the vacancy rate was 6.6%. No significant delivery or surrender of office space took place in a rental market particularly marked by pre-lets, which therefore had no effect on immediate supply.
In the peripheral areas, the Western Crescent has a high vacancy rate (10.8%), half of the stock being large premises (> 5,000 sq m). With a vacancy rate of between 9% and 10%, the situation in the Southern River Bend and Péri-Défense appears more balanced, while the oversupply of office space in the Northern River Bend has increased (15.1%) and Neuilly-Levallois is now also affected by this trend (12.3%). In the Inner Rim, the vacancy rate is between 7.6% and 10.5% depending on the sectors.
Given the limited number of completions which took place in 2012, the level of quality supply in Ile-de-France has continued to fall, dropping to 19% of immediate supply at year end, compared to 23% a year earlier. This trend confirms the progressive take-up of new and redeveloped space. The pent-up demand for this type of premises is particularly notable in Paris (11%) while in the peripheral areas; it represents a quarter of the stock available in the Western Crescent and almost one third of the vacant office space in the Inner Rim.

Properties expected to be completed this year…

Definite future supply > 5,000 sq m amounts to 1.51 million sq m (+10% year-on-year) of which 801,100 sq m will become available within the next twelve months. In 2013, completions of new or redeveloped properties for let or sale represent 462,200 sq m for a total of 26 properties. Quality supply should be consolidated in the Western Crescent, and in the Northen River Bend with the delivery of West Plaza in Colombes (29,000 sq m), but also in the Southern Inner Rim. In La Défense, the scheduled delivery of Carpe Diem (43,100 sq m) and the Tour Eqho (75,700 sq m) will help the renovation plan for the sector. Within Paris, certain deliveries will take place, including the Rezo and Strato buildings in Paris 17 (24,300 sq m) and the Parisquare building in Paris 11 (19,800 sq m). From 2014 on, major programmes will be delivered, particularly in the Western Crescent and La Défense.

... But overall future supply is subdued

Over the past few months, speculative projects have continued to be rare, mainly due to the difficult economic climate, financing difficulties and risk aversion. Moreover, investors remain uncertain about the sustainability of rents.
Potential future supply remains significant and amounts to close to 2.6 million sq m in 115 schemes > 5,000 sq m. 60 of the 84 new or redeveloped programmes currently being studied in Ile-de-France are located in peripheral areas. Reports remain relatively standard for these projects; the vast majority of the 55 programmes which are ready to start are waiting to be pre-let or pre-sold and/or for a clearer idea of the government's economic and financial plan before work commences on them. When it comes to large office spaces in Paris that could potentially be vacated, owners are almost systematically looking at the potential of carrying out renovation works.

Downward pressure on market rental values

As at 1 January 2013, the weighted average rent in Ile-de- France for new, redeveloped or renovated office premises was down 1.3% year-on-year, to €295 net/sq m/year. This relatively modest fall can be explained by the many turnkey transactions which were taken up during the year. The average rent for used premises changed little, and stands at €215.
Outside Paris, where the scarcity of quality supply is helping to maintain headline rents, the peripheral areas have generally seen rents fall. Many owners, concerned about their properties sitting vacant, have lowered their asking rental prices. This trend has been going on for more than a year and has intensified throughout 2012 in highly competitive sub-markets. The market continues to reflect the very selective behaviour of potential occupiers. Companies are proving very demanding in defining their specifications and no longer hesitate to extend their initial search area, often forcing landlords to review their positions, using the existence of newly established competing office areas as a bargaining tool.

...Coupled with commercial incentives at an all time high

At the same time, commercial incentives have remained stable and have even tended to increase in the second half of the year. For a letting of > 2,000 sq m, the cap of 2 months rent free per contracted year is frequently reached, in exchange for a fixed-term lease of at least 6 years. For rentals of < 2,000 sq m, on average, the rent-free periods agreed are between 1 and 1.5 months per contracted year.

Shortage of prime properties in Paris, re-pricing of values in La Défense

The average prime rent in Paris Centre West slightly increased quarter-on-quarter (+3%), reaching €771 net/sq m/year. A certain number of occupiers continue to show great interest in quality properties, in prestigious addresses and these properties remain in scarce supply.

The average prime rent in La Défense continues to fall and is now at €441 (-4% in three months, -11% year-on-year), due to the limited number of transactions signed for more than €500. Faced with demand from large occupiers, who are very wary of cost factors (rent, rationalisation), owners subject to competing properties must continue to adjust their asking rents. In the Western Crescent, the average prime rent continued its downward trend throughout the year, finally reaching €429. The most significant transactions in this area were mainly in Boulogne-Billancourt, Issy-les-Moulineaux and Levallois-Perret, where lower rental values have been accepted by landlords.

Forecast for 2013: reasons to believe

The weak economic growth in France forecast for 2013 will have a negative effect on activity. However, the expected upturn in global growth (estimated to be 3.6% in 2013) together with the continued policy of cost reduction and space optimisation point towards movement in the market. In addition, the solid resilience of the Ile-de-France office market, notably thanks to its network of SMEs and public sector demand, means that a take-up volume of between 2.2 and 2.4 million sq m could be expected; in other words, similar to 2012.
Speculative projects are expected to remain limited. However, there could be more of them, due to slightly more credit being available, particularly as a result of the development of alternative financing. In addition, 2013 should also be the year in which certain sub-markets will see a lack of properties on the market, leading to a return of upward pressure on rental levels. However, rental values should, at least during the first half of the year, continue to fall - albeit moderately - particularly in the peripheral sectors. Rent-free periods should remain significant in the sectors with over-supply for properties with long-term leases, which does not make it easy to carry out the geographic and qualitative assessment of the table of values.

Market View - Logistics and Industrial space[1]

Key points

- Market correlated to weak household consumption and suffering from a lack of business visibility
- The transformation of demand into transactions is weak and lead times very long
- New consumer behaviour patterns are spawning new property strategies
- The year 2012 was difficult in most logistics markets, the Paris region being particularly affected. The Rhône Corridor, however, remained active.

1 Source: CB Richard Ellis - Market View - France/Ile-de-France - 4Q 2012. The reproduction of the whole or any part of this report is only authorised if its source is credited.

- The industrial market in Ile-de-France resisted well, shored up by the region's diversity of business activity.
- The amount of out-dated supply rose. More than ever before, the need to renew supply was apparent.
- Rental values and prices diverge from one market to the next.

Economic context

On the whole, 2011 was a satisfactory year for growth, rising by 1.7%, but mainly due to the first and second quarters. The economy's performance went on to shrink at the end of 2011 and continued to do so in 2012 when it rose by just 0.1%. And growth will be responding absent once again in 2013 because there is no real driving force in the economy.
The unemployment rate in mainland France rose in 2012 to stand at approximately 10.1% by the end of the year and it is likely to continue rising in 2013 with forecasts excepting it to exceed 10.5% at the end of 2013. This is curbing household consumption, which was stable in 2012. Lower inflation in 2013 (1.7% compared to 2% in 2012) may help lead to a slight rise in consumption, 0.2%, in 2013.
Many businesses are in a precarious situation with profit margins squeezed, cash flow tight (although a slight improvement was reported recently in large companies), and order books that are hard to fill. This context led to a fall in business investment in sectors outside the financial sector of about 0.2% in 2012 that will probably not improve in 2013.
At the end of the day, if the economic situation remains difficult, 2013 may go down as being a turning point for current and future challenges facing the country with a sustainable recovery from the crisis taking shape in the euro zone, structural reforms and a reduction of public debt.
In third quarter 2012, the number of tons being handled by national parcel services rose by 2.1% in a quarter but posted a 2.3% annual fall. For national express services, the tonnage fell by 2.1% for the quarter and 8.0% for the year.

The logistics market in France

In this section we shall review the market for warehouses above 5,000 sq m (for all kinds of warehouses, A, B, C, cold stores and cross-dock warehouses).

"Wait-and-see", the market catchphrase in 2012

The volume of occupier interest fell significantly in France in 2012, as the market suffered from occupiers waiting cautiously on the sidelines. The depressed economic climate, lack of visibility in the medium term and uncertainty about future tax measures did nothing to reassure entrepreneurs and prompted them to adjust their logistics siting strategies. In this market that is largely dependent on household consumption, low growth forecasts for consumer spending are not exactly leaving much hope for expansion.
In addition, changes in consumer behaviour, in particular the boom in e-commerce, are leading to changes in real estate strategies. Flow logistics are increasingly replacing stock logistics especially by consignors and small e-commerce businesses. Thus a growing number of players are looking for smaller buildings located in urban environments that enable them to respond more quickly while reducing storage and delivery costs. At the other end of the market, there are more and more demands for very large warehouse facilities from large e-commerce businesses and supermarket chains that are increasing the scale of their platforms. However, the latter is still a marginal trend in Ile-de-France and even more so in certain regions of France.

Fall in take-up in Ile-de-france

With take-up in France standing at 1,958,200 sq m in 2012, transaction volume fell by 34% over the year to the lowest seen in recent years. The market suffered from a lack of activity but the trend is uneven from one region to the next.
For example take-up in 2011 was exceptionally high in Ile-de-France compensating for the drop in regional markets. By contrast, opposing trends were observed in 2012. Take-up fell by 60% in a year to 463,800 sq m. Indeed without Intermarché's acquisition in the first quarter of 94,300 sq m and the conclusion of deals initiated in 2011, the drop would have been even more severe. In addition to the wait-and-see attitude of occupiers, a fall in average transaction size contributed to the decline in the total volume of take-up. Despite these movements, the Paris region remained the premier market in France accounting for 24% of transacted volumes (compared to 39% in 2011). It was followed in close second by the Rhône Corridor (21%).

Rhone-Alps - the french exception

With take-up in the Rhône Corridor standing at 405,300 sq m, the region experienced an annual rise of 11%. Several large transactions contributed to this figure. About 61% of transacted floor area was in units above 20,000 sq m, including a 59,500-sq m letting turnkey scheme for Darty in Pusignan. It was thanks to a high supply of well-located quality facilities that a large proportion of demand could be satisfied. However, the quality of supply is deteriorating and even though 566,100 sq m were immediately available at 1 January 2013 (the highest supply in regional markets), little by little the share of class A warehousing is being reabsorbed. A year ago it accounted for half of available space; now it only represents a third. Transactions took place on the best properties in 2012 while poorer quality premises were being returned to the market.
Transactional activity was slow in other regional markets. For example in the Greater South take-up was 62% lower in 2012 than in 2011, totalling 180,400 sq m. The Greater North was the third largest market in France with 16% of take-up and Normandy performed well with 187,100 sq m or 10% of take-up volume in France. The few sectors that did outperform Ile-de-France managed to do so through the completion of selfbuild and turnkey letting schemes.
A few large projects are currently in the pipeline, notably in south France. There are still many development opportunities, on large sites ready for building to commence, in most of the country's

markets. These semi-speculative schemes total 2.8 million sq m in France (of which 750,000 sq m are in Ile-de-France) and as consumer demands are evolving perpetually it can be assumed that new logistics needs will arise in the future. The present lack of visibility will probably persist, at least through the first months of 2013, although the requirements announced of several players give hope for more activity in the second half.

Upturn in immediate supply

With slightly over 3.7 million sq m available in France, immediate supply rose once again (up 5% compared to 1 January 2012). The problem of ageing supply affects all markets, caused first and foremost by the large number of companies moving out of space, particularly in Ile-de-France. Indeed in the Paris region, supply rose by 19% in a year to 1.5 million sq m. As a consequence of the rise in second hand supply, quality has deteriorated, a trend reinforced by the absence of speculative development.

Rents and prices vary

The market was very selective in 2012 with warehouse rents and prices moving up and down depending on the location (local tax variations, urban environments, over or under-supplied market) the quality and how well adapted they are to demand.

Close-up of the market in the greater north of France

In this section we shall take a closer look at the regions of Nord-Pas de Calais and Picardy.

A market driven by large transactions

As with other markets, the north was not spared the slowdown in occupier interest in 2012. Demands coming in were mainly large projects for consignors working in the mass distribution and e-commerce sectors, often with the objective of optimizing costs. For smaller demands, the market was very opportunist. The time taken to consider, elaborate and then close each transaction lengthened considerably.
In 2012, take-up stood at 315,700 sq m, down 20% compared to 2011. This evolution was above all related to the general slowdown in Picardy where only 30,800 sq m were transacted this year, compared to 100,700 sq m a year earlier. The Nord-Pas de Calais region only experienced a 4% drop in take-up, from 295,500 sq m to 284,800 sq m. The north was shouldered by the conclusion of 3 large transactions above 40,000 sq m, including a large-scale turnkey scheme for Amazon of 99,500 sq m in Lauwin- Planque in the area of Douai in the fourth quarter. Also worth noting is the transaction by Oxylane in the third quarter in Rouvignies in the area of Valencienne (57,100 sq m). On the whole, in the Greater North market about 31% of transactions (in number) involved platforms of more than 20,000 sq m and 38% between 5,000 and 10,000 sq m.
Until now, the market was dominated by logistics operators - who accounted for 60% of transactions in 2010 - but in 2012 mass distributors, supermarket chains and large specialized retailers (for example Celio, Boulanger and Oxylane) were responsible for 62% of transactions. The strategic location of the market, halfway between the Parisian basin and northern Europe, as well as the potential availability of development land, go some way to explaining this shift. But it is also due to high levels of activity by consignors on a national level.

Lots of available supply but deteriorating quality

Immediately available supply stood at 462,800 sq m at 1 January 2013, up 25% on 1 January 2012. About 288,100 sq m were identified in Nord-Pas de Calais and 174,700 sq m in Picardy, rises of respectively 43% and 3%. A number of buildings were vacated during the year which had difficulty attracting new tenants. This contrasts sharply with situation for good quality premises: 75% of transactions involved class A warehouses. In addition, no speculative development has been initiated for several years, the only construction taking place were self-build and turnkey schemes. The inevitable result is a deterioration in the quality of supply. Second-hand facilities now compose about three-quarters of supply and in some particularly popular areas, such as to the northeast and south of Lille, there is now a supply shortage of class A warehouses. The number of schemes on the drawing board that could be started rapidly, of which there were many just a year ago, has contracted sharply due to developers abandoning projects, lack of development land and because they have been absorbed by large developments like that of Amazon. About 363,100 sq m of these semi-speculative schemes were identified.

Divergences in rents and prices

Headline rental values for new, redeveloped and renovated warehouses ranged from€38 to €45 net/sqmpa at 1 January 2013. They were stable, but like elsewhere in France, the market was very mixed. Rents remained steady for good quality premises that are well located, for example in Dourges. For second-hand premises, in less strategic markets, values came under attack.

The market for industrial space and small warehouses in Ile-de-France

In this section we analyze the markets for industrial space (all sizes) and small warehouses (< 5,000 sq m).

Demands stable but unsound

Overall in 2012, the volume of occupier interest remained relatively stable compared to 2011, rising by just 3%. The first quarter was particularly active, but there was a noticeable slowdown in the succeeding months as SMEs waited for the results of the presidential elections in France and ensuing tax measures. The arduous economic climate is making business leaders extremely cautious, inciting them to postpone or cancel their real estate projects. The outcome, albeit with disparities from one market to the next, was a lower conversion rate with particularly long lead times. Premises in the Inner Rim are systematically sought after, as are medium-sized premises to buy. One potentially positive sign for 2013 was the recovery in the volume of demand reported in the fourth quarter.

Market proves resilient

Take-up stood at 846,700 sq m demonstrating a reasonably good level of resistance. It fell by 13% in a year, but 2010 and 2011 were very active years. The robustness of this market was chiefly due to the diversity of business players and their perpetual evolution. The premises forming the market's stock are suited to a multitude of business uses, ranging from traditional activities (light industry, trades and crafts) to the most recent ones (e-commerce). Wholesalers and import-export companies yet again accounted for the major share of transactions (23% of transaction numbers in 2012), industrial companies 19% and "atypical" businesses (e.g. in sporting and artistic fields) accounting for 7%, and have been rising steadily for several years.
The south and the north of Ile-de-France captured 30% and 29% of take-up respectively, which is a substantial share. The share slipped slightly in the south but was stable in the north. About 22% were concluded in the east and 19% in the west. The markets in the Inner and Outer Rims are always popular, taking 30% and 54% of transactions.
The shortage of premises for sale - 19% of products are available just for sale and 18% both for sale or to let - led to a contraction of sales. Sales accounted for about 23% of take-up, down 3 points in a year.

Supply increasingly out of date

At 1 January 2013, immediately available supply stood at 2,326,700 sq m. It is 4% higher than at 1 January 2012. Take-up was on the high side and the amount of new development was at its lowest - just 14,200 sq m of speculative space - so the slight rise in availability was caused by companies vacating space, which exacerbated the obsolescence of supply in the region. Some 85% of supply is composed of second-hand space, giving more importance to the issue of how it can be modernized. In addition, very few new products are in the pipeline to replenish supply in the medium term as only 182,100 sq m of development schemes are ready to be constructed, a 28% fall in a year.

Disparity of rents and selling prices

The spread of market rents and prices is the distinguishing feature of this market where some properties, generally those further from Paris, have had their prices reduced while others have been raised. Commercial incentives are still the rule and are worth 1 to 1.5 months of rent for each unbreakable year in the lease.

Annual report - Retail in France [1]

Highlights

- The retail market is divided in two with, on one side, an imbalance between supply and demand on prime and sub-prime shopping arteries, and on the other, secondary locations where there is not enough demand to absorb supply.
- Rationalization is now at the top of the agenda: the least profitable shops are being disposed of while expansion plans focus on the most profitable points of sale and openings in the best locations.
- Retailers prefer town-centre locations but there are fewer opportunities than in peripheral sites.
- A drop in footfall in shopping centres was confirmed in 2012, reflecting the general despondency of consumers who have little inclination to spend.
- Retail on the outskirts of towns was the most affected by the downturn in activity.
- As the uniformity of the retail offer spreads, differentiation is a key factor for the future of retail.
- The occupancy cost ratio is becoming increasingly onerous for retailers who have to cope with rising rents and falling turnover.
- E-commerce continues to rise. In some sectors of activity e-commerce is a serious competitor; yet it must be embraced as a complement to brick and mortar retail. The real risk is for those without any form of e-commerce.

Economic context
General climate sluggish and fragile

In a difficult economic climate, France has posted relatively mediocre performances that are, nevertheless, above average for the euro zone. The French economy in the first half of 2012 was marked by uncertainty in the euro zone and the French elections. After the elections, the hoped for renewal of confidence amongst economic players did not take place. In these conditions, and as factors driving the economy slowed, growth in production was virtually stable in 2012. Companies struggled with tight cash flows, squeezed profit margins and lack of visibility. Investment by companies outside the financial sector is estimated to have fallen in 2012, and could continue to do so in 2013.
The authorities must adjust public spending to reduce the public deficit. Meanwhile, exports waned due to poor competitiveness.
2013, which was supposed to be the year for a recovery in growth, will again be disappointing with a weak rise in production of around 0.1% predicted. While unsatisfactory, these forecasts are at least above those of some neighbouring European countries that are expecting a significant drop in production.

Fall but no rupture in consumption

There has also been a slowdown in consumer-led growth.
The main concern for households is the job market. Unemployment is high and rising; a figure of 10.1% was estimated for the end of

1 Source: CB Richard Ellis - Annual report - Retail in France - January 2013. The reproduction of the whole or any part of this report is only authorised if its source is credited.

2012 and 10.5% for mid 2013. Employment in essentially market sectors is going through a difficult period, dropping in third quarter 2012 to its lowest level since fourth quarter 2010.
This negative trend is expected to continue at least until mid 2013. These movements in the job market affected consumers' spending power, which is being further hit by higher social security contributions at source. The outcome was that spending power posted a fall of approximately 0.2% in 2012, which is the first fall reported (including for the self-employed) since 1984. The reaction of households is to cut back on savings, but this only partially compensates for the drop in spending power on their actual spending.

The economic crisis, in parallel to its effect on spending power, has a psychological impact on consumers who have very little confidence in the future. At the end of 2012, morale was significantly below its long-term average and, according to a survey carried out in November 2012 by CSA for the news station RTL, almost 60% of people questioned considered that France will not pull out of the crisis before 2016. This pessimistic outlook encourages saving as a precautionary measure, and that is harmful to consumption. The balance of opinion of consumers believing it was reasonable to save was 38% in November 2012.

The crisis therefore has a twofold effect on savings: it reduces savings because these are being used to compensate for the fall in spending power and it increases savings as a contingency measure for a rainy day. Although some allowance must be made for variations in the methodology of surveys (for example in the question formulation and sample), this level of savings is the highest since June 1995 and significantly higher than its long-term average.
The year 2012 therefore ended in a deteriorated climate with consumer spending almost stable compared to 2011. Unless there is an unexpected recovery, this is the weakest performance since 1993.

As long as unemployment remains high and fears for the future persist, it will be difficult for there to be any real resumption in consumer spending as a driving force in the economy.
Two general lessons can be learned. The first is that the crisis has affected consumer spending. Compared to the period 2000 to 2007, the slowdown in consumer spending has affected all major consumer items including food and tobacco, durable goods and services. A dedicated survey by INSEE revealed that households have also been juggling their spending by choosing between different items, with an average fall in the consumption of durable goods, textiles and leather goods, leisure services and other services. Since the start of the crisis, the consumption of goods has slowed down more than that of services because of unfavourable price movements.
The second, and not the least important, lesson was the relative resilience of French consumer spending. In many other European countries, notably the United Kingdom, Italy, Spain and even Germany, consumption had already fallen for at least one year. In France, although consumer spending rose more slowly - it has not grown by more than 2% a year since 2008 - it was more resilient because it had not fallen and was considered a safe value making the French market attractive.

Retailers gloomy but affected differently

The general moroseness affects all retailers. In December 2012, the business climate for retailers, car sales and car repairs was approximately 10% below its long-term average. The trends expected for the three months ahead were down, with a balance of opinion down 47%.
Different retail services were, however, affected to varying degrees. As a rule, generalist retailers were less affected than specialist stores. The car industry was not spared. The Bank of France index of the volume of sales in the car and light vehicle sector in 2012 was down by 14% (annual average) to its lowest level since 2000.
Furniture sales also fell significantly as their annual average was down by approximately 8%. Its index fell to the lowest level for 22 years. The same, to a lesser extent, was observed in the clothing sector where the index fell 5%. Electronic equipment for the general public also went through a quiet patch, falling 3%. The general trend for this sector has been very strong in recent years, however, its index multiplying by four between 2000 and 2012.
Less affected in 2012 were electrical household goods and perfumery, which were almost stable for the year. Sports goods rose by 2.5%.

Town centre retailers pay a premium for prime space

The retail market was divided in two with, on the one hand, an imbalance between supply and demand on prime and sub-prime shopping arteries, and on the other, secondary locations where there is not enough demand to absorb supply.
This contrasting situation is repeated elsewhere. On one side there are retail networks with powerful marketing machines and plans to expand by varying degrees, on the other side are independent retailers closing down one after the other because the occupancy cost ratio is too high or because they are attracted by the amount of money they can make selling their lease rights. Generally speaking, independent retailers find it difficult competing with big brand retail chains. Indeed most independents are, at the best, in secondary locations.
Independent shops are thus progressively disappearing from the retail landscape. Town centres - and even shopping centres - increasingly resemble each other.
However, while some brands, such as JD Sports, want to expand rapidly in France, others are retreating. On average, they are not, for the most part, following massively expansionist policies but are seeking to rationalize networks. They are closing the least profitable shops and shifting their attention to development prospects in the most profitable points of sale, seeking to open outlets in the best locations if they are not yet there.
France is a territory open to conquest by international retailers that are still absent from the market. They prefer prime locations in town centres. They want to be in the centre of catchment areas where the existing flow of pedestrians means they can make an impact as soon as they open. While the steady disappearance of independent shops is hampering the diversity of retail offer, the arrival of new brands means there is some renewal and keeps the market dynamic.
In this context, rents rose in prime and sub-prime locations on the major arteries but are falling in streets that are less sought-after.

… And for the extreme centres of large towns

A few years ago, the public authorities were concerned about town centres becoming deserted areas. But the French are very attached to their town centres, despite the competition from peripheral shopping centres and retail parks. The flow of pedestrians in town centres enables shops to capture a lot of demand. For this reason, retail chains now want boutiques in town centres. Much like the big names in mass distribution - for example Carrefour, Intermarché, Système U, and Monoprix - who pioneered town-centre concepts, hard discount stores (Dia and Lidl) and specialist retailers (But and Conforama) usually present in out-of-town sites are now heading for town-centre locations despite the high occupancy cost ratios encountered.
This is also true for shopping centres. Brand retailers give priority to shopping centres within towns or those that are very close to the centre and easy to access. By contrast, small and medium towns are usually not considered appealing enough with an insufficient critical mass to capture demand. The population has become more car dependent and is more volatile in its consumption habits, being willing to travel several kilometres for a more substantial retail offer.

Out-of-town retail

Out-of-town retail covers several concepts: box stores, retail zones on the main approach roads to towns that developed massively in the sixties and seventies, and the more recent concept of retail parks that integrate retail more harmoniously into the surroundings. In peripheral locations land is more affordable and the rents are therefore lower than in town centres and shopping centres.
While no type of retail has escaped from the fall in turnover, nowhere was it more true than in out-of-town locations where turnover fell by 1.4% in 2012 for large and medium out-of-town stores (Procos sample). This strengthened the trend seen in recent years of retailers focusing on town centres. Out-of-town retail models were also weakened by people limiting the use of their cars because of the cost of petrol.
Even if this retail format is often criticized because of the discordant image, it has created on the approach roads to town, the number of shoppers heading to old retail zones - such as Patte d'Oie in Herblay, Croix Blanche in Ste Geneviève des Bois, Mérignac Soleil in the Bordeaux region and Plan de Campagne to the north of Marseille - is actually quite good.
Despite the limits of this type of retail, opportunities still exist. Out-of-town locations enable retailers to develop larger formats. But this type of retail must be in a position to introduce something new, an offer that sets it apart from others. Apart from services that are increasingly included by the landlord (see box page 18), retail park concepts evolve and are centred around different themes. For example, a leisure park can include sports, fun activities and games as well as restaurants so the park is busy all year round, 7 days a week. The catchment area is often much wider because of the type of products on offer.
Outlet centres are also popular at the moment. This retail model, imported from the US in the eighties in Troyes then later in Roubaix, is often called a factory outlet centre. The model has been fine-tuned over the years and the most recent concept is that of designer villages, which are high-end structures, in terms of both the quality of their architecture and the brands present. Previous seasons' collections are sold off in these stores at greatly reduced prices. Although a development capacity for this type of store still exists, there is a risk that they become too commonplace and the maximum limit must be carefully assessed (European Outlet Centre Observatory). Some of the most recent outlet centre openings include Nailloux Fashion Village near Toulouse in 2011 and The Style Outlets in 2012 in Roppenheim, close to Strasbourg on the French-German border.
The volume of development projects in peripheral zones accounts for most of future retail area in France. About 2.73 million sq m are on the drawing board or were being constructed at the end of 2012 (source: Procos). This is a year-on-year fall of 11% and 29% down compared to end 2010. The falling trend reflects how cautious developers are being and the fact that a number of proposals have been dropped. Construction is not undertaken unless retailers have committed to the project, consequently the lead time for them to come to fruition is lengthening considerably.

Shopping centres
Economic climate discourages visitors

Repeating the pattern set in recent years, the monthly footfall index of the CNCC was negative for most of 2012, reflecting the pessimism of households that are not inclined to spend. Apart from a few structural improvements during the sales periods or in the pre-Christmas rush, the decline in footfall was confirmed.
Consequently, the turnover of shopping centres was affected. One slight ray of hope is that on a like-for-like basis the rate of the decline in sales seems to be softening: sales fell by 2.7% in 2009, 1.3% in 2010, 0.3% in 2011 and was barely negative in 2012, down 0.2% (CNCC estimate). However, considering the economic and retail environment, it is unlikely that the situation will improve significantly in the months ahead. It is not just the economic climate affecting shopping centres' figures, competition with other kinds of retail, such as e-commerce, and the growing inclination towards town-centre and local shopping, are also weighing down activity.

A better balance between landlords and tenants

At a time when networks are being streamlined, retailers are cautious especially considering the difficult start some new centres have had. Retailers want to open shops in areas where there is already an established customer base. They take the time to choose the right site, and landlords are increasingly willing to listen to their demands and be flexible in their lease negotiations, the objective being to keep voids in the centres to a minimum.
Consequently, retailers are focusing on major shopping centres with region wide catchment areas and those in town centres where there are virtually no voids. Rental values in these centres have therefore remained steady. By contrast, other shopping centres are having difficulty staying fully let so rents here are decreasing. The gap between prime shopping centres and the others is widening.

The need to revive retailers and shopping centres

Shopping centres have to cope with the fall in spending power, poor consumer morale and the decline in footfall. They must therefore develop a competitive advantage. Older centres must be renovated

and in some instances extended. The minimum critical size for the right retail diversity is an essential criterion. Being close to the town centre and accessibility are two others. Any constraints dampen shoppers' enthusiasm to visit centres. Today, stimulating customers into wanting to visit a centre and, above all, to come back again later, is a fundamental issue for retailing. Footfall is, more than ever before, the first condition for goods to be sold. The aim is to be different from the rest, as the uniformity of the retail landscape increases. Some retailers are particularly popular with landlords because they generate a flow of shoppers to the centre. For example this was the case with Marks & Spencer that has just opened its largest shop in Europe in So Ouest in Levallois-Perret, as did Hollister, Aldo, and Eleven Paris. These brands have all arrived recently in France or are still under developed.
In addition, establishing a competitive edge depends on the creativity of retailers (whatever the type of outlet, be it in the town centre or a shopping centre) to introduce new concepts and broaden their range of products. Examples of new concepts are very specialized stores such as Muji whose concept is developed around travel, and Blackstore, launched by Intersport, dedicated to jeans and sportswear. Examples of broader product ranges are H&M with the high-end brand &Other Stories, and Edji, a brand of the French retailer Armand Thiery dedicated to fashion in the 15-30 age range.
In addition to the size, the location and retail offer, shopping centres must also offer a full range of services which at the moment are insufficiently integrated but will be developed in the future.
Choosing a non-grocery anchor store is risky in shopping centres at the moment, but it is sometimes considered by investors. Customers often separate the grocery and non-grocery shopping process. This is less than a trend and is still seldom observed. This distribution model is the most powerful in France. But it is losing market share faced with specialist retailers that have established themselves and with new competitors such as home-delivery internet orders, click and collect systems, hard discount stores and so on.
Questions are slowly arising. What future lies ahead for ageing existing shopping centres where the retail offer is no longer appropriate and that suffer from competition from neighbouring town-centre centres, retail parks and e-commerce internet services?

Many projects but numbers falling

Despite the economic climate, uncertainty, lengthy administrative procedures, and difficulty in pre-letting space, there are still many plans for shopping centres afloat. Their completion dates are systematically postponed, and some are abandoned outright if not enough space is prelet. The volume of projects stood at 2.67 million sq m, 1 million of which has already obtained administrative approval (from the CDAC). While most projects are for out-of-town sites, totalling 1.7 million sq m, these have fallen by 25% in a year. Town centre projects, however, only account for 35% of projects, but their number rose by 2% in 2011 and 13% in 2012.
On the whole, investors are more focused on the extension of existing centres than on new developments (data from Procos), such as the extension of Atlantis in Nantes.

Source: CB Richard ELLIS – Market View –4Q 2012 & Retail Annual report

6.3. Exceptional events with an impact on the company's activity

No exceptional event had an impact on the company's activity.

6.4. Dependence of the company on patents, commercial or financial contracts

The company is not dependent on any patent, license or manufacturing process.
The company's commercial and financial contracts that could have an impact on its business or profitability are stated in section 4 of this document under Risk factors.

6.5. External sources used for declarations relative to the company's competitive position

The company made no declaration regarding its competitive position based on information from an external source.

7.1. General presentation

Affine, a French real estate investment trust or SIIC listed on NYSE Euronext Paris, operates as an investor (offices, warehouses, retail property) throughout France. On 19 December 2011, Affine obtained the withdrawal of its license as a credit institution (financial corporation).

Its primary subsidiary is Banimmo, a Belgian real estate company listed on NYSE Euronext Brussels, which is especially involved in repositioning and redeveloping buildings in Belgium, France and Luxembourg.

Affine also holds Concerto Développement, a subsidiary specialised in arranging development and investment transactions for logistics property mainly in France.

The Group continued its policy to refocus its activity around its core real estate business.

Affine subsidiaries that own a building are mentioned in the notes to the consolidated statements under section 20.1.7.4 Consolidation scope, included in this reference document.

Affine has a direct holding of 99.9% in Concerto European Developer, 49.5% in Banimmo and 50% in Jardins des Quais and indirectly 75% (through its equity interest in Banimmo). The first company is fully consolidated and the last two are consolidated under the equity method. As Banimmo is listed on NYSE Euronext Brussels, all the relevant information can be found on the website www.banimmo.be.

In late September 2012, Affine and AffiParis, which was 87.7% owned by Affine, announced the procedures and terms for the merger by absorption of AffiParis by Affine. This transaction was in line with the Group's efforts to streamline its structure and cut operating costs, and has allowed the minority shareholders of AffiParis to swap their securities for Affine shares which are more high profile, more liquid and generate higher returns. After obtaining approval from the French markets authority, the AMF, to waive the buyout offer, the Extraordinary General Meetings of the two companies approved the merger which was finalised on 7 December 2012.

7.2. List of important subsidiaries

Details of the Group's scope are provided in the notes to the consolidated statements under section 20.1.7.4 Scope of consolidation, included in this reference document.

8.1. Assets

At 31 December 2012, Affine owned 63 investment properties directly, representing 506,000 m², owned outright or lease financed. The main characteristics of these buildings are presented below.

8.1.1. List of buildings

Location	Name or street	Zone	Dept	Surface in m²	Date acquisition
OFFICES					
Paris 3rd	19, Rue Reaumur	Paris	75	1,679	2007
Paris 9th	Rue Auber	Paris	75	2,283	2008
Paris 10th	Rue d'Enghien	Paris	75	1,003	2008
Paris 12th	"Tour Bercy" - Rue Traversière	Paris	75	7,783	2008
Croissy Beaubourg	Rue d'Emerainville	Ile-de-France	77	993	2005
Montigny-le-Bretonneux	"TDF St Quentin" - Rue Ampère	Ile-de-France	78	9,546	2003
Saint Germain en Laye	Rue des Gaudines	Ile-de-France	78	2,249	2002
Saint Germain en Laye	Rue Témara	Ile-de-France	78	1,450	2002
Elancourt	"Parc Euclide" - Rue Blaise Pascal	Ile-de-France	78	6,347	2004
Plaisir	Zac Ste Apolline, rue des Poiriers	Ile-de-France	78	1,160	2005
Trappes	Parc de Pissaloup – Av. J. d'Alembert	Ile-de-France	78	10,183	2006
Evry	Rue Gaston Crémieux	Ile-de-France	91	7,572	1984
Les Ulis	"L'Odyssée" - Rue de la Terre de Feu	Ile-de-France	91	3,500	2003
Corbeil Essonnes	Darblay I – Avenue Darblay	Ile-de-France	91	4,644	2003
Corbeil Essonnes	Darblay II – Rue des Petites Bordes	Ile-de-France	91	2,268	2003
Issy-les-Moulineaux	Rue Carrefour Weiden	Ile-de-France	92	2,308	2003
Tremblay en France	Rue Charles Cros	Ile-de-France	93	19,997	2006
Bagnolet	Rue Sadi Carnot	Ile-de-France	93	4,056	1995
Kremlin Bicêtre	Rue Pierre Brossolette	Ile-de-France	94	1,151	2007
Kremlin Bicêtre	Boulevard du Général de Gaulle	Ile-de-France	94	1,860	2007
Aix-en-Provence	"Décisium" - Rue Mahatma Gandhi	Regions	13	2,168	1994
Montpellier	Zac du Millénaire, avenue Einstein	Regions	34	699.1	2005
Nantes - Marie Galante	Rue Henri Picherit	Regions	44	3,084	2006
Orléans	Rue Léonard de Vinci / av. du Titane	Regions	45	1,159	1998
St Julien les Metz	Rue Jean Burger - Tannerie	Regions	57	5,345	2007
Lille – Lilleurope	"Tour Europe" - Parvis de Rotterdam	Regions	59	5,000	2006
Lille – Lilleurope	"Tour Europe" - Parvis de Rotterdam	Regions	59	7,765	2008
Lille – Lilleurope	"Tour Europe" - Parvis de Rotterdam	Regions	59	6,262	2012
Villeneuve d'Ascq	"Triopolis" - Rue des Fusillés	Regions	59	3,045	2004
Mulhouse	"L'Epicerie"	Regions	68	5,020	2008
Bron	Rue du 35e Régiment d'Aviation	Regions	69	2,968	1996
Lyon Gerland	"Le Fontenay" - Rue André Bollier	Regions	69	4,060	2006
Lyon	Rue du Dauphiné	Regions	69	5,481	2005
Lyon	Bld Tchécoslovaques	Regions	69	4,912	2011
Lyon	"Le Rhodanien" - Bld Vivier Merle	Regions	69	3,472	1983

Location	Name or street	Zone	Dept	Surface in m²	Date acquisition
SURFACE AREAS AND SHOPPING MALLS					
St Cloud	Rue du Calvaire	Ile-de-France	92	1,109	2004
Troyes-Barberey St Sulpice	Quartier Les Valliers, RN19	Regions	10	5,793	2007
Troyes-Barberey St Sulpice	Quartier Les Valliers, RN19	Regions	10	1,200	2007
Nîmes	Les 7 Collines	Regions	30	17,882	2009
Arcachon	Rue Roger Expert Et Avenue Lamartine	Regions	33	3,180	2009
St Etienne	Rue Louis Braille - Dorianvest	Regions	42	5,003	2006
Nevers	Avenue Colbert	Regions	58	5,828	2008
INDUSTRIAL PREMISES					
Maurepas	Rue Marie Curie	Ile-de-France	78	8,370	2006
Palaiseau	Rue Léon Blum	Ile-de-France	91	3,828	1995
Gennevilliers	7/14 rue du Fossé Blanc	Ile-de-France	92	16,624	2011
Aulnay-sous-Bois	Rue Jean Chaptal	Ile-de-France	93	3,488	1993
Noisy le Grand	ZI des Richardets	Ile-de-France	93	1,645	2005
Cergy Pontoise	Rue du Petit Albi	Ile-de-France	95	3,213	2007
Aix les Milles	Rue Georges Claude	Regions	13	5,528	1975
Vitrolles	ZAC d'Anjoly	Regions	13	5,880	2008
Chevigny St Sauveur	Avenue de Tavaux	Regions	21	12,985	2005
WAREHOUSES					
St Germain les Arpajon	Rue des Cochets	Ile-de-France	91	16,289	1999
Miramas	Quartier Mas des Moulières, Zac Lésud	Regions	13	12,079	2007
Bourg-les-Valence	Rue Irène Joliot Curie	Regions	26	19,521	2005
St Quentin Fallavier	Zac de Chêne La Noirée	Regions	38	20,057	1991
Mer	Za des Mardaux	Regions	41	34,127	2006
St Etienne	Molina	Regions	42	33,359	2007
Saint-Cyr-en-Val	Rue du Rond d'Eau	Regions	45	38,756	2005
Bussy-Lettrée (Courbet)	Zac No. 1 Europort – Vatry	Regions	51	19,212	2004
Roubaix – Leers	Rue de la Plaine	Regions	59	21,590	2005
Thouars	Rue Jean Devaux	Regions	79	32,000	2007
Sant Feliu de Buixalleu	Parc de Gaserans - Sant Feliu	Spain		3,680	2012
OTHER					
Paris 12 (car parks)	Rue Traversière	Paris	75	0	2008
Brétigny/Orge	Route des Champcueils	Ile-de-France	91	3,564	1989
Saint-Cloud	Rue du Calvaire	Ile-de-France	92	1,261	2004
Biarritz (hotel)	Avenue de l'Impératrice	Regions	64	606	1990

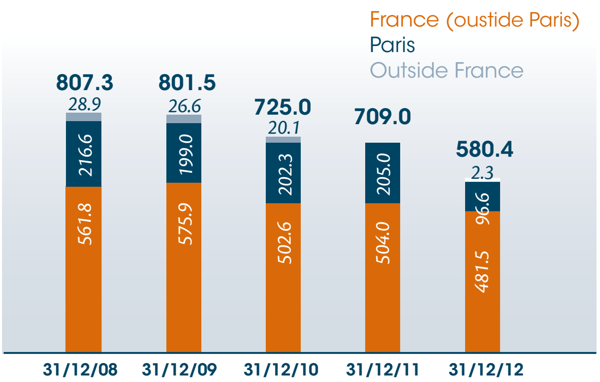
N.S. Not Significant

8.1.2. Value of properties

Fair value of directly owned properties (including transfer taxes)

The fair value (including transfer taxes) of the 63 properties stood at €580m compared with €709m at the end of 2011. This fall results mainly from the efforts in the past 3 years to decrease the Group's LTV, particularly in 2012 by the sale by AffiParis for a price close to €100m of its main Parisian asset located in rue Paul Baudry.

CHANGE IN VALUE OF PROPERTIES, INCLUDING TRANSFER TAXES (€m) (1)

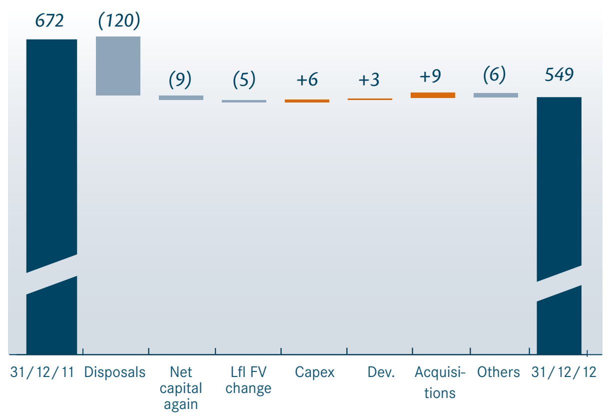


(1) Proforma portfolio excluding Banimmo and the Jardins des quais retail centre in Bordeaux.

Fair value of directly owned properties (excluding transfer taxes)

Excluding transfer taxes, the value of the properties decreased from €672m to €549m. This change resulted from:
- sales totalling €120.1m, with a net capital loss of €9.0m (of which €9m was due to the Paul Baudry building);
- €18.0m of investments, of which €9.3m for acquisitions, €6.1m for improvement of existing properties and €2.6m of logistic development;
- a €5.2m decrease in fair value;
- a €6.0m decrease related to the exit from the portfolio of two buildings on the Saint Etienne Molina logistics destroyed by fire and not rebuilt.

CHANGE IN THE VALUE OF BUILDINGS, EXCLUDING TRANSFER TAXES (€m)



The slight fall of 1.3% in the portfolio's appraisal value on a like-for-like basis results from:
- a 2.3% decrease due to the fall in market rents (ERV).
- a 1.2% drop due to higher yield rates used by some appraisers,
- a residual 2.2% increase (works to be carried out, reversion, etc.).

The average yield resulting from appraisals is 7.5%. A downward or upward change of 25 basis points in this rate would lead to an increase or a decrease respectively of the portfolio's value of €18.2m.

The average yield increased by 40 basis points mainly resulting from the sale of the building located in rue Paul Baudry.

Fair value sensitivity to a 25 bp-change in the average yield

Type of asset (€m)	Fair Value	Market yield	+/- 25 bp Impact
Paris (Offices)	91.0	5.6%	3.9
Offices	235.2	7.6%	7.5
Retail	75.1	7.1%	2.6
Warehouses and Industrials	144.7	8.7%	4.1
Other	3.3	10.1%	0.0
TOTAL	**549.3**	**7.5%**	**18.2**

8.2. Environmental issues that could impact the use of tangible fixed assets by the issuer

These elements are treated in the CSR report in this report on chapter 26.

The selected financial data below, regarding the years ended 31 December 2010, 2011 and 2012, are taken from the pro-forma consolidated statements in section 20.2.

To clarify the operational performance of the Affine entity, since 1 October 2011, when Affine's stake in Banimmo dropped from 50% to 49.5%, it has been consolidating this sub-group by the equity method. Les Jardins des Quais, 50/50 held by Affine and Banimmo, is consequently also consolidated under the equity method.

To enhance the clarity of the accounts for the year and make them easy to compare with those of prior years, the commented accounts below for 2010 and 2011 are pro-forma accounts in which the sub-group Banimmo and Jardins des Quais were consolidated under the equity method for the full year for the three years. These accounts (income statement, balance sheet, cash flow statement) are part of the consolidated notes audited by the Statutory Auditors.
The consolidated statements and annual accounts are presented in sections 20.1 and 20.3 respectively.

9.1. Financial situation

Consolidated balance sheet (€m)	2010	2011	2012
ASSETS	**920.9**	**881.0**	**762.2**
Properties (excluding transfer taxes)	686.5	672.2	549.3
of which investment properties	*611.1*	*520.8*	*522.0*
of which property held for sale	*75.4*	*151.4*	*27.3*
Equity holdings	0.2	0.3	0.1
Equity affiliates	84.0	85.8	89.6
Cash	23.7	23.3	32.6
Other assets	126.5	99.4	90.7
LIABILITIES	**920.9**	**881.0**	**762.2**
Shareholders' equity (before allocation)	362.5	362.2	351.4
of which convertibles	*31.7*	*20.8*	*20.8*
of which PSL	*73.3*	*73.4*	*73.2*
Bank debt	482.0	450.0	360.9
Other liabilities	76.4	68.8	49.8

Net asset value

At 31 December 2012, total shareholders' equity decreased by 3.0% to €351.4m (group share €351.4m). After deducting quasi-equity (€73,2m in perpetual subordinated loan notes), and after adjustments to the fair value of derivatives and deferred taxes, the EPRA net asset value excluding transfer taxes was €288.8m at 31 December 2012 (+0.4%). NAV per share was €28.21 (after ORA dilution and excluding treasury shares), down 2.6% compared with 31 December 2011, given that the number of shares increased by 3.1% owing to the merger by absorption of AffiParis by Affine. Including transfer taxes, the NAV per share was €31.65.

NAV (€m)	2010	2011	2012
Shareholders' equity (before allocation) gs	347.5	348.4	351.4
PSL adjustment	(73.3)	(73.4)	(73.2)
IFRS NAV (excl. TT)	274.1	275.0	278.2
EPRA adjustments	7.7	12.6	10.6
EPRA NAV (excl. TT)	**281.9**	**287.6**	**288.8**
EPRA NAV (incl. TT)	322.4	326.5	324.0
Diluted number of shares (excl. Tr. shares)	9,314,600	9,926,848	10,237,552
Diluted EPRA NAV (excl. TT) per share (€)	**30.26**	**28.97**	**28.21**

(1) gs:group share.

Based on the EPRA NAV excluding transfer taxes, the share price at 31 December 2012 (€12.61) showed a discount of 55%.
Finally, The EPRA triple net NAV, including the fair value of hedging instruments, deferred tax and the difference between the accounting and present value of the debt, amounted to €30.2 (excl. transfer tax) and €33.6 (incl. transfer tax).

9.2. Operating income

9.2.1. Important factors with an impact on consolidated income

Consolidated earnings (€m)(1)	2010	2011	2012
Gross rental income	50.0	48.3	46.4
Net rental income	**42.6**	**43.1**	**41.3**
Other income	5.1	3.6	4.3
Corporate expenses	(13.1)	(12.0)	(10.9)
Current EBITDA(2)	**34.6**	**34.7**	**34.6**
Current operating profit	**34.4**	**34.6**	**34.5**
Other income and expenses	(4.2)	(2.6)	(1.6)
Net profit or loss on disposal	(0.5)	2.9	(8.5)
Operating profit (before value adj.)	**29.7**	**34.9**	**24.5**
Net balance of value adjustments	(3.8)	1.7	(5.2)
Net operating profit	**25.9**	**36.6**	**19.2**
Net financial cost	(19.6)	(18.2)	(16.9)
Fair value adjustments of hedging instr.	(0.1)	(2.3)	(1.5)
Taxes	0.3	(0.4)	0.1
Associates	3.0	1.3	3.4
Miscellaneous(4)	1.1	(0.4)	0.3
Net profit	**10.5**	**16.6**	**4.6**
NET PROFIT – GROUP SHARE	**10.3**	**15.3**	**4.7**
Net profit – group share	10.3	15.3	4.7
EPRA adjustments	5.7	3.2	15.2
EPRA EARNINGS(5)	**16.0**	**18.5**	**19.9**

(1) Based on IFRS standards and EPRA recommendations.
(2) Current EBITDA represents the current operating profit excluding current depreciation and amortization costs. In 2010, 2011 and 2012, this amount excludes the impairment of properties of the development business, which were €5.4m, €3.0m and €1.4m respectively and which are recognised under other income and expenses.
(3) Net profit from activities that have been discontinued or being sold, other financial income and expenses.
(4) The European Public Real Estate Association (EPRA) issued Best Practices Policy Recommendations in September 2011, which give guidelines for performance measures. As detailed in the EPRA adjustments note, the EPRA earnings excludes the effects of fair value changes, gains or losses on sales and other non-recurring items.

On a like-for-like basis, gross rental income stabilized (+0.1%). After accounting for acquisitions, disposals, buildings in anticipation of completion (VEFA) and the exceptional item arising from the destruction by fire of two buildings of the logistic complex of Saint-Etienne Molina, rents were down 3.8 %. Service charges are slightly up leading to the 4.2% decline in net rents.

Current operating profit remained stable (-0.2%). The increase in profits from the property development activity (€3.2m vs €1.3m, excluding depreciation of inventories) and the 8.1% reduction in operating expenses (€10.9m vs €12.0m) more than offset the erosion of revenues on remaining finance lease transactions (€1.1m vs €2.4m). The property development activity benefited from the near- finalization of the residential program in Nanterre and the Sunclear project.

Net operating profit decreased by 47%, mainly from the loss incurred in the sale of the Baudry building (-€8.9m), and from an impairment of the Sant Feliu land (-€1.4m) held in inventory by Concerto.

The cost of net debt decreased by 7.0% to €16.9m, essentially owing to debt reduction. After taking into account the decrease of the fair value of financial instruments (-€1.5m vs -€2.3m) and the increase of the contribution from associates (€3.4m vs €1.3m), the Group share of net profit came out at €4.7m, compared with €15.3m in 2011.

Adjusted for exceptional items such as changes in fair value and gains or losses on disposals, EPRA earnings up 7.7% amounted to €19.9m compared with €18.5m in 2011 (EPRA earnings include EPRA adjustments for all associates).

9.2.2. Important changes to net revenue or net income

There was no significant change to net revenue or net income during the year.

9.2.3. Governance or economic strategy or factor that can have a significant direct or indirect impact on the issue

This data is provided in the section on risk factors developed under section 4 of this reference document.

9.3. EPRA best practices recommendations

The European Public Real Estate Association (EPRA) issued in September 2011 an update of the Best Practices Recommendations report[1], which give guidelines for performance measures.
Affine supports the financial communication homogenization approach designed to improve the quality and comparability of information and supplies its investors with most of the EPRA recommendations. The company therefore publishes the EPRA Earnings, the EPRA earnings per share, the EPRA NAV, the EPRA NAV per share, the EPRA NNNAV, the EPRA NNNAV per share and the EPRA vacancy rate.

EPRA Performance Measures (EPM) definition

EPRA indicators	EPRA Definition [1]
EPRA Earnings	Recurring earnings from core operational activities
EPRA Net Asset Value	Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model
EPRA NNNAV	EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes
EPRA vacancy rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio

(1) The report is available on the EPRA website: www.epra.com.

EPRA Performance Measures (EPM)

(€000')	2010	2011	2012
EPRA earnings	16,020	18,499	19,930
EPRA net asset value (excl. TT)	281,863	287,564	288,777
EPRA NNNAV (excl. TT)	nd	317,906	308,817
EPRA occupancy rate (%)	87.7	89.0	87.8

Figures per share (€)	2010	2011	2012
EPRA earnings	1.45	1.60	1.73
EPRA net asset value excl TT	30.26	28.97	28.21
EPRA NNNAV excl TT	nd	32.02	30.17

EPRA Earnings (EPRA presentation - indirect method)

(€000')	2010	2011	2012
Net profit – Group share	10,319	15,262	4,712
Value adjustments for investment properties	3,821	(1,679)	5,217
Net profit or loss on disposal	529	(2,931)	8,501
Goodwill adjustment	-	-	-
Fair value adjustments of hedging instr.	89	2,262	1,506
Associates non-cash item	(1,057)	1,258	(906)
Net profit from discontinued operations	(1,209)	-	-
Non-current tax, deferred and exit tax	(399)	463	(197)
Other non-recurring items(1)	4,304	3,045	1,258
Minority interests in above items above	(378)	819	(162)
EPRA EARNINGS	**16,020**	**18,499**	**19,930**

(1) In 2010, 2011 and 2012, this amount excludes the impairment of properties of the development business, which were €5.4m, €3.0m and €1.4m respectively and which are recognised under other income and expenses.

EPRA Earnings (Recurring / non-recurring presentation - direct method)(1)

(€000')	2010	2011	2012
Gross rental income	50,006	48,269	46,427
Net rental income	42,620	43,084	41,261
Other income	5,071	3,629	4,294
Corporate expenses	(13,129)	(12,008)	(10,937)
Current EBITDA(2)	34,562	34,705	34,618
Current operating profit	34,436	34,583	34,503
Net financial cost	(19,636)	(18,200)	(16,935)
Taxes (current)	(121)	23	(51)
Associates (current)	1,918	2,569	2,495
Miscellaneous (current) (3)	0	(0)	(0)
Net current profit	16,596	18,975	20,012
EPRA Earnings (Net current profit – Gs(4))	**16,020**	**18,499**	**19,930**
Other income and expenses	(4,220)	(2,612)	(1,550)
Net profit or loss on disposal	(529)	2,931	(8,501)
Net balance of value adjustments	(3,821)	1,679	(5,217)
Fair value adjustments of hedging instr.	(89)	(2,262)	(1,506)
Taxes (non-current)	399	(463)	197
Associates (non-current)	1,057	(1,258)	906
Miscellaneous (non-current)(3)	1,126	(433)	293
Net non-current profit	(6,078)	(2,418)	(15,380)
Net non-current profit– group share(4)	**(5,701)**	**(3,237)**	**(15,218)**
NET PROFIT	**10,518**	**16,558**	**4,632**
Net profit - group share	10,319	15,262	4,712

(1) Based on IFRS standards and EPRA recommendations.
(2) Current EBITDA represents the current operating profit excluding current depreciation and amortization costs. In 2010, 2011 and 2012, this amount excludes the impairment of properties of the development business, which were €5.4m, €3.0m and €1.4m respectively and which are recognised under other income and expenses.
(3) Net profit from activities that have been discontinued or being sold, other financial income and expenses.
(4) Gs standing for group share.

EPRA Earnings per share

(€000')	2010	2011	2012
Net profit – Group share	10,319	15,262	4,712
PSL charges	(2,698)	(3,149)	(2,696)
Convertibles charges	(3,637)	(2,151)	(1,498)
Net profit – Group share adjusted for the earnings per share	**3,985**	**9,962**	**518**
Convertibles adjustments	3,637	2,151	1,498
Net profit – Group share adjusted for the diluted earnings per share (after convertibles charges)	**7,622**	**12,113**	**2,016**
EPRA adjustments	5,701	3,237	15,218
EPRA EARNINGS ADJUSTED FOR THE PSL CHARGES	**13,323**	**15,349**	**17,233**
Earnings per share (€)	0.53	1.19	0.06
Diluted earnings per share (€)	0.83	1.26	0.20
EPRA earnings per share (€)	**1.45**	**1.60**	**1.73**
NUMBER OF SHARES			
Outstanding number of shares	8,113,566	9,002,042	9,033,959
Average treasury shares	(543,365)	(652,545)	(337,669)
Average number of shares (excl.Tr. shares)	7,570,201	8,349,497	8,696,290
Number of convertible shares	1,622,400	1,248,000	1,248,000
Average diluted number of shares (excl.Tr. shares)	**9,192,601**	**9,597,497**	**9,944,290**

IFRS NAV

(€000')	2010	2011	2012
Shareholders' equity (before allocation)	347,462	348,447	351,434
of which convertibles	*31,662*	*20,763*	*20,770*
of which PSL	*73,345*	*73,436*	*73,215*
Of which treasury shares	*(6,777)*	*(4,952)*	*(571)*
Of which other	*249,232*	*259,200*	*258,019*
PSL adjustments	(73,345)	(73,436)	(73,215)
Diluted IFRS NAV	274,117	275,011	278,219
Transfer tax (gs[1])	40,492	38,915	35,201
Diluted IFRS NAV incl. TT[2]	314,609	313,926	313,419
Diluted IFRS NAV per share	**29.43**	**27.70**	**27.18**
Diluted IFRS NAV incl. TT[2] per share	33.78	31.62	30.61
NUMBER OF SHARES			
Outstanding number of shares	8,113,566	9,002,042	9,033,959
Treasury shares	(421,366)	(323,194)	(44,407)
Exercised convertibles	1,622,400	1,248,000	1,248,000
Diluted number of shares (excl. treasury shares)	**9,314,600**	**9,926,848**	**10,237,552**

(1) Gs standing for group share.
(2) TT standing for transfer tax.

EPRA NAV

(€000')	2010	2011	2012
Diluted IFRS NAV	274,117	275,011	278,219
EPRA adjustments	7,746	12,553	10,559
of which fair value of financial instruments	9,497	14,282	12,630
Derivatives at fair value (gs[1]) - Asset -	*4,030*	*2,670*	*1,365*
Derivatives at fair value (gs[1]) - Liabilities -	*13,526*	*16,953*	*13,996*
of which net deferred tax	(1,750)	(1,729)	(2,072)
Asset deferred tax (gs[1])	*3,282*	*3,683*	*3,966*
Liabilities deferred tax (gs[1])	*1,531*	*1,955*	*1,894*
EPRA NAV	281,863	287,564	288,777
EPRA NAV incl. TT2	322,355	326,479	323,978
EPRA NAV per share	**30.26**	**28.97**	**28.21**
EPRA NAV incl. TT2 per share	34.61	32.89	31.65

(1) Gs standing for group share.
(2) TT standing for transfer tax.

EPRA NNNAV

(€000')	2010	2011	2012
EPRA adjustments	(7,746)	(12,553)	(10,559)
Change of the debt fair value	nd	42,895	30,599
EPRA NNNAV	nd	317,906	308,817
EPRA NNNAV incl. TT[(2)]	nd	356,820	344,018
EPRA NNNAV per share	**nd**	**32.02**	**30.17**
EPRA NNNAV incl. TT[(2)] per share	nd	35.94	33.60

EPRA Vacancy rate

Type of asset (€m)	Headline rents	Lettable space (sqm)	ERV[1] on vacant	ERV[1]	Vacancy rate
Paris (Offices)	5.0	11,767	0.1	5.3	1.3%
Offices	18.2	139,736	2.3	18.7	12.4%
Retails	4.4	40,957	1.7	6.2	26.8%
Warehouses and Industrials	12.8	308,551	1.4	14.5	9.9%
Others	0.3	4,602	0.0	0.3	0.0%
TOTAL	**40.7**	**505,612**	**5.5**	**45.0**	**12.2%**

(1) ERV corresponds to Estimated Rental Value by the appraisers.

The selected financial data below, regarding the years ended 31 December 2010, 2011 and 2012, are taken from the pro-forma consolidated statements in section 20.2.

To clarify the operational performance of the Affine entity, since 1 October 2011, when Affine's stake in Banimmo dropped from 50% to 49.5%, it has been consolidating this sub-group by the equity method. Les Jardins des Quais, 50/50 held by Affine and Banimmo, is consequently also consolidated under the equity method.

To enhance the clarity of the accounts for the year and make them easy to compare with those of prior years, the commented accounts below for 2010 and 2011 are pro-forma accounts in which the sub-group Banimmo and Jardins des Quais were consolidated under the equity method for the full year for the three years. These accounts (income statement, balance sheet, cash flow statement) are part of the consolidated notes audited by the Statutory Auditors.
The consolidated statements and annual accounts are presented in sections 20.1 and 20.3 respectively.

10.1. The company's capital

Statement of changes in consolidated shareholders' equity

	Capital and related reserves								
(In thousands of euros)	Share capital	Reserves related to share capital	Treasury stock	Consolidated reserves	Total gains and losses taken directly to equity	Net income (loss) group share	Group equity	Equity held by non-controlling interests	Total consolidated equity
Equity as at 31/12/2010	**47,800**	**128,953**	**(6,777)**	**167,164**	**2**	**10,319**	**347,462**	**15,028**	**362,490**
Capital increase	5,300	4,533	-	(66)	-	-	9,767	568	10,335
Cancellation of treasury stock	-	-	1,825	256	-	-	2,081	-	2,081
Preference-share issue	-	-	-	-	-	-	-	-	-
Equity portion of compound instruments	-	(799)	-	(5,119)	-	-	(5,918)	-	(5,918)
Share-based payment transactions	-	-	-	-	-	-	-	-	-
Appropriation of 2010 income (loss)	-	-	-	10,319	-	(10,319)	-	-	-
Bonus shares	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	(20,426)	-	-	(20,426)	(427)	(20,853)
Dividends on treasury stock	-	-	-	748	-	-	748	-	748
Preference dividends	-	-	-	-	-	-	-	-	-
Subtotal of shareholder-related movements	**5,300**	**3,734**	**1,825**	**(14,288)**	**-**	**(10,319)**	**(13,748)**	**140**	**(13,608)**
Changes in gains and losses recognised directly in equity	-	-	-	-	6	-	6	-	6
2011 income	-	-	-	-	-	15,262	15,262	1,295	16,558
Subtotal	**-**	**-**	**-**	**-**	**6**	**15,262**	**15,268**	**1,295**	**16,564**
Effect of acquisitions and disposals on non-controlling interests	-	-	-	17	-	-	17	(2,732)	(2,715)
Changes in accounting methods	-	-	-	-	-	-	-	-	-
Share of changes in equity of companies accounted for under the equity method	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	(552)	-	-	(552)	4	(548)
Equity as at 31/12/2011	**53,100**	**132,687**	**(4,952)**	**152,341**	**8**	**15,262**	**348,447**	**13,736**	**362,182**
Capital increase	1,867	5,468	-	(12)	-	-	7,324	-	7,324
Cancellation of treasury stock	(1,667)	(2,668)	4,335	-	-	-	-	-	-
Cancellation of treasury stock	-	-	47	(87)	-	-	(40)	-	(40)
Preference-share issue	-	-	-	-	-	-	-	-	-
Equity portion of compound instruments	-	(213)	-	(4,051)	-	-	(4,264)	-	(4,264)
Share-based payment transactions	-	-	-	-	-	-	-	-	-
Appropriation of 2011 income (loss)	-	-	-	15,262	-	(15,262)	-	-	-

(In thousands of euros)	Capital and related reserves: Share capital	Reserves related to share capital	Treasury stock	Consolidated reserves	Total gains and losses taken directly to equity	Net income (loss) group share	Group equity	Equity held by non-controlling interests	Total consolidated equity
Bonus shares	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	(10,807)	-	-	(10,807)	(158)	(10,965)
Dividends on treasury stock	-	-	-	401	-	-	401	-	401
Preference dividends	-	-	-	-	-	-	-	-	-
Subtotal of shareholder-related movements	**200**	**2,588**	**4,381**	**707**	**-**	**(15,262)**	**(7,386)**	**(158)**	**(7,544)**
Changes in gains and losses recognised directly in equity	-	-	-	-	(9)	-	(9)	-	(9)
2012 income	-	-	-	-	-	4,712	4,712	(80)	4,632
Subtotal	**-**	**-**	**-**	**-**	**(9)**	**4,712**	**4,703**	**(80)**	**4,623**
Effect of acquisitions and disposals on non-controlling interests	-	-	-	5,558	-	-	5,558	(13,523)	(7,965)
Changes in accounting methods	-	-	-	-	-	-	-	-	-
Share of changes in equity of companies accounted for under the equity method	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	114	-	-	114	-	114
EQUITY AS AT 31/12/2012	**53,300**	**135,275**	**(571)**	**158,718**	**-**	**4,712**	**351,434**	**(26)**	**351,408**

10.2. Cash-flow

Consolidated cash flow

The Group's funds from operations fell by €1.8m to €17.9m, mainly due to a decrease of rental income resulting from disposals; excluding cost of debt and taxes, funds from operations fell 14.2% and settled at €33.3m.

The WCR change dropped sharply (-€16.4m vs €10.1m) mainly due to the development projects, VAT and the management of subsidiaries cash movements. The initiation of different projects are charged or kept in inventory on the basis of their level of completion, they are recognized under trade receivables or inventories for €11.0m. Affine also recorded this year a VAT credit of €1.5m against an inflow of €6.7m in 2011. Lastly, the Group participates in the cash management of its associates companies consolidated under the equity method (primarily Jardins des Quais and residential development) with a new advance of €4.6m in 2012 against €2.9m money back last year. Operating cash flow was thus €16.8m versus €48.3m for the same period in 2011.

Cash Flow (€m)	2010	2011	2012
Funds from operation	27.7	19.7	17.9
Funds from operation excluding cost of debt and taxes	45.9	38.8	33.3
Change in WCR	(3.1)	10.1	(16.4)
Taxes paid	(3.3)	(0.6)	(0.0)
Operating cash flow	**39.6**	**48.3**	**16.8**
Investments	(24.4)	(25.5)	(20.5)
Disposals	88.4	47.2	131.2
Other	3.2	1.6	0.8
Investment cash flow	**67.1**	**23.3**	**111.5**
New loans	19.6	24.2	35.9
Loan repayments	(94.8)	(59.6)	(123.8)
Interest	(20.1)	(19.4)	(16.5)
Other (including dividend)	(16.7)	(18.4)	(15.7)
Financing cash flow	**(112.0)**	**(73.0)**	**(120.2)**
CHANGE IN CASH POSITION	**(5.2)**	**(1.4)**	**8.2**

Cash-flow for investments went down, amounting to €20.5m (including €8.8m of works) compared with €25.5m (€6.6m) in 2011. The active disposal policy continued and helped the Group to achieve a figure of €131.2m of disposals, mainly fed by the sale of the building located rue Paul-Baudry (€96m) in Paris 8th. Total cash flow from investments came to €111.5m, compared to €23.3m for the same period in 2011. This amount includes the compensation of €6,4m received following the damages on the Saint Etienne Molina site.

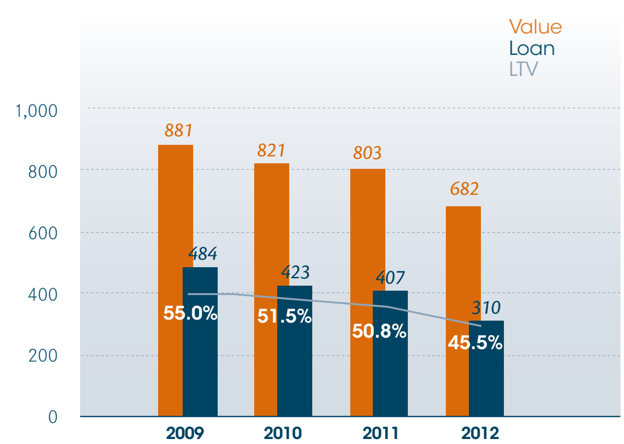
The net balance of financing transactions, including the repayment of the loan related to the building located rue Paul-Baudry (€70.2m), the dividends distributed (€10.6m) and financial charges (€16.5m), generated a negative cash flow of €120.2m.
Overall, the cash position increased by €8.2m over the period to reach €27.1m.

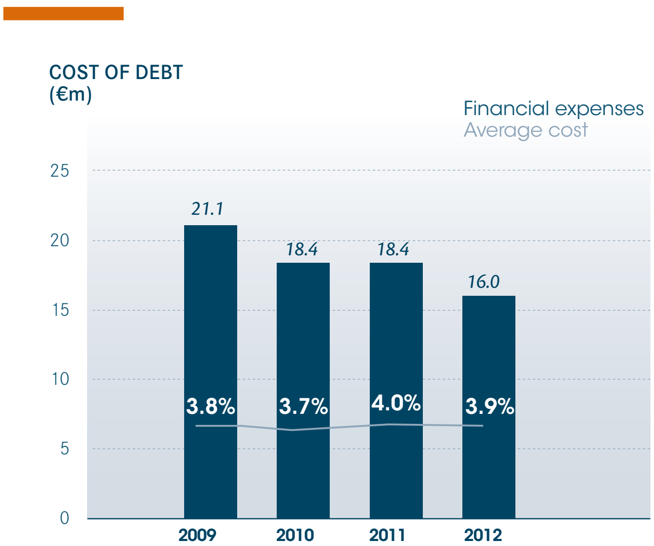
10.3. Borrowing conditions – financing structure

Financing

The financing policy based on long-term relationships with its banks and dedicated per-transaction medium-sized financings, secured with mortgages and with long-term repayment periods, enables Affine to benefit from an access to bank financing on competitive terms.
Affine has a resilient risk profile thanks to the large proportion of non-Parisian assets in its portfolio, more stable and more profitable than Parisian assets and the diversification of its portfolio.
Affine therefore has a high visibility to manage its liabilities by keeping a smooth debt profile, while avoiding in general any financial covenant on the company itself. This allows Affine to optimize the use of its equity by maintaining a relatively high although significantly declining LTV (45.5% vs 50.8%).
New bank loans contracted in 2012 amounted to €35.9m, compared to the €123.8m spent on amortization bank debt over the period.
In addition, the Group has secured short-term lines of credit totalling €19m at 31 December.

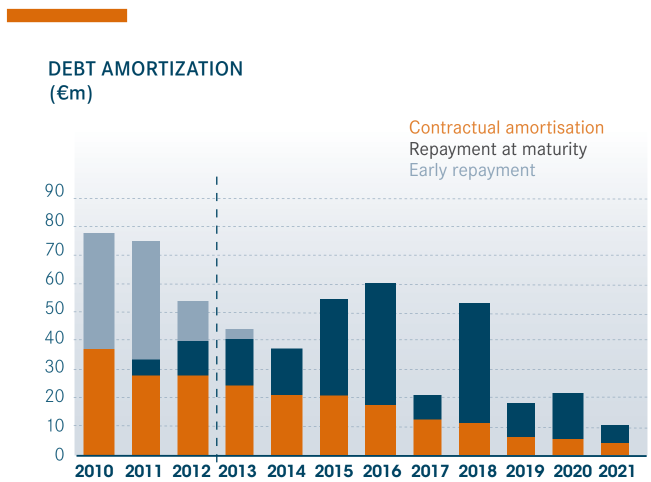
LTV (LOAN-TO-VALUE) (€m)



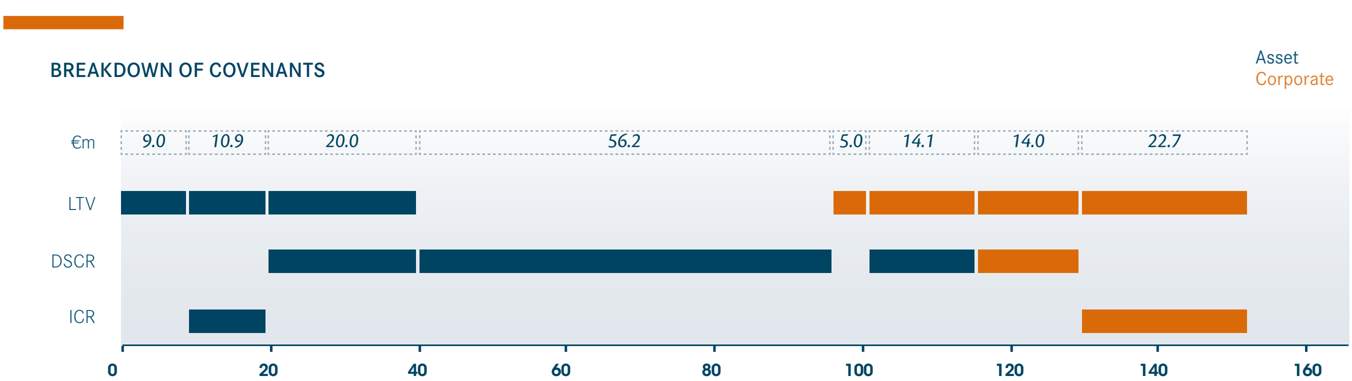


At 31 December 2012, the Group's financial debt (net of cash and cash equivalents) was €334m compared with €435m at year-end 2011. It corresponds to 0.9 times total shareholders' equity.
After deducting the debt allocated to finance lease activities (€23m), the net financial debt for investment properties, excluding buildings in anticipation of completion, and the Affine stake in the net value of associates and deconsolidated (€88m), totalled €310m, resulting in an LTV ratio of 45.5%, clearly down compared with 50.8% at year-end 2011.

Financial costs on the average of net financial debt resulted in an annual average cost of debt of 2.5% for the year (3.8% including hedging costs).
At 31 December 2012, the average maturity of debt was 5.7 years. Debts are amortized at a pace corresponding to the life of the underlying asset, with the balance of the loan repaid at final maturity. The graph below shows that the Group has no major maturities occurring over the next years.



The chart below shows the amounts of debt for Affine which are subject to covenants on the financed asset, and exceptionally on the company.



At 31 December 2012, no compulsory early repayment was required in part or in whole on any credit due to a failure to comply with financial ratios reported on that date.

LTV (net debt / portfolio value)

(€000')	2010	2011	2012
Net financial debt	465,266	434,689	333,787
Debt allocated to lease financing	(41,983)	(27,287)	(23,392)
Debt allocated to investment securities	-	-	-
Debt allocated to development business	-	-	-
Debt for investment properties	**423,283**	**407,402**	**310,396**
Value of properties (incl. TT)	724,956	709,048	580,447
Property companies on equity basis	83,771	83,692	87,594
VEFA & Fixed assets adjustments	12,392	10,002	14,397
Adjusted portfolio value incl. taxes	821,119	802,741	682,438
LTV	**51.5%**	**50.8%**	**45.5%**

10.4. Restriction on the use of capital

Information on possible restrictions on the use of capital may directly or indirectly impact the issuer's transactions presented under section 4.2 of this reference document.

10.5. Required financing sources

Affine is finalising arrangements to refinance some credit lines maturing in 2013.

11 RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

The company has no research and development policy or patent.

12.1. Main trends

There is no significant item to report since the publication of earnings at 31/12/2012 (Release of 27 February 2013).

12.2. Outlook

In a context still marked by sluggish economic activity, the weakening of a large number of companies and persistent uncertainties about the global financial situation, Affine has decided to strengthen its risk analysis resources and has adopted a prudent policy which it intends to continue in 2013.

The disposal of the Paul Baudry building has given Affine the resources to renew its selective investment policy, which has become necessary to compensate for the loss of rent caused by this disposal. Combined with the continued decline of overheads, Affine should be able to report robust performance for its EPRA earnings (current net profit – group share). Furthermore, change in net profit will depend on the value of properties, which is also directly linked to the economic and financial environment.

In this uncertain context, Affine will focus on improving the quality of its assets by investing in extensive refurbishments, closely managing customer relations, while maintaining a sound financial position.

PROFIT FORECASTS OR ESTIMATES 13

The company does not publish profit forecasts or estimates.

14.1. Board of directors and general management

Membership of the Board of Directors on 26 February 2013

First name, surname or corporate name, date of birth, business address	Date of first appointment	Date of expiry of term (General Meeting to approve the accounts)	Post held in the company	Main posts held outside the company
Maryse Aulagnon Born on 19/04/1949 5 rue Saint Georges 75009 Paris	21/09/1999	2014	Chairman and Chief Executive Officer	
MAB-Finances represented by Alain Chaussard Born on 22/06/1948 5 rue Saint Georges 75009 Paris	18/06/2004	2012	Director, Vice-Chairman Deputy Chief Executive Officer	
Arnaud de Bresson Born on 24/08/1955 39/41 rue Cambon 75001 Paris	05/02/2008	2012	Director	Managing Director of Paris-EUROPLACE
Stéphane Bureau Born on 13/06/1964 11-13 Avenue de Friedland 75008 Paris	05/03/2010	2014	Director	Partner, Asset Management senior executive at Cushman & Wakefield – Paris (Consultants – property & asset management).
Joëlle Chauvin Born on 18/12/1946 24-26 rue de la Pépinière 75008 Paris	27/04/2012	2012	Director	Chief Executive Officer of Aviva Investors Real Estate France SA
Bertrand de Feydeau Born 05/08/1948 59 avenue Kléber 75016 Paris	22/05/2001	2013	Director	Chairman of Foncière Développement Logements
Forum Partners, represented by Andrew Walker Born 02/09/1962 16 Berkeley Street London W1J 8DZ (UK)	29/04/2009	2013	Director	Mr Walker: Partner, founder and CEO of Forum Partners
Michel Garbolino Born on 24/11/1943 c/o IRR 17 av. George V 75008 Paris	21/09/1999	2013	Director	Trustee of Fondation Stern
Holdaffine BV represented by Jean-Louis Charon Born 13/10/1957 11 rue des Pyramides 75001 Paris	29/04/2009	2014	Director	Mr Charon: President of City Star Capital

The General Meeting of 27 April 2012 decided to amend the bylaws to allow a staggered renewal of directorships (renewal of one third of directors every year).

It will be submitted to the General Meeting of 24 April 2013, the renewal of the directorships of MAB Finances represented by Mr Alain Chaussard, Mr Arnaud de Bresson and Ms Joëlle Chauvin for a three-year term.

Pursuant to the Middlenext Code, the principles used by the rules of procedure to determine the independence of a director are as follows:

- must not be an employee or corporate officer of the company or a company of its Group and should not have been in the past three years,
- must not be a significant client, supplier or banker of the company or of its Group, or for which the company or its Group represents a significant portion of the activity,
- must not be a reference shareholder of the company,

- must not be a close family member of a corporate officer or a reference shareholder,
- must not have been an auditor of the company during the past three years.

In accordance with these principles, the following are considered to be independent directors at 26 February 2013: Mr Arnaud de Bresson, Mr Stéphane Bureau, Ms Joëlle Chauvin, Mr Bertrand de Feydeau, Forum Partners and Mr Michel Garbolino, i.e. six directors out of nine.

No corporate officer has been convicted of fraud in the last five years. To the company's knowledge, none of the corporate officers has been associated with bankruptcy, receivership, incrimination and/or official public sanction pronounced by statutory or regulatory authorities and has not been disqualified by a court to act as a member of the Board of Directors, a director or from acting in the management or conduct of affairs in the last five years.

List of terms and offices held in any company by the members of the Board of Directors in 2012:

Executives

Ms Maryse Aulagnon

➤ Posts held in the Affine Group:

- AFFINE R.E. (SA, listed company), chairman and chief executive officer, 2014 financial statements
  (the number of Affine R.E. shares held by Ms Aulagnon - via Holdaffine - is given in section 18.1/18.3 of this reference document)
- AFFIPARIS (SA, listed company), director, vice-president (until 7 December 2012),
- BANIMMO (SA, listed company), Belgium, representative of Affine R.E., chairman,
- ATIT (SC), Affine R.E. representative, manager,
- 2/4 HAUSSMANN (SAS), representative of Atit, receiver,
- CAPUCINE INVESTISSEMENTS (SAS), representative of Affine, chairman,
- CONCERTO DEVELOPPEMENT (SAS), representative of Mab-Finances, member of the management committee,
- COUR DES CAPUCINES (SA), representative of Mab-Finances, director (until 4 May 2012),
- LES 7 COLLINES (SAS), representative of Affine R.E., chairman,
- MAB-FINANCES (SAS), chairman,
- NEVERS COLBERT (SCI), representative of Affine R.E., manager,
- PROMAFFINE (SAS), representative of Affine R.E., chairman,
- SCI LUCE PARC-LECLERC (SCI), representative of Promaffine, manager,
- SCI NANTERRE TERRASSES 12 (SCI), representative of Promaffine, manager,
- SCI PARIS 29 COPERNIC (SCI), representative of Promaffine, manager,
- SIPEC (SAS), representative of Affine R.E., chairman (until 3 July 2012),
- SCI BRETIGNY (SCI), representative of Affine R.E., manager,
- JARDINS DES QUAIS (SNC), representative of Affine R.E., manager,
- PARVIS LILLE (SCI), representative of Atit, manager (since 26 March, 2012),
- HOLDAFFINE (BV), The Netherlands, director.

➤ Posts held outside the Affine Group:

- AIR AIR FRANCE KLM (SA, listed company), director, chairman of the audit committee
- BPCE (SA), member of the Supervisory Board,
- VEOLIA ENVIRONNEMENT (SA, listed company), director (since May 2012).

Mr Alain Chaussard

➤ Posts held in the Affine Group:

- AFFINE R.E. (SA, listed company), executive vice president, permanent representative of Mab-Finances, vice-chairman, director, 2012 accounts,
  (Mr Chaussard owns 29,850 Affine R.E. shares; he also holds an equity interest in Holdaffine as mentioned in sections 18.1/18.3 of this reference document),
- AFFIPARIS (SA, listed company), chief executive officer (until 7 December 2012),
- BANIMMO (SA, listed company), Belgium, representative of Holdaffine, director,
- ARCA VILLE D'ETE (SCI), representative of Affine R.E., manager,
- CONCERTO DEVELOPMENT (SAS), representative of Affine R.E., chairman,
- CONCERTO DEVELOPPEMENT IBERICA (SL), Spain, representative of Concerto Développement, manager,
- CONCERTO LOGISTIC PARK MER (SCI), representative of Concerto Développement, manager (until 31 October 2012),
- COUR DES CAPUCINES (SA then SAS), chief executive officer (until 4 May 2012), representative of Affine R.E., chairman (since 4 May 2012),
- MAB-FINANCES (SAS), deputy managing director (until 25 November 2012), then member of the Supervisory Board,
- ST ETIENNE MOLINA (SAS), representative of Affine R.E., chairman,
- CARDEV (SA), Belgium, representative of Affine R.E., Chairman of the Board of Directors,
- SC HOLDIMMO, representative of AffiParis, 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 (until 30 June 2012),
- SCI COSMO MARSEILLE, representative of AffiParis, which in turn represents Holdimmo, manager (until 30 October 2012),
- SCI COSMO LILLE, representative of AffiParis, which in turn represents Holdimmo, manager (until 30 June 2012),
- SCI DU BEFFROI, representative of AffiParis, which in turn represents Holdimmo, manager (until 30 June 2012),

- GOUSSINVEST (SCI), representative of AffiParis, which in turn represents Holdimmo, manager (until 30 June 2012),
- SCI NUMERO 1, representative of AffiParis, manager
- SCI NUMERO 2, representative of AffiParis, manager (until 30 June 2012),
- SARL COSMO, representative of AffiParis, which in turn represents Holdimmo, receiver (until 18 June 2012),
- SCI 36, representative of AffiParis, manager,
- SCI AULNES DEVELOPPEMENT, representative of Concerto Développement, joint manager,
- TARGET REAL ESTATE (SAS), representative of Affine R.E., chairman,
- BERCY PARKINGS (SCI), representative of AffiParis, manager.

➢ Other functions:

- INSTITUT DE L'EPARGNE IMMOBILIERE ET FONCIERE, director.

Directors:

Mr Arnaud de Bresson

➢ Posts held in the Affine Group

- AFFINE R.E. (SA), director, 2012 accounts (Owner of one Affine R.E share)

➢ Posts held outside the Group

- PARIS -EUROPLACE, Managing director.

➢ Other functions

- INSTITUT EUROPLACE DE FINANCE (IEF), chief executive officer,
- FINANCE INNOVATION, CEO of the Competitiveness unit
- COMITE FRANCE-CHINE, director,
- INSTITUT FRANÇAIS DES ADMINISTRATEURS (IFA), director,
- INTERNATIONAL CORPORATE governance, NETWORK (ICGN), member,
- REVUE D'ECONOMIE FINANCIERE (REF), member of the drafting committee.

Mr Stéphane Bureau

➢ Posts held in the Affine Group

- AFFINE R.E. (SA), director, 2014 accounts (Owner of one Affine R.E share).

➢ Other functions

- CUSHMAN & WAKEFIELD – Paris (Consultants – property & asset management), Partner – CEO Assets management.

Mr Jean-Louis Charon
Permanent representative of Holdaffine BV

➢ Posts held in the Affine Group

- AFFINE R.E. (SA), permanent representative of Holdaffine BV, director, 2014 accounts
  (Mr Charon holds 24,513 Affine R.E shares; the number of shares held by Holdaffine BV is given in section 18.1/18.3 of this reference document)

➢ Posts held outside the Group

- CITY STAR CAPITAL (SAS), chairman,
- SOBK SAS, chairman
- HORUS CAPITAL 1 (SAS), representative of Sobk, chairman
- HORUS GESTION (Sarl), manager,
- SELECTIRENTE SAS, vice-chairman of the Supervisory Board,
- 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
- MEDAVY Art et Antiquités, manager
- SAS VALERY, chairman
- INVESCOBO, chairman
- INVESCOSO, chairman
- NEW CONFIM, chairman
- OPCI VIVAPIERRE, member of the Board of Directors
- FINANCIERE PES SAS, chairman.

Ms Joëlle Chauvin

➢ Posts held in the Affine Group

- AFFINE R.E. (SA), director, 2012 accounts (Owner of one Affine R.E share)

➢ Posts outside the Group

- AVIVA INVESTORS REAL ESTATE France SA, chairman and chief executive officer,
- AVIVA France, real estate director.

➢ Other functions

- Chairman and founder of the Cercle des Femmes de l'Immobilier
- Member of the Institut Français de l'Expertise Immobilières (IFEI)
- Member of ADI, member of Orie, member of the Ile de France region Club de l'Immobilier, member of AMO, director of IEIF.

Mr Bertrand de Feydeau

➢ Posts held in the Affine Group

- AFFINE AFFINE R.E. (SA), director, 2013 accounts
(Owner of 100 Affine R.E shares)

➢ Posts outside the Group

- KLEPIERRE (SA), member of the Supervisory Board
- FONCIERE DES REGIONS (SA), director,
- FONCIERE DEVELOPPEMENT LOGEMENTS (SA), non-executive chairman,
- SMAF (Société des Manuscrits des Assureurs Français), chairman and chief executive officer,
- SOCIETE BEAUJON (SAS), director,
- KLEMURS (SA), director,
- SEFRI CIME (SA), director.

➢ Other functions

- FONDATION DES BERNARDINS, chairman,
- FONDATION PALLADIO, chairman,
- FEDERATION DES SOCIETES IMMOBILIERES ET FONCIERES (FSIF), director,
- CLUB DE L'IMMOBILIER, director,
- FONDATION DU PATRIMOINE, vice-chairman,
- VIEILLES MAISONS FRANCAISES, vice-chairman.

Mr Michel Garbolino

➢ Posts held in the Affine Group

- AFFINE R.E. (SA), director, 2013 accounts
(Owner of six Affine R.E shares)

➢ Posts held outside the Group

- FONCIERE ROCADE, Luxembourg, manager,
- C.M.I.L, Luxembourg, manager
- YMAGIS (SA), director
- FONDATION STERN, trustee.

Mr Burkhard Leffers
Permanent representative of LICA GmbH

➢ Posts held in the Affine Group

- AFFINE R.E. (SA), representative of LICA GmbH, director, until 27 April 2012
(Owner of three Affine R.E shares)

➢ Posts held outside the Group

- LICA GmbH, Germany, manager
- CHAMBRE DE COMMERCE FRANCO ALLEMANDE, Paris, member of the Supervisory Board
- LEFFERS & CO GmbH, Germany, Chairman of the Board
- SFM Structured Finance Management (Deutschland) GmbH, Germany, director
- IINSTITUT FUR WIRSTCHAFTSBERATUNG KARL A. NIGGEMAN & Partner GmbH & Co.KG, Germany, partner.

Mr Philippe Tannenbaum

➢ Posts held in the Affine Group

- AFFINE R.E. (SA), director, until 27 April 2012
(Owner of one Affine R.E share)

➢ Posts outside the Group

- FINANCIERE LHOMOND EURL, manager.

➢ Other functions

- GROUPE ARKEON, financial analyst
- Institut de l'Epargne Immobilière et Foncière (IEIF), senior advisor
- Université de Paris-Dauphine, lecturer on the Real Estate Management Master programm.

Mr François Tantot

➢ Posts held in the Affine Group

- AFFINE R.E. (SA), director, until 27 April 2012
(Owner of 30 Affine R.E shares)

➢ Posts outside the Group

- FTAC (Sarl), manager,
- CRÉDIT MUTUEL ILE-DE-FRANCE, director

Mr Andrew Walker

➢ Posts held in the Affine Group

- AFFINE R.E. (SA), representative of Forum Partners, director, 2013 accounts
(Owner of one Affine R.E share)

➢ Posts outside the Group

- FORUM PARTNERS INVESTMENT MANAGEMENT LLC (Delaware, USA), member of governance committee

- FORUM EUROPEAN REALTY INVESTMENT MANAGEMENT LLC (Delaware, USA), member of governance committee
- FORUM EUROPEAN REALTY INVESTMENT MANAGEMENT II LLC (Delaware, USA), member of governance committee
- FORUM EUROPEAN REALTY INVESTMENT MANAGEMENT III LLC (Delaware, USA), member of governance committee
- FORUM ASIAN REALTY INVESTMENT MANAGEMENT LLC (Delaware, USA), member of governance committee
- FORUM ASIAN REALTY INVESTMENT MANAGEMENT II LLC (Delaware, USA), member of governance committee
- WILTSHIRE REALTY INVESTMENTS LLC (Delaware, USA), member of governance committee
- FORUM PARTNERS EUROPE (UK) LLP (UK), partner
- FORUM EUROPEAN REALTY INCOME GP Limited (Cayman Islands), executive director
- FORUM EUROPEAN REALTY INCOME II GP Limited (Cayman Islands), executive director
- FORUM EUROPEAN REALTY INCOME III GP Limited (Cayman Islands), executive director
- ZUBLIN IMMOBILIERE France SA, director
- ZUBLIN IMMOBILIEN HOLDING AG, Switzerland, executive director
- FORUM PARTNERS Ltd, UK, executive director
- FORUM HOLDINGS Limited (Cayman Islands), executive director
- NEW RIVER RETAIL Limited, Guernsey, executive director
- ROXHILL DEVELOPMENTS Limited, UK, executive director
- LITTLE BRITAIN OPCO Limited, executive director
- NBS OPCO Limited, executive director
- FRXL CO-INVESTMENT GP Limited, executive director
- FORUM ADVISORS Limited, executive director

In the last five years, the Board members also held posts in the following executive or management bodies:

Ms Maryse Aulagnon

- AD VALORE INVEST SA, Luxembourg, representative of Affine, chairman
- WEGALAAN (SAS), representative of Affine, chairman until 1 January 2009
- AFFINVESTOR GmbH, Germany, manager until 31 August 2011
- CAPUCINES III (SCI), representative of Affine, manager (until 30 June 2011),
- CAPUCINES IV (SCI), representative of Affine, manager (until 30 June 2011),
- CAPUCINES V (SCI), representative of Affine, manager (until 30 June 2011),
- CAPUCINES VI (SCI), representative of Affine, manager (until 30 June 2011),
- LUMIERE (SAS), representative of Affine, receiver (until 29 June 2011),
- SCI BOURGTHEROULDE L'EGLISE (SCI), representative of Promaffine, manager (until 30 June 2011),
- TRANSAFFINE (SNC), manager (until 30 June 2011).

Mr Alain Chaussard

- AFFINE BUILDING CONSTRUCTION & DESIGN (SAS): member of the executive committee (disposal in 2008)
- ABCD Deutschland GmbH, Germany, co-manager (disposal in 2008)
- BUSINESS FACILITY INTERNATIONAL - BFI (SAS), chairman (disposal in 2010)
- AFFINVESTOR GmbH, Germany, manager (disposal in 2011)
- AFFINE DEVELOPPEMENT II (SAS), representative of Affine, chairman (until 30 June 2011)
- CAPUCINE INVESTISSEMENTS (SAS), representative of Mab-Finances, member of the Management Committee (until May 27, 2011)
- SCI DU 28 A 32 PLACE CHARLES DE GAULLE, representative of AffiParis, which in turn represents Holdimmo, manager (until 30 June 2011)
- PM MURS (SCI), manager (until 30 June 2011)

Mr Bertrand de Feydeau

- AXA IMMOBILIER (SAS), chairman,
- AXA AEDIFICANDI "Cœur Défense" (SICAV), director
- SITC (SAS), director.

Mr Jean-Louis Charon

- PAREF (SA), vice-chairman of the Supervisory Board
- NEXITY (SA), non-voting director
- CONFIM (SAS), chairman.

Ms Joëlle Chauvin, Messrs Arnaud de Bresson, Stéphane Bureau, Michel Garbolino, Burkhard Leffers, Philippe Tannenbaum, François Tantot and Andrew Walker, did not, to the company's knowledge, hold any post one an executive or management body in the last five years other than those listed above.

14.2. Conflicts of interest at the level of executive, management and supervisory bodies

There are no potential conflicts of interests regarding members of the Board of Directors and the general management other than the covenants and commitments detailed below.
The covenants and regulated commitments as defined by Article L.225-38 of the French Commercial Code are as follows:

Authorised agreements and commitments that became effective in 2012

➢ With AffiParis SA (until 7 December 2012), Atit SCI, Gesfimmo SAS, St Etienne Molina SAS, Cour des Capucines SAS, Sipec SAS (until 3 July 2012), Nevers Colbert SCI, Arca Ville d'EtÈ SCI, SCI 4/6 rue de Bourgogne – Brétigny/Orge, Target Real Estate SAS, Dorianvest SARL, Capucine Investissements SAS, Les 7 Collines SAS and Promaffine SAS.

DIRECTORS CONCERNED
Maryse Aulagnon, Mab Finances (Alain Chaussard) and Alain Chaussard

Agreement on intragroup centralised cash and prepayment management dated 22 December 2011 (with effect on 1 January 2012), authorised by the Board of Directors on 14 December 2011.

Agreements and commitments without prior approval

➢ With Concerto Développement SAS, Parvis Lille SCI, SCI numéro 1, Holdimmo SCI, SCI 36, SCI Bercy Parkings and Cosmo Montpellier SCI

DIRECTORS CONCERNED
Maryse Aulagnon, Mab Finances (Alain Chaussard) and Alain Chaussard

Membership of the agreement on centralised cash and prepayment management of 22 December 2011, On 11 June 2012 of Concerto Développement SAS (with effect from 1 January 2012) and Parvis Lille SCI (with effect from 28 March 2012) and 28 November 2012 of the other companies (with effect from 7 December 2012). This agreement was authorised by the Board Meeting of 26 February 2013.

➢ Agreement with the MAB-Finances (SAS)

DIRECTORS CONCERNED:
Maryse Aulagnon, Mab Finances (Alain Chaussard)

Pursuant to the administrative, financial, and operational development services contract signed with Mab-Finances, the expense recorded in Affine's accounts at 31 December 2012 amounts to €360,000 excluding VAT.
Agreement authorised by the Boards of Directors of 21 March 2005, 14 February 2007 and 4 March 2009 and approved by the General Meetings of 21 April 2006, 26 April 2007, of 28 April 2009 and 27 April 2012.
The renewal of this agreement was authorised by the Board Meeting of 26 February 2013.

Agreements and commitments approved in prior years

➢ With AffiParis (SA) (until 7 December 2012)

DIRECTORS CONCERNED
Alain Chaussard, Maryse Aulagnon, Mab Finances,

Management mandate on 21 December 2010 concerning the buildings of AffiParis and its subsidiaries (with effect from 1 July 2010)
Service procurement contract (asset management of AffiParis buildings) dated 21 December 2010 (with effect from 1 July 2010)
Service procurement contract (administrative services) dated 21 December 2010 (with effect from 1 July 2010)
Agreements authorised by the Board of Directors of 3 March 2011 and approved by the AGM of 28 April 2011.

➢ With the Deputy CEO (Mr Alain Chaussard)

Pursuant to the motion submitted by the Compensation Committee on 7 March 2005, approved by the Board Meeting of 21 March 2005, Affine raised Mr Alain Chaussard's entitled allowance, in the event of termination of his duties, to one year of the total gross compensation paid by all the Group's companies. This allowance will not be paid in the event of proven gross negligence or serious misconduct
Pursuant to the motion submitted by the Compensation Committee on 4 March 2009, the Board Meeting held on that same day, decided in accordance with article L.225-42-1 of the Commercial Code, to make the payment of the termination allowance contingent on a performance condition linked to Affine's earnings. The performance condition is as follows:

- one year of total gross compensation if the net earnings in Affine's individual accounts is at least equal to 3% of the equity capital, excluding subordinated debt

- if this condition is not met, the performance may be assessed based on the consolidated statements, excluding fair value effects.

The earnings taken into account shall be those of the year preceding the departure of Mr Alain Chaussard.
Agreement authorised by the Board of Directors on 4 March 2009 and approved by the combined General Meetings of 29 April 2009 and 27 April 2012.

➢ With Holdaffine BV

Capital link above 10%,

DIRECTORS CONCERNED
Maryse Aulagnon

Credit line of 27 September 2011 for an amount of €1,000,000 (remuneration at the Euribor 3-month rate 150 pbs).
Agreement authorised by the Board Meeting of 21 February 2012 and approved by the AGM of 27 February 2012.

15.1. Compensation and benefits paid in 2012 to members of the administrative, executive and general management bodies

This data is presented in the form of a table as recommended by the AMF.

TABLE 1

This table concerns only those managing corporate officers as this notion is defined in article L.225-185 of the French Commercial Code – that is, chairman of the Board of Directors, chief executive officer, and the deputy chief executive officer.

Summary table of the compensations and options, and shares allotted to each managing corporate officer

	2011	2012
Maryse Aulagnon **Chairman of the Board – Chief Executive Officer**		
Remunerations due for the year (detailed in Table 2)	€269,651	€273,310
Valuation of stock options allotted during the year	None	None
Valuation of performance shares allotted during the year	None	None
Alain Chaussard **Deputy Chief Executive Officer**		
Remunerations due for the year (detailed in Table 2)	€413,768	€422,192
Valuation of stock options allotted during the year	None	None
Valuation of performance shares allotted during the year	None	None

All the remunerations are paid by Affine, except for the directors' fees, part of which are paid by AffiParis.

TABLE 2

Summary table of the remunerations paid to each managing corporate officer

	2011		2012	
	Amounts owned	Amounts paid	Amounts owned	Amounts paid
Maryse Aulagnon **Chairman of the Board – Chief Executive Officer**				
Fixed remuneration (paid by Mab-Finances and Affine	€254,214	€254,214	€258,076	€258,076
Variable remuneration	None	None	None	None
Exceptional remuneration	None	None	None	None
Directors' fees (paid by AffiParis)	€15,437	€15,437	€15,234	€15,234
Benefits in kind	None	None	None	None
TOTAL	**€269,651**	**€269,651**	**€273,310**	**€273,310**
Alain Chaussard* **Deputy Chief Executive Officer**				
Fixed remuneration	€327,250	€327,250	€335,400	€335,400
Variable remuneration**	€50,000	€50,000	€50,000	€50,000
Exceptional remuneration	None	None	None	None
Directors' fees	€15,437	€15,437	€15,234	€15,234
Benefits in kind*** (paid by Affine)	€21,081	€21,081	€21,558	€21,558
TOTAL	**€413,768**	**€413,768**	**€422,192**	**€422,192**

Directors' fees include attendance at Affine and AffiParis Board meetings and in specialised committees.
* M Chaussard benefits from a termination allowance.
** The variable and exceptional remunerations reflect the beneficiary's contribution to generating the Affine Group's income. The variable and exceptional remunerations are determined through an annual analysis conducted by the Affine Remunerations Committee. This analysis is conducted by assessing qualitative and quantitative criteria, and is then submitted to the Affine Board of Directors.
*** This includes the contribution in consideration of the guaranteed social contributions of company executives or managers. These contributions were, for 2012, €17,001 and €4,558 for a company car for 2012.

TABLE 3

Director's fees and other remunerations received by the non-managing corporate officers

All the remunerations are paid by Affine. The individual amount of the directors' fees is determined according to the number of times a director attends Board meetings and the specialised Committees. The amount of the directors' fees paid during the year is settled on the basis of the Board meetings and specialised committees held in 2011.

	2011		2012	
	Amounts owned	Amounts paid	Amounts owned	Amounts paid
Arnaud de Bresson				
Directors' fees	€8,349	€8,349	€9,750	€9,750
Other remuneration	None	None	None	None
TOTAL	**€8,349**	**€8,349**	**€9,750**	**€9750**
Stéphane Bureau				
Directors' fees	€3,340	€3,340	€6,094	€6,094
Other remuneration	None	None	None	None
TOTAL	**€3,340**	**€3,340**	**€6,094**	**€6,094**
Jean-Louis Charon				
Directors' fees	€11,349	€11,349	€12,211	€12,211
Other remuneration	None	None	None	None
TOTAL	**€11,349**	**€11,076**	**€12,211**	**€12,211**
Joëlle Chauvin (1)				
Directors' fees	None	None	None	None
Other remuneration	None	None	None	None
TOTAL	**NONE**	**NONE**	**NONE**	**NONE**
Bertrand de Feydeau				
Directors' fees	€6,679	€6,679	€8,232	€8,232
Other remuneration	None	None	None	None
TOTAL	**€6,679**	**€6,679**	**€8,232**	**€8,232**
Michel Garbolino				
Directors' fees	€11,019	€11,019	€9,152	€9,152
Other remuneration	None	None	None	None
TOTAL	**€11,019**	**€11,019**	**€9,152**	**€9,152**
Burkhard Leffers (2)(3)				
Directors' fees	€10,019	€10,019	€7,312	€7,312
Other remuneration	None	None	None	None
TOTAL	**€10,019**	**€10,019**	**€7,312**	**€7,312**
Philippe Tannenbaum (3)				
Directors' fees	€11,349	€11,349	€11,291	€11,291
Other remuneration	None	None	None	None
TOTAL	**€11,349**	**€11,349**	**€11,291**	**€11,291**
François Tantot (3)				
Directors' fees	€14,019	€14,019	€14,350	€14,350
Other remuneration	None	None	None	None
TOTAL	**€14,019**	**€14,019**	**€14,350**	**€14,350**
Andrew Walker (2)				
Directors' fees	€8,349	€8,349	€4,875	€4,875
Other remuneration	None	None	None	None
TOTAL	**€8,349**	**€8,349**	**€4,875**	**€4,875**

(1) Director since 27 April 2012
(2) The amounts are indicated before the 25% withholding tax.
(3) Director until 27 April 2012.

TABLE 4

Stock options for new or existing shares allotted during the financial year to each corporate officer by the issuer and by all the companies in the Group

Name of corporate officer	No. and date of plan	Nature of stock options	Valuation of stock options	Number of stock options allotted in the yea	Exercise price	Exercise price
Maryse Aulagnon Chairman of the Board - CEO	None					
Alain Chaussard Deputy Chief Executive Officer	None					

The company did not allot any stock options or existing shares.

TABLE 5

Stock options for new or existing shares exercised by each corporate officer

Name of executive corporate officer	No. and date of plan	Number of stock options exercised in the year	Exercise price
Maryse Aulagnon Chairman of the Board - CEO	None		
Alain Chaussard Deputy Chief Executive Officer	None		

No option for new or existing shares was exercised.

TABLE 6

Bonus shares allotted to corporate officers

Bonus shares	Date of plan	Number of shares allotted during the year	Valuation of shares	Allotment date	Vesting date
Maryse Aulagnon Chairman of the Board - CEO	None				
Alain Chaussard Deputy Chief Executive Officer	None				

TABLE 7

Free shares that became available to each corporate officer during the year

Bonus shares that became available to each corporate officer	No. and date of plan	Number of shares that became available during the year	Vesting terms
Maryse Aulagnon Chairman of the Board - CEO	None		
Alain Chaussard Deputy Chief Executive Officer	None	None	None

TABLE 8

History of allotments of stock options for new or existing shares

Information on stock options for new or existing shares
None

The company did not allot any stock options.

TABLE 9

Stock options for new or existing shares granted to the top ten employees who are not corporate officers and options exercised by them	Total number of options granted for new or existing shares
None	

The company did not allot any stock options.

TABLE 10

This table contains data on the Chairman and CEO and the Deputy CEO only.

Managing corporate officers	Employment contracts	Supplementary pension scheme	Allowance or benefit owed or likely to be owed due to the termination or change of function	Allowances due under a no-compete clause
Maryse Aulagnon Chairman of the Board - CEO	None	None	None	None
Alain Chaussard	None	None	One year of overall gross compensation if the net earnings in Affine's company statements are at least equal to 3% of its equity; if this condition is not met, performance may be assessed on the basis of the consolidated statements, excluding fair value effects.	None

15.2. Amount of sums accrued for pensions, retirements and other benefits

Until 31 December 2012, Affine's employees were still covered by the National Collective Bargaining Agreement of 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 scheme. The pension plan is a defined benefits scheme.
By precaution, Affine accrues provisions in its financial statements for pension commitments according to an assumed retirement age of 65 years. Retirement provisions amounted to €514,000 on 31 December 2012.

The assumptions used to calculate the provision are as follows:
- Discount rate: 3.15%
- Staff turnover: 10.34% before 50 years and 3% beyond
- Wage raise: 1.78%
- Mortality table INSEE TD-TV 08-10.

Following the withdrawal of the financial corporation license on 19 December 2011, Affine has been governed by the Collective Bargaining Agreement of real estate companies since 1 January 2013.

16.1. Expiry dates of appointments

This information is provided in section 14.1 of this reference document.

16.2. Contract binding the holding company and the issuer

Affine has signed an administrative, financial and operational development services agreement with MAB Finances SAS, the management holding company. The signature of this agreement was approved by the Board of Directors and ratified by the General Shareholders' Meetings of the company.
As at 31 December 2012 the company had a total expense of €360,000 excluding taxes.

16.3. Specialised committees

The Board of Directors has created three committees responsible for preparing its work.
The committees are composed of three to five members who are members of the Board of Directors. The members of the committee must have the technical competence to sit on the committee.
The committees report on their work to the Board of Directors after holding a meeting.

16.3.1. Appointments and Remuneration Committee

The members of this committee are (since 27 April 2012):
- Mr Bertrand de Feydeau, Chairman
- Ms Joëlle Chauvin
- Mr Michel Garbolino

The objective of this committee specifically includes the remuneration of the corporate officers, the award of bonus shares and the company's general remuneration policy.

It is also responsible for reviewing the applications of new directors and managing corporate officers in order to make a recommendation to the Board of Directors; furthermore it examines the qualification of independent directors.
Members of General Management may participate in the Remunerations Committee in order to present the company's overall remuneration policy, excluding remuneration and other benefits concerning them.

When the committee meets for the purpose of appointments, it includes the corporate officers when the purpose of the meeting is to select new directors and to examine the qualification of independent director.

The Remunerations Committee meets before the last Board of Directors' meeting of the year or prior to the Board meeting convened to close the annual accounts or whenever decisions within its competence need to be submitted to the Board.
It met twice in 2012 (attendance rate of 100%) on 19 January 2012 and on 21 February 2012.

16.3.2. Commitment Approval Committee

The members of this committee are (since 27 April 2012):
- Ms Maryse Aulagnon
- Mr Alain Chaussard

in their capacity as executive officers of the company,
- Ms Joëlle Chauvin
- Mr Michel Garbolino
- Mr Bertrand de Feydeau
- Mr Jean-Louis Charon representing Holdaffine

The property director or the project proposer may be invited to the Commitment Approval Committee to present a transaction.
The Commitment Approval Committee may be convened urgently if necessary and by any means. The members of the committee may be consulted in writing and their opinions given by mail, e-mail or fax.

The competence of the Commitment Approval Committee extends to disposals and acquisitions of up to €10m per transaction; the next Board meeting is then informed of transactions accepted by the committee. The committee also provides the Board with a recommendation on transactions in excess of this amount.
The committee met once in 2012 (attendance rate of 80%).

16.3.3. Accounts Committee

The members of this committee are (since 27 April 2012):
- Mr Jean-Louis Charon (Chairman), representing Holdaffine
- Mr Arnaud de Bresson
- Mr Stéphane Bureau

The following may also attend the Committee:
- Ms Maryse Aulagnon
- Mr Alain Chaussard

in their capacity as chief executive officers of the company and as the director of accounting and management control.
The company's statutory auditors are generally invited to meetings and always attend meetings to review the annual and half-year accounts.
The committee meets at least twice a year, prior to the Board of Directors' meeting held to approve the annual and half-year accounts.
The committee may be convened if a particular event arises or if there is a specific regulation with an impact on its scope of operation.
The committee's role is to prepare the following for review by the Board:
- the accounting policies applied, and particularly any changes in policies compared to the preceding accounts;
- the accounts closing process;
- the draft accounts.

Only the Board of Directors is ultimately responsible for decisions regarding the accounts.
The committee also gives its opinion on the choice of statutory auditors for the company prior to their appointment by the General Shareholders' Meeting, as well as on their mission and fees.
The accounts committee was convened three times in 2012 (attendance rate of 83% for the Committees that met on 1 and 20 February.

16.4. Corporate governance

For corporate governance matters, the company has chosen to adopt the Middlenext Code of December 2009. The organisation of the company, its Board of Directors and its work comply with the recommendations of this Code.
As part of its efforts to supplement the organisation and functioning rules of its Board of Directors, its related specialised committees and to clarify the limitations to the power granted to general management, the company has drafted internal rules updated by the Board meeting of 26 February 2013.
The company is aware of the issue of equal representation of men and women on the Board. The attention of the Board was particularly drawn to the timetable to follow on this issue. The General Shareholders' Meeting of 27 April 2012 appointed Ms Joëlle Chauvin as director; the proportion of women on the Board of Directors is therefore 22% since that date.
Significant extracts of the internal regulations are provided the Chairman's report on internal control and in this document under section 16.3 on committees.

17.1. Workforce and employment policy

Information about the workforce and employment policy can be found under section 26 CSR Report of this reference document.

17.2. Bonus shares

Pursuant to the authority granted at the Combined Shareholders' General Meeting 9 November 2005, the Board of Directors issued on several occasions, for members of the company's salaried personnel, or certain categories of employees, or for the executives specified under article L.225-197-1 II of the French Commercial Code, or to directors of companies or economic interest groups linked to the company under the terms of article L.225-197-2 of the French Commercial Code, the free allotment of the company's existing or future shares, for up to 1% of the number of shares existing on the day of the meeting.

In this respect, the Board proceeded, based on a motion submitted by the Remuneration Committee, to carry out the following bonus share allotments:

- on 19 December 2005: 8,400 shares (corresponding to 25,200 shares after a 3 for 1 share split on 2 July 2007) of which 5,300 for corporate officers (or 15,900 after a 3 for 1 share split). 23,100 shares (after 3 for 1 share split) were vested at the end of the vesting period.
- on 18 December 2006: 8,700 shares (corresponding to 26,100 shares after a 3 for 1 share split) of which 5,300 for corporate officers (or 15,900 shares after a 3 for 1 share split). 23,100 shares were vested at the end of the vesting period.
- on 10 December 2007: 25,350 shares of which 17,550 for the corporate officers. 16,950 shares were vested by the beneficiaries in December 2010, at the end of the vesting period (given the departure of certain previous beneficiaries).
- on 10 December 2008, 5,685 shares for employees who had contributed to the Group's earnings except directors and managing executives, 4,575 shares were vested by the beneficiaries in December 2011 (given the departure of certain beneficiaries).

17.3. Agreement on employee's investment in the issuer's capital

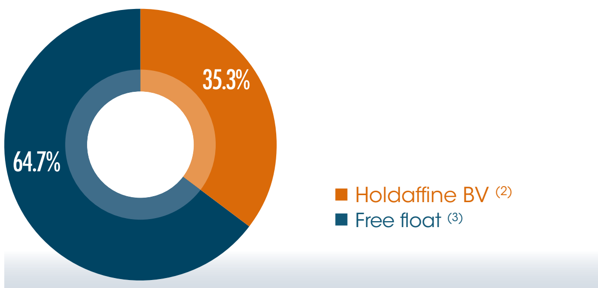
There is no agreement regarding employees' investment in the issuer's capital.

At 31 December 2012, employees of the Affine Group had no holdings in the company's share capital through a mutual fund or company savings plan (Article L.225-102 of the French Commercial Code).

18.1. Main shareholders

The history of the share capital is narrated under section 21.1.7 herein.
As at 31 December 2012, the company's capital was divided as follows:

BREAKDOWN OF CAPITAL (1)



(1) Breakdown of voting rights:
Holdaffine: 50.3% (gross DDV*: 50.1 %)
Free float: 49.7% (gross DDV*: 49.9 %)
* according to the AMF's calculation for determining voting rights
(2) Holdaffine is an unlisted holding company primarily comprised of managers and controlled by MAB Finances, the Affine Group's holding management company
(3) including La Tricogne: 6.6% of the capital and 5.0% of voting rights

Axa Investment Managers, while conducting its business as a portfolio management company, fell below the 2% statutory threshold in Affine's capital on 4 January 2012. On that date, Axa Investment Managers had 180,000 shares and voting rights of Affine, representing 1.99% of the capital and 1.45% of the voting rights. At 31 December, the company no longer had any Affine share.
On 16 and 19 March 2012, the company SHY LLC transferred all the shares that it had in Affine's capital and fell below the legal threshold of 5% and the statutory threshold of 2% of the capital and voting rights. At 31 December, the company no longer had any share.
On 20 March 2012, the civil company La Tricogne reported that it had crossed above the 5% threshold of Affine's capital and held 506,301 shares representing 5.62 % of the capital and 4.08% of voting rights. At 31 December, La Tricogne held 600,000 shares representing 6.64% of the capital and 4.96% of voting rights.
On 4 April 2012, Holdaffine BV reported that it had crossed above the 50% threshold of voting rights; this threshold crossing is the result of the share disposals by shareholders with double voting rights.
On 26 October 2012, the company cancelled 282,659 of treasury shares.
On 7 December 2012, the merger by absorption of AffiParis by Affine approved by the two general meetings resulted in the creation of 314,576 new shares.

18.2. Breakdown of voting rights

The shares are registered or in bearer form, at the shareholder's choice, except where the registered form is required by the applicable legislation. A dual voting right is granted to any fully paid-up share for which the shareholder can prove a minimum of two years registration in the name of the same shareholder and to any registered share granted free of charge to a shareholder during a capital increase through capitalisation of reserves, profits or share premiums, based on the attachment of this right to old shares.

18.3. Control of the group

At 31 December 2012, Holdaffine held 35.3% of the capital and controlled 50.3 % of the voting rights of Affine; which is itself controlled by MAB Finances. The internal regulation of the Affine Board of Directors and its composition (it includes a majority of independent directors) guarantee the good governance of the company.

18.4. Agreements that may lead to a change of control

There is no agreement that may lead to a change of control.

18.5. Information regarding transactions made on the company's shares by executives, persons of a similar status and related third parties (article L.621-18-2 Of the french monetary and financial code)

For the period ending 31 December 2012, the company received no statement concerning transactions involving Affine shares undertaken by executives, persons of a similar status and related parties, in compliance with Article L.621-18-2 of the French Monetary and Financial Code.

TRANSACTIONS WITH RELATED PARTIES 19

Transactions with related parties are mentioned under sections 14.2 and 20.1.7.10 of this reference document.

20.1. Consolidated statements

Statutory Auditors' report on the Consolidated Financial Statements Year ended 31 December 2012

Dear Shareholders,

Pursuant to the engagement assigned to us at your General Shareholders' Meetings, we submit to you our report for the year ended 31 December 2012 on:
- the audit of the consolidated statements of Affine R.E. as they are enclosed with this report;
- the justification for our assessments;
- the specific audit required by law.

The consolidated statements were prepared under the responsibility of the Board of Directors. Our responsibility is to express an opinion on these accounts based on our audit.

1. Opinion on the consolidated 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 that the consolidated statements are free of material misstatement. An audit includes an examination, on a test basis or by using other selection methods, of evidence supporting the amounts and information shown in the consolidated statements. It also includes assessing the accounting principles used and significant estimates made, as well as the overall presentation of the accounts. We believe that the information we collected is sufficient and appropriate for serving as a basis for our opinion.
We certify that the consolidated statements for the year 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.

2. Justification of the assessments

Pursuant to Article L.823-9 of the French Commercial Code pertaining to justifying our assessments, we bring the following item to your attention:
Note 20.1.7.1.8 to the financial statements "Valuation methods of principal line items" specifically explains the material estimates and accounting methods used to value investment properties. Investment properties are, therefore, recognised at their market value, which is determined by independent appraisers, who appraise the company's assets on 31 December of each year.
Our audits have consisted of reviewing the reports of the independent appraisers, assessing the data and the assumptions used as the basis for all these estimates, ensuring that the independent appraisers take account of the real estate market context and verifying that Note 20.1.7.1.8 to the financial statements provides the appropriate information.

Accordingly, our opinion issued in the first part of this report is based primarily on the assessments we made during our audit of the consolidated statements considered in their entirety.

3. Specific Verification

In accordance with the auditing standards applicable in France and as required by law, we have also conducted the specific audit of the information on the group given in the Management Report.
We have no observation to make on its fairness and consistency with the consolidated statements.

The Statutory Auditors

Paris La Défense, 8 March 2013
KPMG Audit
Department of KPMG S.A
Isabelle Goalec
Partner

Paris, 8 March 2013
Cailliau Dedouit et Associés
Rémi Savournin
Partner

20.1.1. Statement of consolidated financial position (balance sheet)

20.1.1.1. Assets

(In thousands of euros)	Note	31/12/2012	31/12/2011	31/12/2010
NON-CURRENT ASSETS				
Property, plant and equipment	*2*	287	341	1,883
Investment property	*1*	522,589	521,356	773,651
Intangible assets	*2*	520	207	283
Other intangible assets		*520*	*207*	*283*
Financial assets	*4*	29,379	39,125	113,426
Finance leases and related receivables		*23,815*	*30,673*	*53,729*
Assets held for sale	*5*	*79*	*269*	*15,641*
Derivatives stated at fair value		*1,365*	*2,607*	*4,334*
Deposits and sureties paid		*3,896*	*4,812*	*4,752*
Loans		*223*	*765*	*34,970*
Deferred tax assets	*11*	1,497	1,394	5,147
Shares and investments in companies (equity method)	*10*	89,560	85,819	41,911
Total non-current assets		**643,831**	**648,243**	**936,300**
CURRENT ASSETS				
Assets held for sale	*1 &5*	27,255	151,363	75,365
Finance lease loans and receivables		4,763	6,878	561
Inventory	*9*	14,397	13,680	183,474
Trade receivables and other accounts	*8*	6,567	8,904	13,667
Receivables for investment properties		*6,426*	*8,164*	*12,433*
Receivables related to investment properties		*141*	*739*	*1,234*
Current tax assets		91	115	1,030
Other receivables	*6*	32,673	28,471	44,272
Tax and social security receivables		*5,281*	*4,097*	*9,791*
Other receivables and adjustment accounts		*27,392*	*24,374*	*34,481*
Cash and cash equivalents	*4*	32,580	23,316	27,853
Cash equivalents		*3,345*	*465*	*2,200*
Cash on hand		*29,235*	*22,851*	*25,653*
Total current assets		**118,325**	**232,727**	**346,222**
TOTAL ASSETS		**762,157**	**880,970**	**1,282,522**

20.1.1.2. Liabilities

(In thousands of euros)	Note	31/12/2012	31/12/2011	31/12/2010
EQUITY				
Equity (Group share)		351,434	348,447	346,771
Capital and related amounts		*94,019*	*86,637*	*64,970*
Share capital		*53,300*	*53,100*	*47,800*
Premiums		*41,290*	*38,489*	*23,947*
Treasury stock		*(571)*	*(4,952)*	*(6,777)*
Consolidated reserves		*252,703*	*246,460*	*271,153*
Unrealised gains or losses on assets available for sale		*-*	*8*	*327*
Net profit (loss)		*4,712*	*15,341*	*10,320*
Non-controlling interests		(26)	13,736	83,329
Consolidated reserves		*54*	*12,441*	*83,022*
Net profit (loss)		*(80)*	*1,295*	*307*
Total shareholders' equity		**351,408**	**362,183**	**430,100**
NON-CURRENT LIABILITIES				
Long-term loans	*3*	310,003	319,837	634,891
Financial liabilities	*4*	9,934	15,551	40,877
Derivatives stated at fair value		*9,320*	*14,136*	*19,310*
Other financial liabilities		*613*	*1,415*	*21,567*
Provisions	*12*	1,726	3,027	4,797
Deposits and sureties received		6,915	7,145	10,278
Deferred tax liabilities	*11*	-	281	2,735
Non-current tax liabilities		-	-	13
Total non-current liabilities		**328,578**	**345,841**	**693,591**
CURRENT LIABILITIES				
Debts linked to assets held for sale	*5*	13,837	97,529	31,045
Amounts owed to stockholders			1	107
Trade accounts payable and other debts	*7*	17,796	24,106	49,076
Trade accounts payable and related accounts		*3,031*	*2,465*	*8,112*
Other debts		*8,734*	*11,029*	*17,329*
Adjustment accounts		*5,217*	*5,976*	*13,340*
Deferred income		*813*	*4,635*	*10,295*
Loans and borrowings	*4*	46,382	46,620	72,292
Deferred tax liabilities		-	14	1,174
Tax and social security debts	*13*	4,156	4,677	5,138
Total current liabilities		**82,171**	**172,947**	**158,832**
TOTAL LIABILITIES		**762,157**	**880,970**	**1,282,522**

20.1.2. Statement of consolidated comprehensive income

20.1.2.1. Consolidated profit and loss statement

(In thousands of euros)	Note	31/12/2012	31/12/2011	31/12/2010
Gross rental income		*46,427*	*56,866*	*70,567*
Rental revenue and expenses		*(4,406)*	*(7,425)*	*(12,001)*
Other property income and expenses		*(761)*	*709*	*1,004*
Net property revenue	*14*	41,261	50,150	59,570
Revenue from finance leases		*1,001*	*2,792*	*3,270*
Expenses on finance leases		*65*	*(441)*	*(369)*
Revenue from finance leases	*15*	1,066	2,351	2,901
Revenue from real estate transactions		*26,727*	*7,619*	*13,144*
Expenses on real estate transactions		*(24,920)*	*(9,310)*	*(15,933)*
Revenue from real estate development transactions	*15*	1,806	(1,691)	(2,789)
Other purchases and external expenses		*(4,948)*	*(7,877)*	*(10,410)*
Taxes and related expenses		*(237)*	*(573)*	*(1,008)*
Personnel costs		*(5,752)*	*(7,070)*	*(8,888)*
Overhead costs		(10,937)	(15,520)	(20,307)
Recurring EBITDA		**33,196**	**35,290**	**39,375**
Depreciations and impairment		(115)	(182)	(285)
Profit from recurring operations		**33,081**	**35,108**	**39,090**
Charges net of provisions	*16*	(230)	(569)	(674)
Balance of other revenue and expenses		102	573	1,029
Profit / loss from Gains (losses) on real-estate sales		*(8,884)*	*4,482*	*(333)*
Option exercised on finance lease properties		*382*	*764*	*(96)*
Net Gains (losses) on sale of operating assets		*-*	*4*	*(16)*
Gains on asset disposals	*17*	(8,501)	5,250	(445)
Operating income before fair value adjustment		**24,451**	**40,362**	**39,000**
Upward adjustment of value of investment properties		*12,258*	*17,588*	*21,044*
Downward adjustment of value of investment properties		*(17,475)*	*(15,698)*	*(23,862)*
Adjustment of value of investment properties		(5,217)	1,890	(2,818)
Balance net of value adjustments		(5,217)	1,890	(2,818)
Net operating profit		**19,234**	**42,252**	**36,181**
Revenue from cash and cash equivalents		*469*	*410*	*570*
Gross cost of financial debt		*(17,404)*	*(22,208)*	*(28,185)*
Net cost of debt	*18*	(16,935)	(21,798)	(27,615)
Other financial revenue and expenses		293	(49)	108
Adjustment of value of financial instruments		(1,506)	(2,712)	(2,910)
Income before tax		**1,085**	**17,693**	**5,764**
Tax on recurring income	*19*	(95)	44	280
Deferred taxes	*19*	240	(472)	305
Share of income in companies accounted for by the equity method	*20*	3,401	(629)	3,069
Net income (loss) after tax from discontinued activities		-	-	1,209
Net profit (loss)		**4,632**	**16,636**	**10,627**
Non-controlling interests		(80)	1,295	307
NET INCOME (LOSS) - GROUP SHARE		**4,712**	**15,341**	**10,320**
Earnings per share (€)		0.54	1.84	1.36
Diluted earnings per share (€)		0.47	1.60	1.12
Diluted earnings per share restated to reflect subordinated loan notes (TSDI)		0.06	1.20	0.53
Diluted earnings per share restated to reflect subordinated loan notes (TSDI) (€)		0.20	1.27	0.83

20.1.2.2. Statement of net income and gains and losses taken directly to equity

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Net profit (loss)	4,632	16,636	10,627
Currency translation adjustments	-	-	-
Changes in fair value of financial assets available for sale[1]	-	(321)	649
Share of the changes in fair value of financial assets available for sale transferred to income statement	-	-	-
Effective portion of the change in fair value of cash flow hedges	-	-	-
Share of the change in fair value of cash flow hedges transferred to income statement	-	-	-
Revaluation difference on non-current assets	-	-	-
Actuarial gains and losses on defined-benefit systems	-	-	-
Share of gains and losses taken directly to equity in companies consolidated under the equity method	-	-	-
Tax	-	-	-
Total gains and losses taken directly to equity	**-**	**(321)**	**649**
NET INCOME AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	**4,632**	**16,315**	**11,276**
Of which Group share	*4,712*	*15,020*	*10,645*
Of which non-controlling interests	*(80)*	*1,295*	*631*

(1) Montéa securities in 2010 and 2011

20.1.3. Statement of changes in equity

	Capital and related reserves								
(In thousands of euros)	Share capital	Reserves related to share capital	Treasury stock	Consolidated reserves	Total gains and losses taken directly to equity	Net income (loss) group share	Group equity	Equity held by non-controlling interests	Total consolidated equity
Equity as at 31 December 2010	**47,800**	**128,953**	**(6,777)**	**166,147**	**327**	**10,320**	**346,771**	**83,329**	**430,100**
Capital increase	*5,300*	*4,533*	*-*	*(66)*	*-*	*-*	*9,767*	*568*	*10,335*
Cancellation of treasury stock	*-*	*-*	*1,825*	*256*	*-*	*-*	*2,081*	*-*	*2,081*
Preference-share issue	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Equity portion of compound instruments	*-*	*(799)*	*-*	*(5,119)*	*-*	*-*	*(5,918)*	*-*	*(5,918)*
Share-based payment transactions	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Appropriation of 2010 income (loss)	*-*	*-*	*-*	*10,320*	*-*	*(10,320)*	*-*	*-*	*-*
Bonus shares	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Distribution of dividends	*-*	*-*	*-*	*(20,426)*	*-*	*-*	*(20,426)*	*(427)*	*(20,853)*
Dividends on treasury stock	*-*	*-*	*-*	*748*	*-*	*-*	*748*	*-*	*748*
Preference dividends	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Sub-total of shareholder-related movements	5,300	3,734	1,825	(14,287)	-	(10,320)	(13,748)	140	(13,608)
Changes in gains and losses recognised directly in equity	*-*	*-*	*-*	*-*	*(318)*	*-*	*(318)*	*-*	*(318)*
2011 income	*-*	*-*	*-*	*-*	*-*	*15,341*	*15,341*	*1,295*	*16,636*
Subtotal	-	-	-	-	(318)	15,341	15,023	1,295	16,318
Effect of acquisitions and disposals on non-controlling interests	*-*	*-*	*-*	*40*	*-*	*-*	*40*	*(71,033)*	*(70,993)*
Changes in accounting methods	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Share of changes in equity of companies accounted for under the equity method	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Other changes	*-*	*-*	*-*	*362*	*-*	*-*	*362*	*4*	*366*
Equity as at 31 December 2011	**53,100**	**132,688**	**(4,952)**	**152,262**	**9**	**15,341**	**348,447**	**13,736**	**362,183**
Capital increase	*1,867*	*5,468*	*-*	*(12)*	*-*	*-*	*7,324*	*-*	*7,324*
Cancellation of treasury stock	*(1,667)*	*(2,668)*	*4,335*	*-*	*-*	*-*	*-*	*-*	*-*
Cancellation of treasury stock	*-*	*-*	*47*	*(87)*	*-*	*-*	*(40)*	*-*	*(40)*
Preference-share issue	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Equity portion of compound instruments	*-*	*(213)*	*-*	*(4,051)*	*-*	*-*	*(4,264)*	*-*	*(4,264)*
Share-based payment transactions	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Appropriation of 2011 income (loss)	*-*	*-*	*-*	*15,341*	*-*	*(15,341)*	*-*	*-*	*-*
Bonus shares	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Distribution of dividends	*-*	*-*	*-*	*(10,807)*	*-*	*-*	*(10,807)*	*(158)*	*(10,965)*
Dividends on treasury stock	*-*	*-*	*-*	*401*	*-*	*-*	*401*	*-*	*401*
Preference dividends	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Sub-total of shareholder-related movements	200	2,588	4,381	786	-	(15,341)	(7,386)	(158)	(7,544)
Changes in gains and losses recognised directly in equity	*-*	*-*	*-*	*-*	*(9)*	*-*	*(9)*	*-*	*(9)*
2012 income	*-*	*-*	*-*	*-*	*-*	*4,712*	*4,712*	*(80)*	*4,632*
Subtotal	-	-	-	-	(9)	4,712	4,703	(80)	4,623
Effect of acquisitions and disposals on non-controlling interests	*-*	*-*	*-*	*5,558*	*-*	*-*	*5,558*	*(13,523)*	*(7,965)*
Changes in accounting methods	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Share of changes in equity of companies accounted for under the equity method	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Other changes	*-*	*-*	*-*	*114*	*-*	*-*	*114*	*-*	*114*
EQUITY AS AT 31 DECEMBER 2012	**53,300**	**135,276**	**(571)**	**158,718**	**-**	**4,712**	**351,433**	**(26)**	**351,408**

20.1.4. Consolidated cash flow statement

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
I –TRANSACTIONS RELATED TO OPERATING ACTIVITIES			
Consolidated net income (loss) (including non-controlling interests)	4,632	16,636	10,627
Net increase (decrease) in depreciation and provisions	1,988	(7,347)	3,296
Unrealised gains and losses from changes in fair value	5,217	(1,896)	2,818
Other calculated income and expenses (including discount calculations)	(3,125)	1,655	758
Capital gains or losses on sales of assets	12,603	9,735	11,585
- net carrying value of fixed assets sold	*143,259*	*79,014*	*101,036*
income from disposals of fixed assets	*(130,656)*	*(69,279)*	*(89,451)*
Dilution profits and losses	-	-	-
Share in profits of companies consolidated under the equity method	(3,401)	631	(3,069)
Dividends and returns from income of non-consolidated companies	-	(85)	(244)
Cash flow from operations after net borrowing costs and tax	**17,914**	**19,330**	**25,771**
Net cost of debt	15,493	22,051	26,494
Tax expense (including deferred taxes)	(145)	428	(585)
Cash flow from operations before net cost of debt and tax	**33,262**	**41,809**	**51,679**
Income tax paid	(41)	(545)	(3,933)
Change in WCR linked to property development (Inventories, trade receivables and other related accounts payable)	(10,957)	8,416	(26,998)
Change in trade receivables and other accounts	2,776	2,538	(4,247)
Change in trade accounts payable	(1,454)	(1,260)	3,379
Other changes in working capital requirement related to operating activities	(6,773)	8,344	475
Impact of discontinued activities	-	-	-
Net cash flows from operating activities	**16,812**	**59,303**	**20,356**
II – INVESTMENT TRANSACTIONS			
Finance leases	3,900	10,680	3,580
- Cash paid for acquisitions	*-*	*(38)*	*(258)*
- Cash received for disposals	*3,900*	*10,718*	*3,837*
Investment properties	106,777	15,131	68,790
- Cash paid for acquisitions	*(20,522)*	*(26,767)*	*(24,163)*
- Cash received for disposals	*127,299*	*41,898*	*92,954*
Cash paid for acquisitions of tangible and intangible fixed assets	(375)	(266)	(566)
Cash received for disposals of tangible and intangible fixed assets	-	8	68
Investment subsidies	-	-	-
Cash paid for acquisitions of financial assets	-	-	(9,294)
Cash received for disposals of financial assets	24	5,456	461
Consolidated shares	(3)	(2,202)	(31,295)
- Cash paid for acquisitions	*-*	*-*	*(31,637)*
- Cash received for disposals	*-*	*1,633*	*354*
- Impact of changes in consolidation	*(3)*	*(3,835)*	*(12)*
Dividends received (companies consolidated under the equity method, non-consolidated shares)	847	2,028	1,667
Change in loans and advances outstanding	373	(7,634)	(22,771)
Other cash flows related to investment activities	-	-	(389)
Cash flow from discontinued activities	-	-	(1,455)
Net cash flow investment transactions	**111,543**	**23,200**	**8,795**
III – FINANCING TRANSACTIONS	**-**	**-**	**-**
Amounts received from shareholders in capital increases	-	568	-
- paid by shareholders of the parent company	*-*	*568*	*-*
- paid by minority interests of consolidated subsidiaries	*-*	*-*	*-*
Purchases and sales of treasury stock	(15)	1,957	4,337
Dividends paid out during the financial year	(10,565)	(11,840)	(19,238)
- dividends paid to shareholders of the parent company	*(10,406)*	*(10,116)*	*(11,227)*
- paid to minority interests of consolidated subsidiaries	*(159)*	*(1,724)*	*(8,011)*
Change in non-controlling interests without loss of control	(323)	(3,196)	-
Increase/Decrease in subordinated debts	-	-	-
Income/Loss from compound instruments	(4,194)	(5,300)	(6,335)
Change in guarantee deposits given and received	(1,690)	(2,620)	(4,363)
Issues or subscriptions of loans and borrowings	35,915	50,802	117,741
Repayments of loans and borrowings	(123,797)	(96,403)	(96,646)
Net cost of debt: interest paid	(16,531)	(23,873)	(29,115)
Other cash flows related to financing activities	1,037	1,823	2,621
Cash flow from discontinued activities	-	-	-
Net cash flow from financing transactions	**(120,161)**	**(88,083)**	**(30,998)**
NET CHANGE IN CASH (I+II+III)	**8,194**	**(5,581)**	**(1,847)**
Cash and cash equivalents at beginning of period	18,911	24,492	26,339
Cash and cash equivalents at end of period	27,106	18,911	24,492
NET CHANGE IN CASH	**8,194**	**(5,581)**	**(1,847)**

As from fiscal year 2012, the change of WCR linked to the property development activity includes inventories, trade receivables and payables. Fiscal year 2010 and 2011 were accordingly corrected to ensure better comparability.

Cash and equivalents

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Savings bank, central bank, post office	3	116	121
Liquid bank assets	29,219	22,735	25,524
Liquid bank assets in other assets	361	465	1,070
Investment securities (*1)	2,984	-	1,127
Sub-total (1)	**32,566**	**23,316**	**27,840**
Bank overdrafts	(5,460)	(4,405)	(3,348)
Bank overdrafts in other liabilities	-	-	-
Sub-total (2)	**(5,460)**	**(4,405)**	**(3,348)**
TOTAL (1) + (2)	**27,106**	**18,911**	**24,492**

(*1): According to IFRS7 nomenclature, the fair value of investment securities corresponds to a price quoted on an active market.

20.1.5. Change in number of shares comprising the capital

Shares authorised, issued and paid up

	At beginning of period	Increase in capital following the merger	Decrease in capital through cancellation of treasury stock	Increase in capital through incorporation of free reserves to round off the capital amount	At end of period
Number of shares	9,002,042	314,576	(282,659)	-	9,033,959
Share capital in euros	53,100,000	1,855,577	(1,667,310)	11,732	53,300,000

Treasury stock

	At 31/12/2011	Acquisitions	Sales	Cancellation	At 31/12/2012
In thousands of euros	4,952	1,403	(1,449)	(4,335)	571
In numbers	323,194	115,146	(111,274)	(282,659)	44,407

20.1.6. Corporate information

Following the loss of the status of financial corporation, Affine changed its name to a Affine RE but maintained Affine as its trade mark.

On 26 February 2013, the Board of Directors of Affine RE approved the financial statements for the year ended 31 December 2013 and authorised their publication. Affine is a société anonyme (French public limited company) listed in Compartment C of Euronext Paris. It is included in the SBF 250 index, the CAC Small90 index and the EPRA index.

It has also, together with some of its subsidiaries, adopted the tax status of a listed real-estate investment trust (French acronym "SIIC") for its rental real estate business.

Its registered office is at 5 rue Saint Georges, Paris 9.

SIICs must comply with a ceiling on their capital ownership of 60% (equity or voting rights) by a single shareholder or several shareholders acting in concert under Article L.223-10 of the French Commercial Code. Affine complies with this provision.

The Group's main business activities are set out in the "Segment reporting" note below. The main events of the year are described and can be found in paragraph 7.3 and in the Annual Report.

The financial statements of the Affine group are fully consolidated by MAB Finances SAS in its financial statements.

20.1.7. Notes to the consolidated financial statements

20.1.7.1. Accounting principles and policies

20.1.7.1.1. Accounting basis and presentation of the financial statements

In accordance with EC regulation No. 1606/2002 of 19 July 2002, the AffiParis Group's financial statements are drawn up pursuant to the IAS (International Accounting Standards) /IFRS (International Reporting Standards) as adopted by the European Union.
International accounting standards are published by the IASB (International Accounting Standards Board) and adopted by the European Union. They include the IFRS (International Financial Reporting Standards), the IAS (International Accounting Standards), as well as their mandatory application interpretations effective on the closing date. The IFRS system is available on the website http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.
The accounting principles applied are identical to those used in preparing the consolidated annual financial statement for the financial year ending 31 December 2011, except for the adoption of the new standards and interpretations that is mandatory for financial years beginning on or after 1 January 2012 (see list below). These new standards, amendments and interpretations have no significant impact on the Group's financial statements.

➤ Standards, interpretations and amendments to the existing standards adopted by the European Union, whose application is mandatory in 2012:

- IFRS 7: Disclosures about the transfers of financial assets
- Amendment to IAS 1: Presentation of other items of comprehensive income (mandatory application for financial years beginning on or after 1 July 2012)

➤ Standards, interpretations and amendments to the existing standards adopted by the European Union, without mandatory application in 2012:

- Amendments to IAS 12: Deferred tax: recovery of underlying assets (applicable at the latest for financial years beginning on or after 1 January 2013).
- Revised IAS 19: Employee benefits (applicable at the latest for financial years beginning on or after 1 January 2013).
- Amendment to IFRS 1: Severe hyperinflation and removal of fixed dates for first-time adopters (applicable at the latest for financial years beginning on or after 1 January 2013).
- Amendments to IFRS 7: Disclosures on offsetting financial assets and financial liabilities (applicable at the latest for financial years beginning on or after 1 January 2013).
- IFRS 13: Fair value measurement (applicable at the latest for financial years beginning on or after 1 January 2013).
- Revised IAS 27: Individual financial statements (applicable at the latest for financial years beginning on or after 1 January 2014).
- Revised IAS 28: Investments in associates and joint ventures (applicable at the latest for financial years beginning on or after 1 January 2014).
- Amendment to IAS 32: Presentation, offsetting financial assets and liabilities (applicable at the latest for financial years beginning on or after 1 January 2014).
- IFRS 10: Consolidated financial statements (applicable at the latest for financial years beginning on or after 1 January 2014).
- IFRS 11: Joint arrangements (applicable at the latest for financial years beginning on or after 1 January 2014).
- IFRS 12: Disclosure of interests in other entities (applicable at the latest for financial years beginning on or after 1 January 2014).
- IFRIC 20: Stripping costs in the production phase of a surface mine (effective for financial years beginning on or after 1 January 2013).

The Group has not opted for the early application of any of these standards.

➤ Standards, interpretations and amendments already published by the IASB but not yet endorsed by the European Union:

- IFRS 9: Financial instruments
- Amendment to IFRS 1: Government loans.
- Annual improvements to the IFRS (2009-2011).
- Transition guide (Amendments to IFRS 10, 11 and 12)

The business activities of the consolidated companies are not seasonal.
The financial statements are presented in thousands of euros.

20.1.7.1.2. Comparability of the financial statements

After Affine obtained the withdrawal of its status as a financial corporation on 19 December 2011, the annual financial statements have since been published with a commercial presentation.
To ensure better comparability, the 2010 and 2011 financial years are presented in this new format.

At the end of the third quarter 2011, Affine fell below the 50% holding threshold of Banimmo and consequently changed the consolidation method by consolidating it under the equity method as well as the SNC Jardin des Quais, jointly owned with Affine and Banimmo.
Pro forma financial statements were prepared to ensure the comparability of the three financial years.

20.1.7.1.3. Consolidation scope and policy

20.1.7.1.3.1. 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 of a subsidiary is considered as the power to influence its financial and operational policies in order to profit from its activities. It results:
- from the direct or indirect holding of the majority of voting rights in the subsidiary,
- or the power to appoint or dismiss the majority of the members of the administrative, management or supervisory bodies of the subsidiary or bring together the majority of the voting rights to the meetings of these bodies,
- or to be able to exercise dominant influence on a subsidiary, through a contract or statutory clauses.

Joint control exists when strategic, financial and operational decisions related to the business require unanimous agreement of the parties sharing control. Joint control must be defined under 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 bodies or participation in strategic decisions.

20.1.7.1.3.2. Consolidation method

Companies under exclusive control are fully consolidated and those under significant influence are consolidated under the equity method. Companies under joint control may be either proportionately consolidated or consolidated under the equity method pursuant to IAS 31 §30 and 38).

Joint ventures (companies proportionately consolidated)

The joint venture partners in real-estate development transactions are companies recognised 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.

20.1.7.1.3.3. Closing date

All consolidated companies end their financial year on 31 December.

20.1.7.1.4. Business combinations and acquisition of individual assets

The difference between acquisitions of individual 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 that 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 individual assets, groups of assets which do not constitute a business and on the securities of companies holding such assets.

20.1.7.1.4.1. Business combinations

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

The acquisition method consists of:
- Identifying the acquirer,
- Determining the acquisition date,
- Measuring the acquisition cost,
- Allocating the cost of the business combination through the recognition of certain and contingent assets and liabilities identifiable later at their fair value.

Goodwill represents a payment made in expectation of future economic benefits generated by assets that cannot be identified individually and carried separately. Goodwill is initially recognised as an asset at cost; it cannot be amortised but may be tested annually for impairment. Goodwill is calculated by the partial goodwill method.

An excess in the purchaser's interest over the cost of the business combination (negative goodwill) is taken to income.

20.1.7.1.4.2. Acquisitions of individual assets

These are recognised at their purchase cost, which generally corresponds to their fair value.

20.1.7.1.5. 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.
Factors likely to lead to significant adjustments during the 2013 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 simulations of sensitivity to the change in rates of return on fair value is found in Note 1 – Property portfolio – paragraph entitled "Sensitivity to changes in the assumptions used to measure fair value".
Fair value of financial instruments: the nature of the assumptions used by the independent appraisers may have far-reaching impacts on the change in fair value taken directly to the income statement. An increase or decrease of 50 or 100 basis points in interest rates would have the following effects on the valuation of financial instruments (valuation made based on the yield curve of the three-month Euribor as of 31 December 2012 to the ten-year segment):

(In thousands of euros)	-100BP	-50BP	+50BP	+100BP
Change in FV of hedging financial instruments	(1,360)	(1,036)	1,473	2,975

20.1.7.1.6. Leases

➤ 20.1.7.1.6.1. 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 the property lease contracts in Affine's portfolio are finance leases under IAS 17. The lessor carries a receivable on its balance sheet corresponding to the present value of the conditional rents receivable.
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.
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 revenue over the term of the lease.
The lessor's net income 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.

➤ 20.1.7.1.6.2. Investment property leases

Investment property leases comprise operating leases 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 rents results in the recognition of accrued income 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 recognised as a reduction in 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.
Guarantee deposits paid by lessees are treated as part of the rights and obligations arising from contracts 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 (in addition to 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.

20.1.7.1.7. Investment property

IFRS draws 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.

Because the Affine Group opted for the fair value method provided for in IAS 40, the change in value of investment properties has an impact on earnings.

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.

Revenue from investment properties

Investment property revenue includes rent and similar income (for example: occupancy compensation, signing fees, parking income) invoiced for the offices, retail premises and storage facilities over the period.

The grace periods for rent, step-ups and signing fees are apportioned over the fixed term of the lease. The rental income also includes expenses rebilled to tenants.

Expenses on investment properties

The expenses on investment properties include rental charges rebillable to tenants, unrecovered rental charges (due to leases and vacancy of premises), costs payable by the owner, those relating to work, of disputes, bad debts and costs linked to property management.

20.1.7.1.8. Measurement policy for major items

20.1.7.1.8.1. Investment property

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. The fair value is calculated from the value excluding registration duties (the registration duties are deducted from the "taxes included" value (in the case of properties liable to this regime) or notary expenses (if it is a property sold under the real estate VAT regime and which applies to buildings delivered or extensively refurbished less than five years ago). The deducted amounts are calculated on a flat basis of 6.2% of the "duties excluded" value of the first scenario and includes all expenses, tax payables or other, borne during a sale. In the second scenario, the deducted amounts are calculated on a flat-price basis of 1.8% of the value excluding tax.) prepared by an external property appraiser, an internal appraiser or as shown on an offer, a preliminary agreement or a sale mandate.

The methodology for determining the fair value of investment properties consists of using the value of the buildings obtained by capitalising the rental revenue and/or 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.

The appraisal firms applied the revenue capitalisation method together with the discounted cash flow (DCF) method and the multiples method. The first method consists of capitalising 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 either until each lease renewal date, in the case where the current rent is higher than the market rent considered, or up to the lease expiry date where the current rent is lower than the market rent considered. The adopted discount rates are based on the comparables of the most relevant transactions with respect to the building's quality, its rental situation, the economic climate of the investment market both locally and nationally. In the DCF method, the property appraisers independently prepare their estimates of current and future cash flows and apply risk factors, either to the cash flows (for example future rent levels, growth rates, required investments, vacant periods, and rent arrangements) or to the rate of return or discount rate.

The principal assumptions used to estimate 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, to actual Group transactions, and to transactions announced in the market.

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 income statement for the period during which they are incurred.

Most buildings in the portfolio are appraised twice a year by independent appraisal firms. For the 31 December 2012 reporting, the appraisers used were as follows:
- Cushman & Wakefield,
- Foncier Expertise,
- BNP Real Estate.

Unless otherwise justified, the Affine Group uses values provided by independent appraisers.

Appraisals made by internal appraisers are not induced for quantitative thresholds, General Management cannot retain the appraisal value when new evens occur.

➢ 20.1.7.1.8.2. Property, plant and equipment and buildings under construction

Property, plant and equipment includes operational buildings that do not meet the requirements of IAS 40.
In application of the preferential method in IAS 16, property, plant and equipment 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 depreciation per component and impairment losses.

Depreciation is calculated according to the straight-line method based on the anticipated useful life.

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: are amortised based on the FSIF *(Fédération des Sociétés Immobilières et Foncières)* grid used by Affine for its investment properties in the company statements.

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 book value is recorded in the income statement in value adjustments.

➢ 20.1.7.1.8.3. 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 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.

➢ 20.1.7.1.8.4. Assets held for sale

Where the carrying amount of an asset is to be recovered through a probable sale within one year, rather than through its continued use, IFRS 5 requires the asset to be posted to a specific balance sheet account: "Current assets held for sale".
As at 31 December 2012, 13 assets are shown in this line;
- the value of four of them corresponded to external appraisals,
- the value of eight of them corresponded to signed mandates, offers accepted by both parties and/or commitments to sell,
- A value was measured on the basis of internal appraisal reflecting the probable sale price.

Consequently, the liabilities directly related to these assets have been reclassified in "Debts linked to assets held for sale".

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.

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Gain or loss on sale	(8,884)	4,482	(333)

20.1.7.1.8.5. Inventories and construction contracts

Inventory

Buildings purchased, regardless of their initial rental situation, solely with a view to their resale after redevelopment or physical and/or commercial repositioning in the normal course of business of Banimmo are carried in inventories, in accordance with IAS 2.
Inventories and work in progress are recognised at their purchase price 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 off-plan sales (VEFA)

For real estate development activities, the margin and revenue from real estate activities are recognised in Affine's statements using the percentage of completion method.
Costs of construction and off-plan sales agreement are cost prices directly attributable to the contract; marketing expenses are not taken to inventory but borrowing costs are. Marketing and management fees are recognised as expenses.
When it is probable that the total cost of a contract will exceed total revenue, the Group records a loss upon termination as an expense for the period.
The profit or loss upon termination 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.

20.1.7.1.8.6. Accounts receivable

Accounts receivable mainly comprise operating lease and finance lease receivables. These items are valued at amortised cost. Once a receivable has been overdue for over six months at the end of the financial year, or the when the customer's situation leads to the conclusion that a risk is present (receivership, major financial difficulties, etc.), the receivable is transferred to the "bad debt" account.

20.1.7.1.8.7. Impairment of assets

Impairment of property, plant and equipment and intangible assets

OPERATING BUILDINGS
When recognising impairment of 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 increased as a result of an impairment reversal must not exceed the carrying amount that would have been determined (after depreciation) had no impairment 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). Impairment 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.
All impairments are recognised in income, as are all reversals.

Impairment of finance leases

Impairment of finance lease receivables is posted to "Trade loans and receivables" (see Note 8 to the financial position statement).
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), impairment is recognised 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, impairment is recognised for the portion relating to work in progress (the impairment corresponding to work to be completed is recognised as a provision for liabilities).

Impairment of goodwill

Goodwill is recognised 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, an impairment charge is recognised in the income statement for the year.

Impairment of doubtful receivables

Invoices classified as bad debts are systematically written off for their full amount excluding tax, less any deposits or guarantees received.

20.1.7.1.8.8. 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".

The 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 profit or loss, 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, which requires prospective and retrospective effectiveness tests to be carried out.
The 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, the Affine Group 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 SIIC 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;
- Derivative instruments are valued by discounting estimated future cash flows on the yield curve of the three-month Euribor as at 31 December 2012 to the ten-year segment. The company uses the update provided by the firm Finance Active; the comparison of these figures with those issued by the various banks with whom the hedging is contracted is satisfactory. 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 banks offering these hedges) calculated by Finance Active.

20.1.7.1.8.9. Recognition of convertible bonds (ORA) and perpetual subordinated loan notes (TSDI)

Convertible Bonds (ORA)

Two thousand convertible bonds with a par 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 dividend on 15 November corresponding to a fixed interim payment of €0.518 per underlying share multiplied by the exchange ratio (that is, €323.23 per bond at this time);
- 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 bond.

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 full (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).

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 each 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.

20.1.7.1.8.10. 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 reimbursement of a portion of the risk amount covered by a provision, 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.

20.1.7.1.8.11. Treasury stock

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

20.1.7.1.8.12. Tax

Consolidated tax expense includes deferred taxes.

Current tax

The Affine Group is subject to a mixed tax treatment as follows:
- an SIIC segment allowing exemption of tax on ordinary profits from rental activities, capital gains on building disposals and shareholdings and dividends from subsidiaries that choose:
- 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 taxes

Pursuant to IAS 12, deferred tax arises on timing differences between the carrying amounts of assets and liabilities and their tax values.
Under the balance sheet liability method, deferred tax is calculated based on the actual or expected tax rate in the year when the assets will be realised or the liabilities paid.
The effects of changes in the tax rate from one year to another are posted to income for the year in which the change is recognised, unless the changes affect a tax asset or liability originally recognised in equity.
Deferred tax relating to assets and liabilities posted directly to equity is also posted to equity.

The rates applicable to the year ended 31 December 2012 are as follows:

French companies excluding SIIC	33.33%
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.

20.1.7.1.8.13. Employee benefit obligations

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

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.

Due to the loss of its status as a lending institution, Affine's employees are covered by the real estate collective bargaining agreement as of 01 January 2013.

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.

Actuarial gains or losses are not isolated. They are recorded in income and not in equity.

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.

20.1.7.2. Segment reporting

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

There is no longer a "Belgian real estate" sector for the 2012 fiscal year due to the change of consolidation method for Banimmo.
The data in the report are prepared in accordance with the accounting principles used by the Group.

Segment analysis is based on the nature of activity:
- "Finance leases",
- "French real estate",
- "Belgian real estate",
- "Property development",

By relying on the new information system set up by Affine, changes may be made to segment reporting in 2013.

AT 31 DECEMBER 2012

(In thousands of euros)	Finance leasing	French real estate	Belgian real estate	Property development	Total
Gross rental income	-	46,427	-	-	46,427
NET PROPERTY INCOME	**-**	**41,261**	**-**	**-**	**41,261**
Revenue from other activities	1,066	-	-	1,806	2,872
Overhead costs	-	-	-	-	(10,937)
Recurring EBITDA					**33,196**
Depreciations and impairment	-	-	-	-	(115)
CURRENT OPERATING INCOME					**33,081**
Other revenue and expenses	-	-	-	-	(128)
Gains on asset disposals	382	(8,884)	-	-	(8,501)
OPERATING INCOME					**24,451**
Balance net of value adjustments	-	(5,217)	-	-	(5,217)
NET OPERATING PROFIT					**19,234**
Net cost of financial debt	-	-	-	-	(16,935)
Adjustment of value of financial instruments	-	-	-	-	(1,506)
Tax	-	-	-	-	145
Share of securities consolidated by the equity method	-	753	1,104	1,544	3,401
Other	-	15	-	-	293
NET INCOME					**4,632**

(In thousands of euros)	Finance leases	French real estate	Belgian real estate	Property development	Total
Segment assets	28,611	575,202	-	33,500	637,313
Shares in EM associates	-	28,739	59,085	1,736	89,560
Unallocated assets	-	-	-	-	35,284
Total consolidated assets	**-**	**-**	**-**	**-**	**762,157**
Segment liabilities	5,083	385,366	-	8,173	398,622
Non-segment liabilities	-	-	-	-	363,535
Total consolidated liabilities	**-**	**-**	**-**	**-**	**762,157**
Investment expenses	-	23,948	-	-	23,948
Amortisation expense	-	-	-	-	(115)
Other non-disbursed expenses	0	1,209	-	1,916	3,125

AT 31 DECEMBER 2011

(In thousands of euros)	Finance leasing	French real estate	Belgian real estate	Property development	Total
Gross rental income	-	50,276	6,590	-	56,866
NET PROPERTY INCOME	**-**	**44,337**	**5,813**	**-**	**50,150**
Revenue from other activities	2,351	-	-	(1,691)	660
Overhead costs	-	-	-	-	(15,520)
Recurring EBITDA					**35,290**
Depreciations and impairment	-	-	-	-	(182)
CURRENT OPERATING INCOME					**35,108**
Other revenue and expenses	-	-	-	-	4
Gains on asset disposals	764	2,168	2,315	-	5,250
OPERATING INCOME					**40,362**
Balance net of value adjustments	-	2,460	(570)	-	1,890
NET OPERATING PROFIT					**42,252**
Net cost of financial debt	-	-	-	-	(21,798)
Adjustment of value of financial instruments	-	-	-	-	(2,712)
Tax	-	-	-	-	(428)
Share of securities consolidated by the equity method	-	1,110	(539)	(1,200)	(629)
Other	-	-	-	-	(49)
NET INCOME					**16,636**

(In thousands of euros)	Finance leases	French real estate	Belgian real estate	Property development	Total
Segment assets	37,579	700,814	-	27,595	765,989
Shares in EM associates	-	26,909	59,720	(810)	85,819
Unallocated assets	-	-	-	-	29,162
Total consolidated assets	**-**	**-**	**-**	**-**	**880,970**
Segment liabilities	8,441	486,120	-	9,357	503,917
Non-segment liabilities	-	-	-	-	377,052
Total consolidated liabilities	**-**	**-**	**-**	**-**	**880,970**
Investment expenses	-	36,158	115	-	36,274
Amortisation expense	-	-	-	-	(182)
Other non-disbursed expenses	-	476	99	2,987	3,562

20.1.7.3. Key events of the year

SHARE CAPITAL

On 28 September 2012, General Management on the authority of the Board of Directors decided to cancel all the 282,659 treasury stock held by Affine and give it full power to recognise a reduction of €1,667,000 in the share capital. The capital was thus reduced from €53,100,000 to €51,433,000.

Affine carried out the merger by absorption of AffiParis, with a retroactive accounting and fiscal effect to the net asset bases contributed on 01 January 2012.
The minutes of the Extraordinary General Meeting (EGM) of 07 December 2012 validated the final completion of the merger by absorption of AffiParis by Affine and the correlative increase of Affine's share capital in consideration for the contributions under the merger. Pursuant to this transaction, the share capital is set at €53,288,000 divided into 9,033,959 shares and the merger premium at €5,953,000.

The minutes of the Board of Directors of 13 December 2012 decided to raise the capital to €53,300,000, through incorporation of a sum of €12,000 debited from the free reserves.

FINANCING

In November, Affine invested up to €5 million in the mandatory issue subscribed by the Micado 2018 fund.

20.1.7.4. Scope of consolidation

SCOPE OF CONSOLIDATION AT THE BALANCE SHEET DATE

	31/12/2012			31/12/2011			31/12/2010			
	Consolidation method	% control	% interest	Consolidation method	% control	% interest	Consolidation method	% control	% interest	Business sector
AFFINE	Parent company			Parent company			Parent company			FRE - FL
GESFIMMO (formerly AFFINE DEVELOPPEMENT 1 SAS)	IG	100.00%	100.00%	IG	100.00%	100.00%	IG	100.00%	100.00%	FRE
AFFINE DEVELOPPEMENT 2 SAS	-	-	-	-	-	-	IG	100.00%	100.00%	FRE
AFFINVESTOR Gmbh	-	-	-	-	-	-	IG	94.00%	94.00%	FRE
ARCA VILLE D'ETE SCI (formerly CAPUCINES 2 SCI)	IG	100.00%	100.00%	IG	100.00%	100.00%	IG	100.00%	100.00%	FRE
ATIT SC (formerly - ANJOU SC)	IG	100.00%	100.00%	IG	100.00%	100.00%	IG	100.00%	100.00%	PD
BERCYMMO SARL	-	-	-	-	-	-	IG	100.00%	100.00%	FRE
BRETIGNY SCI	IG	100.00%	100.00%	IG	100.00%	100.00%	IG	100.00%	100.00%	FRE
CAPUCINES III SCI	-	-	-	-	-	-	IG	100.00%	100.00%	FRE
CAPUCINES IV SCI	-	-	-	-	-	-	IG	100.00%	100.00%	FRE
CAPUCINES V SCI	-	-	-	-	-	-	IG	100.00%	100.00%	FRE
CAPUCINES VI SCI	-	-	-	-	-	-	IG	100.00%	100.00%	FRE
CARDEV	IG	100.00%	100.00%	IG	100.00%	100.00%	IG	100.00%	100.00%	FRE
COUR CAPUCINES SA	IG	100.00%	99.99%	IG	100.00%	99.99%	IG	100.00%	99.99%	FRE
DORIANVEST SARL	IG	100.00%	100.00%	IG	100.00%	100.00%	IG	100.00%	100.00%	FRE
LES 7 COLLINES	IG	95.00%	95.00%	IG	95.00%	95.00%	IG	95.00%	95.00%	FRE
CAPUCINE INVESTISSEMENTS SA	IG	99.77%	99.77%	IG	99.77%	99.77%	IG	99.77%	99.77%	FRE
LUMIERE SAS	-	-	-	-	-	-	IG	67.91%	67.91%	PD
NEVERS COLBERT SCI (formerly CAPUCINES I SCI)	IG	100.00%	100.00%	IG	100.00%	100.00%	IG	100.00%	100.00%	FRE
PARVIS LILLE SCI	IG	100.00%	100.00%	-	-	-	-	-	-	FRE
SIPEC SAS	-	-	-	IG	100.00%	100.00%	IG	100.00%	100.00%	FRE
ST ETIENNE - MOLINA SAS	IG	100.00%	100.00%	IG	100.00%	100.00%	IG	100.00%	100.00%	FRE
TARGET REAL ESTATE SAS	IG	100.00%	100.00%	IG	100.00%	100.00%	IG	100.00%	100.00%	FRE
TRANSAFFINE SNC	-	-	-	-	-	-	IG	100.00%	100.00%	PD
AFFIPARIS SA	-	-	-	IG	86.93%	86.93%	IG	64.88%	64.88%	FRE
SCI 28-32 PLACE DE GAULLE	-	-	-	-	-	-	IG	100.00%	64.61%	FRE
BERCY PARKINGS SCI	IG	100.00%	100.00%	IG	100.00%	86.93%	IG	100.00%	64.88%	FRE
SARL COSMO	-	-	-	IG	99.90%	86.84%	IG	99.90%	64.54%	FRE
SCI COSMO LILLE	-	-	-	IG	100.00%	86.93%	IG	100.00%	64.61%	FRE
SCI COSMO MARSEILLE	-	-	-	IG	100.00%	86.93%	IG	100.00%	64.61%	FRE
SCI COSMO MONTPELLIER	IG	100.00%	100.00%	IG	100.00%	86.93%	IG	100.00%	64.61%	FRE
SCI COSMO NANTES	-	-	-	-	-	-	IG	100.00%	64.61%	FRE
SCI COSMO TOULOUSE	-	-	-	IG	100.00%	86.93%	IG	100.00%	64.61%	FRE
SCI DU BEFFROI	-	-	-	IG	100.00%	86.93%	IG	100.00%	64.61%	FRE
SCI GOUSSIMO 1	-	-	-	-	-	-	IG	100.00%	64.61%	FRE
SC GOUSSINVEST	-	-	-	IG	100.00%	86.93%	IG	100.00%	64.61%	FRE
HOLDIMMO SC	IG	100.00%	100.00%	IG	100.00%	86.93%	IG	99.58%	64.61%	FRE
SCI NUMERO 1	IG	100.00%	100.00%	IG	100.00%	86.93%	IG	100.00%	64.88%	FRE
SCI NUMERO 2	-	-	-	IG	100.00%	86.93%	IG	100.00%	64.88%	FRE
SCI PM MURS	-	-	-	-	-	-	IG	100.00%	64.88%	FRE
SCI 36	IG	100.00%	100.00%	IG	100.00%	86.93%	IG	100.00%	64.88%	FRE

	31/12/2012			31/12/2011			31/12/2010			
	Consolidation method	% control	% interest	Consolidation method	% control	% interest	Consolidation method	% control	% interest	Business sector
BANIMMO SA	**EM**	**49.99%**	**49.51%**	**EM**	**49.99%**	**49.51%**	**IG**	**50.00%**	**50.00%**	**FB**
LES JARDINS DES QUAIS SNC	**EM**	**50.00%**	**74.75%**	**EM**	**50.00%**	**74.75%**	**IG**	**100.00%**	**75.00%**	**FRE**
CONCERTO DÉVELOPPEMENT SAS	**IG**	**99.99%**	**99.99%**	**IG**	**99.99%**	**99.99%**	**IG**	**70.29%**	**69.27%**	**PD**
CHAVORNAY PARC SA	-	-	-	PI	50.00%	50.00%	IP	50.00%	34.64%	PD
CONCERTO BUCHERES SCI	IG	100.00%	99.99%	-	-	-	-	-	-	-
CONCERTO Développement Iberica SL	IG	100.00%	99.99%	IG	100.00%	99.99%	IG	100.00%	69.27%	PD
CONCERTO FERRIERES EN BRIE SC	IG	100.00%	99.99%	-	-	-	-	-	-	-
CONCERTO LOGISTIC PARK MER	-	-	-	IG	99.99%	99.98%	IG	99.99%	69.27%	PD
PROMAFFINE SAS	**IG**	**100.00%**	**100.00%**	**IG**	**100.00%**	**100.00%**	**IG**	**100.00%**	**100.00%**	**PD**
BOURGTHEROULDE - L'EGLISE	-	-	-	-	-	-	IG	100.00%	100.00%	PD
CAP 88	EM	40.00%	40.00%	EM	40.00%	40.00%	MEE	40.00%	40.00%	PD
LUCE CARRE D'OR SCI	IG	100.00%	100.00%	IG	100.00%	100.00%	IG	100.00%	100.00%	PD
MARSEILLE 88 CAPELETTE	EM	40.00%	40.00%	EM	40.00%	40.00%	MEE	40.00%	40.00%	PD
NANTERRE TERRASSES 12 SCI	PI	50.00%	50.00%	PI	50.00%	50.00%	IP	50.00%	50.00%	PD
29 COPERNIC SCI	EM	50.00%	50.00%	EM	50.00%	50.00%	MEE	50.00%	50.00%	PD

FL: Finance leases
FRE: French real estate
BRE: Belgian real estate
PD: Property development

Several companies were created this year:
- On 28 March 2012, PARVIS LILLE
- On 14 February 2012, CONCERTO FERRIERE EN BRIE
- On 09 July 2012, CONCERTO BUCHERES

20.1.7.5. Notes and comments

20.1.7.5.1. Notes to the statement of financial position

➤ Note 1 – Real Estate portfolio buildings

Buildings in the real estate portfolio include:

- 50 assets recorded as investment properties, and
- 13 assets classified as buildings held for sale

53 of the 63 assets held by the Group, representing 95% of the fair value of the rental portfolio, were valued by independent appraisers (BNP Real Estate, Cushman & Wakefield, Foncier Expertise). Two assets, accounting for 3.2% of the rental portfolio, was internally appraised. Eight assets representing 1.8% of the rental assets portfolio fair value were valued according to a signed sales offer, sales commitment or a sale mandate.

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.

The market values are determined excluding transfer duties and acquisition costs. Each appraiser states its independence and confirms the values of the real-estate assets appraised by its services, without taking responsibility for those made by other firms.

Summary table of changes in fair value

AT 31 DECEMBER 2012

(In thousands of euros)	01/01/2012	Acquisitions or works	Change in scope of consolidation	Disposals	Changes in fair value	31/12/2012
BY ASSET TYPE						
Industrial premises, warehouses	193,426	4,910	-	(6,552)	(6,855)	184,928
Office	392,360	12,320	-	(120,528)	1,355	285,507
Commercial	76,503	727	-	(3,280)	1,181	75,131
Other	9,872	13	-	(5,289)	(898)	3,698
BY AREA						
Paris – business district	124,339	583	-	(103,739)	917	22,100
Paris – outside business district	68,670	969	-	-	(789)	68,850
Paris region – outside Paris	193,823	1,760	-	(11,499)	(4,215)	179,868
Other French cities	285,330	12,043	-	(20,411)	(832)	276,129
Other	-	2,616	-	-	(300)	2,316
				INITIAL DIRECT COSTS		**579**
						549,843

AT 31 DECEMBER 2011

(In thousands of euros)	01/01/2011	Acquisitions or works	Change in scope of consolidation	Disposals	Changes in fair value	31/12/2011
BY ASSET TYPE						
Industrial premises, warehouses	165,720	30,770	-	(3,180)	116	193,426
Office	485,411	3,410	(88,896)	(14,891)	7,326	392,360
Commercial	156,529	2,094	(66,292)	(8,121)	(7,707)	76,503
Other	40,248	-	(19,800)	(12,731)	2,155	9,872
BY AREA						
Paris – business district	123,547	404	-	-	387	124,339
Paris – outside business district	66,922	2,412	-	(5,240)	4,576	68,670
Paris region – outside Paris	213,470	20,216	(24,764)	(17,511)	2,413	193,823
Other French cities	340,334	13,167	(52,821)	(9,635)	(5,715)	285,330
Other	103,636	75	(97,403)	(6,536)	228	-
				INITIAL DIRECT COSTS		**557**
						672,718

The 'Change in scope of consolidation' column includes some Banimmo and Jardin des Quais properties appraised at their fair value on September 30, 2011. Due to Banimmo's change of consolidation method, the fair value of the Jardin des Quais and Banimmo property portfolios is no longer entered in the real estate portfolio item as at 31/12/2011, although it is used for the valuation of the Jardin de Quais and Banimmo shares consolidated by Affine according to the equity method.

AT 31 DECEMBER 2010

(In thousands of euros)	01/01/2010	Acquisitions or works	Transfers	Disposals	Changes in fair value	31/12/2010
BY ASSET TYPE						
Industrial premises, warehouses	215,123	2,163	-	(43,763)	(7,803)	165,720
Office	505,208	2,094	-	(26,575)	4,684	485,411
Commercial	150,450	6,754	-	(1,656)	982	156,529
Other	49,710	9	-	(8,790)	(681)	40,248
BY AREA						
Paris – business district	121,554	68	-	-	1,925	123,547
Paris – outside business district	65,835	345	-	(1,850)	2,591	66,922
Paris region – outside Paris	234,277	688	-	(19,195)	(2,300)	213,470
Other French cities	387,200	9,905	-	(53,690)	(3,080)	340,334
Other	111,625	15	-	(6,050)	(1,955)	103,636
				INITIAL DIRECT COSTS		**1,108**
						849,016

Reconciliation between values in the statement of financial position and appraisals from independent experts

INVESTMENT PROPERTY

(In thousands of euros)	Values used	Appraisals	Variance	Comments
Cushmann & Wakefield	272,861	272,861	-	
Crédit Foncier Expertise (formerly Ad Valorem)	74,250	74,250	-	
BNP Real Estate	158,746	158,746	-	
Internal appraisals	16,154	15,650	504	*Regarding a property for which a fair value greater than the appraisal value was retained on management decision, to reflect improvements made to the building during the financial year.*
Marketing fees	579	-	579	
INVESTMENT PROPERTIES AT 31 DECEMBER 2012	**522,589**	**521,507**	**1,083**	

(In thousands of euros)	Values used	Appraisals	Variance	Comments
Cushmann & Wakefield	276,973	277,643	(670)	*(€670,000) concerning two properties for which a fair value below the appraised value was recorded as the result of a management decision.*
Crédit Foncier Expertise (formerly Ad Valorem)	81,510	81,510	-	
CBRE			-	
BNP Real Estate	143,520	143,520	-	
Internal appraisals	18,796	18,796	-	
Marketing fees	557	-	557	
INVESTMENT PROPERTIES AT 31 DECEMBER 2011	**521,357**	**521,469**	**(113)**	

(In thousands of euros)	Values used	Appraisals	Variance	Comments
Cushmann & Wakefield	311,309	312,560	(1,251)	*including (€653,000) on the Baudry property, because the payment deferment granted to the main tenant was cancelled as it had already been recognised in the accounts and €599,000 due to the recognition of works on the Traversière high-rise building.*
Ad Valorem	80,390	80,390	-	
CBRE	115,933	115,933	-	
BNP Real Estate	140,862	140,862	-	
Crombrugghe	113,057	113,057	-	
Under construction	10,993	10,993	-	
Marketing fees	1,108	-	1,108	
INVESTMENT PROPERTIES AT 31 DECEMBER 2010	**773,651**	**773,795**	**(144)**	

ASSETS HELD FOR SALE:

(In thousands of euros)	Values used	External appraisals	Variance	Comments
External appraisals	15,830	15,830	-	
Internal appraisals	1,588	-	1,588	
Mandates, offers for sale and commitments to sell	9,836	-	9,836	
NON-CURRENT ASSETS FOR SALE AS AT 31 DECEMBER 2012	**27,255**	**15,830**	**11,424**	

(In thousands of euros)	Values used	External appraisals	Variance	Comments
External appraisals	135,982	136,953	(971)	*of which (€685,000) on the Baudry property appraised by Cushman and (€276,000) on fees for the same property, since the payment deferment granted to the main tenant was cancelled because it had already been recognised in the accounts.*
Internal appraisals	11,532	-	11,532	
Mandates, offers for sale and commitments to sell	3,849	-	3,849	
NON-CURRENT ASSETS FOR SALE AS AT 31 DECEMBER 2011	**151,363**	**136,953**	**14,410**	

(In thousands of euros)	Values used	External appraisals	Variance	Comments
External appraisals	63,065	63,325	(260)	*For one property, the Group used an purchase offer instead of an appraisal.*
Internal appraisals	4,630	-	4,630	
Mandates, offers for sale and commitments to sell	7,670	-	7,670	
NON-CURRENT ASSETS FOR SALE AS AT 31 DECEMBER 2010	**75,365**	**63,325**	**12,040**	

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 was 7.5% at 31 December 2012.

On the basis of the average rate of return at 31 December 2012, an additional change of 25 basis points would have an inversely proportional effect of €18.2 million on the Group's portfolio value.

CHANGES IN THE VALUE OF PROPERTIES

(In thousands of euros)	Rental	In progress	Assets held for sale	TOTAL
At 31 December 2009	**811,896**	**22,177**	**87,407**	**921,480**
Increases	1,321	9,503	195	11,019
Acquisitions	*1,321*	*9,503*	*195*	*11,019*
Decreases	(61,793)	(44)	(19,486)	(81,323)
Disposals	*(61,793)*	*(44)*	*(19,486)*	*(81,323)*
Change in fair value	227	-	(2,507)	(2,281)
Transfers between line items	10,706	(20,462)	9,755	-
Change in initial direct costs	119	-	-	119
At 31 December 2010	**762,477**	**11,175**	**75,365**	**849,016**
Increases	30,673	5,651	20	36,345
Acquisitions	*30,673*	*5,651*	*20*	*36,345*
Decreases	(15,211)	(11)	(23,701)	(38,923)
Disposals	*(15,211)*	*(11)*	*(23,701)*	*(38,923)*
Change in scope of consolidation	(155,865)	(4)	(19,800)	(175,668)
Change in fair value	732	-	1,158	1,890
Transfers between line items	(107,296)	(11,096)	118,320	(71)
Change in initial direct costs	130	-	-	130
As at 31 December 2011	**515,641**	**5,716**	**151,363**	**672,718**
Increases	20,820	2,334	795	23,948
Acquisitions	*20,820*	*2,334*	*795*	*23,948*
Decreases	(24,773)	(428)	(116,427)	(141,628)
Disposals	*(24,773)*	*(428)*	*(116,427)*	*(141,628)*
Change in fair value	(2,293)	-	(2,924)	(5,217)
Transfers between line items	8,870	(3,318)	(5,552)	-
Change in initial direct costs	22	-	-	22
AT 31 DECEMBER 2012	**518,285**	**4,304**	**27,255**	**549,843**

➤ Note 2 – Property, plant and equipment and intangible assets

(In thousands of euros)	31/12/2010	Acquisitions, Allocations	Sales, Reversals	Inter-item transfers and changes in scope	31/12/2011	Acquisitions, Allocations	Sales, Reversals	Inter-item transfers and changes in scope	31/12/2012
PROPERTY, PLANT AND EQUIPMENT									
Gross	3,073	111	-	(2,369)	814	17	(20)	-	812
Amortisation	(1,190)	(100)	-	817	(473)	(71)	20	-	(525)
NET	**1,883**	**10**	**-**	**(1,553)**	**341**	**(54)**	**(0)**	**-**	**287**
INTANGIBLE ASSETS									
Gross	1,346	155	(4)	(803)	694	357	-	(25)	1,026
Amortisation	(1,063)	(81)	-	657	(487)	(43)	-	24	(506)
NET	**283**	**74**	**(4)**	**(146)**	**207**	**314**	**-**	**(1)**	**520**
GOODWILL									
Gross	9,593	-	-	-	9,593	-	-	(949)	8,643
Impairments	(9,593)	-	-	-	(9,593)	-	-	949	(8,643)
NET	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Note 3 – Long-term loans

(In thousands of euros)	Balance sheet items	1 to 2 years	2 to 5 years	Longer than 5 years
Bank loans	306,764	40,859	129,568	136,337
Fixed rate	*19,952*	*7,150*	*5,507*	*7,295*
Variable rate	*286,813*	*33,709*	*124,062*	*129,041*
Finance lease commitment hedge accounts	4,715	168	4,339	208
Deferred borrowing costs at EIR	(1,476)	(393)	(729)	(355)
TOTAL AT 31/12/2012	**310,003**	**40,634**	**133,179**	**136,190**

(In thousands of euros)	Balance sheet items	1 to 2 years	2 to 5 years	Longer than 5 years
Bank loans	317,413	38,258	142,850	136,305
Fixed rate	*16,957*	*3,054*	*10,417*	*3,485*
Variable rate	*300,456*	*35,204*	*132,433*	*132,819*
Finance lease commitment hedge accounts	4,505	3,306	529	670
Deferred borrowing costs at EIR	(2,081)	(580)	(1,167)	(334)
TOTAL AT 31/12/2011	**319,837**	**40,984**	**142,212**	**136,640**

(In thousands of euros)	Balance sheet items	1 to 2 years	2 to 5 years	Longer than 5 years
Bank loans	634,636	55,784	313,329	265,522
Fixed rate				
Variable rate				
Finance lease commitment hedge accounts	4,865	993	3,031	841
Deferred borrowing costs at EIR	(4,610)			
TOTAL AT 31/12/2010	**634,891**	**56,777**	**316,360**	**266,364**

The average term of debts as at December 31, 2012 was 5.7 years.

Note 4 – Other financial assets and liabilities

AT 31 DECEMBER 2012

(In thousands of euros)	Balance sheet items	from 0 to 3 months	de 3 mois à 1 an	1 year to 5 years	over 5 years
FINANCIAL ASSETS					
Non-current					
Finance lease transactions and related receivables	23,815	-	-	17,352	6,463
Assets available for sale	79	-	-	-	79
Derivatives stated at fair value	1,365	-	-	1,365	-
Deposits and sureties paid	3,896	-	-	-	3,896
Loans	223	-	-	207	16
TOTAL NON-CURRENT FINANCIAL ASSETS	**29,379**	**-**	**-**	**18,924**	**10,454**
Current					
Cash and equivalents	32,580	32,580	-	-	-
Cash equivalents: SICAVs	*2,984*	*2,984*	-	-	-
Restatement of SICAVs at fair value	*1*	*1*	-	-	-
Settlement accounts for securities	*361*	*361*	-	-	-
Bank account overdrafts	*29,235*	*29,235*	-	-	-
TOTAL CURRENT FINANCIAL ASSETS	**32,580**	**32,580**	**-**	**-**	**-**
FINANCIAL LIABILITIES					
Non-current					
Financial instruments	9,320	-	890	7,721	709
Discounted premiums payable	613	-	-	613	-
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**9,934**	**-**	**890**	**8,334**	**709**
Current					
Loans and borrowings	46,382	12,625	33,757	-	-
Less than one year	*39,437*	*6,116*	*33,321*	-	-
Finance lease commitment hedge accounts	*261*	*67*	*195*	-	-
Deferred borrowing costs at EIR	*(423)*	*(83)*	*(340)*	-	-
Accrued interest on loans	*813*	*813*	-	-	-
Derivative instruments - Discounted premiums payable	*744*	*162*	*582*	-	-
Bank overdrafts	*5,460*	*5,460*	-	-	-
Current and related accounts	*89*	*89*	-	-	-
TOTAL CURRENT FINANCIAL LIABILITIES	**46,382**	**12,625**	**33,757**	**-**	**-**

AT 31 DECEMBER 2011

(In thousands of euros)	Balance sheet items	from 0 to 3 months	de 3 mois à 1 an	1 year to 5 years	over 5 years
FINANCIAL ASSETS					
Non-current					
Finance lease transactions and related receivables	30,673	-	-	19,523	11,150
Assets available for sale	269	-	-	-	269
Derivatives stated at fair value	2,607	-	-	2,607	-
Deposits and sureties paid	4,812	-	-	-	4,812
Loans	765	-	-	749	15
TOTAL NON-CURRENT FINANCIAL ASSETS	**39,125**	**-**	**-**	**22,879**	**16,246**
Current					
Cash and equivalents	23,316	23,316	-	-	-
Settlement accounts for securities	*465*	*465*	-	-	-
Bank account overdrafts	*22,851*	*22,851*	-	-	-
TOTAL CURRENT FINANCIAL ASSETS	**23,316**	**23,316**	**-**	**-**	**-**
FINANCIAL LIABILITIES					
Non-current					
Financial instruments	14,136	-	-	13,896	240
Commercial paper	1,415	-	-	1,415	-
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**15,551**	**-**	**-**	**15,311**	**240**
Current					
Loans and borrowings	46,620	15,926	30,694	-	-
Less than one year	*36,249*	*5,170*	*31,079*	-	-
Finance lease commitment hedge accounts	*3,093*	*2,979*	*113*	-	-
Deferred borrowing costs at EIR	*(616)*	*(117)*	*(499)*	-	-
Accrued interest on loans	*1,197*	*1,197*	-	-	-
Bank overdrafts	*4,405*	*4,405*	-	-	-
Current and related accounts	*2,292*	*2,292*	-	-	-
TOTAL CURRENT FINANCIAL LIABILITIES	**46,620**	**15,926**	**30,694**	**-**	**-**

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(In thousands of euros)	Balance sheet items	from 0 to 3 months	de 3 mois à 1 an	3 months to 1 year	over 5 years
FINANCIAL ASSETS					
Non-current					
Finance lease transactions and related receivables	53,729	2,805	7,481	26,056	17,387
Assets available for sale	15,641	-	-	-	15,641
Derivatives stated at fair value	4,334	-	-	4,312	22
Deposits and sureties paid	4,752	-	-	-	4,752
Loans	34,970	179	-	32,325	2,466
TOTAL NON-CURRENT FINANCIAL ASSETS	**113,426**	**2,983**	**7,481**	**62,693**	**40,269**
Current					
Cash and equivalents	27,853	27,853	-	-	-
Cash equivalents: SICAVs	*1,127*	*1,127*	-	-	-
Restatement of SICAVs at fair value	*4*	*4*	-	-	-
Settlement accounts for securities	*1,069*	*1,069*	-	-	-
Bank account overdrafts	*25,653*	*25,653*	-	-	-
TOTAL CURRENT FINANCIAL ASSETS	**27,853**	**27,853**	**-**	**-**	**-**
FINANCIAL LIABILITIES					
Non-current					
Long-term financial instruments	22,949	304	936	15,267	6,442
Commercial paper	18,000	-	18,000	-	-
Related debts	(72)	-	(72)	-	-
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**40,877**	**304**	**18,864**	**15,267**	**6,442**
Current					
Loans and borrowings	72,292	16,898	55,394	-	-
Less than one year	*59,821*	*7,075*	*52,746*	-	-
Finance lease commitment hedge accounts	*3,253*	*461*	*2,792*	-	-
Deferred borrowing costs at EIR	*(178)*	*(35)*	*(144)*	-	-
Accrued interest on loans	*3,577*	*3,577*	-	-	-
Bank overdrafts	*3,348*	*3,348*	-	-	-
Current and related accounts	*2,471*	*2,471*	-	-	-
TOTAL CURRENT FINANCIAL LIABILITIES	**72,292**	**16,898**	**55,394**	**-**	**-**

➤ Note 5 – Assets held for sale

	31/12/2012		31/12/2011		31/12/2010	
(In thousands of euros)	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
INVESTMENT PROPERTY						
Buildings held for sale	27,255	-	151,363	-	75,365	-
Loans	-	13,348	-	96,300	-	29,934
Guarantee deposits	-	489	-	1,229	-	1,111
Sub-total	**27,255**	**13,837**	**151,363**	**97,529**	**75,365**	**31,045**
FINANCIAL ASSETS						
Shares	13	-	204	-	15,565	-
Related receivables	66	-	65	-	76	-
Sub-total	**79**	**-**	**269**	**-**	**15,641**	**-**
TOTAL	**27,333**	**13,837**	**151,632**	**97,529**	**91,006**	**31,045**

Note 6 – Other assets

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Government – tax and social security receivables	5,281	4,097	9,791
Sub-total (1)	**5,281**	**4,097**	**9,791**
Suppliers	*595*	*215*	*755*
Client accounts	*9,714*	*8,997*	*6,548*
Loans to related companies	*146*	*1,211*	*3,142*
Other miscellaneous receivables	*8,876*	*10,742*	*12,806*
Bad debt provisions, other receivables	*(381)*	*(631)*	*(533)*
Other	*(45)*	*-*	*-*
Other receivables	18,906	20,534	22,717
Revenue accruals	*7,874*	*2,482*	*9,260*
Prepaid expenses	*612*	*1,357*	*2,504*
Adjustment accounts	8,486	3,839	11,764
Sub-total (2)	**27,392**	**24,374**	**34,481**
TOTAL (1) + (2)	**32,673**	**28,471**	**44,272**

Note 7 – Other liabilities

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Trade payables and related payables	*2,902*	*2,414*	*2,991*
Fixed asset payables and related accounts	*129*	*51*	*5,121*
Trade accounts payable and related accounts	3,031	2,465	8,112
Other customer payables	*1,312*	*1,270*	*4,135*
Other payables	*7,345*	*8,666*	*12,799*
Payments received as a result of activation of guarantees (finance leases)	*76*	*190*	*336*
Discounted premiums payable - current	*-*	*903*	*-*
Other	*-*	*-*	*58*
Other debts	8,734	11,029	17,329
Expenses payable	5,217	5,976	13,340
Deferred income	813	4,635	10,295
TOTAL	**17,796**	**24,106**	**49,076**

In 2012, discounted premiums payable were reclassified on the line "Loans and borrowings" of current liabilities because they relate to derivative instruments (see note 4 – Other financial assets and liabilities).

Note 8 – Trade loans and receivables

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Receivables from sales of fixed assets	-	534	-
Ordinary receivables	5,211	6,802	12,260
Doubtful receivables	3,551	3,142	5,080
Impairment of doubtful receivables	(2,196)	(1,574)	(3,674)
TOTAL	**6,567**	**8,904**	**13,667**

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(In thousands of euros)		Not due	30 days at most	Due over 30 days and within 180 days	Due over 180 days and within 1 year	more than a year
INVESTMENT PROPERTIES						
Gross	8,526	2,869	88	2,582	354	2,634
Impairment	(2,100)	-	(85)	(559)	(169)	(1,287)
NET	**6,426**	**2,869**	**3**	**2,023**	**185**	**1,347**
SERVICES						
Gross	237	6	-	115	-	115
Impairment	(96)	-	-	-	-	(96)
NET	**141**	**6**	**-**	**115**	**-**	**20**
TOTAL						
Gross	8,763	2,875	88	2,697	354	2,749
Impairment	(2,196)	-	(85)	(559)	(169)	(1,382)
NET	**6,567**	**2,875**	**3**	**2,138**	**185**	**1,366**

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(In thousands of euros)		Not due	30 days at most	Due over 30 days and within 180 days	Due over 180 days and within 1 year	more than a year
INVESTMENT PROPERTIES						
Gross	9,624	3,415	1,416	2,218	746	1,830
Impairment	(1,460)	-		(73)	(71)	(1,316)
NET	**8,164**	**3,415**	**1,416**	**2,144**	**675**	**514**
SERVICES						
Gross	853	257	-	299	160	137
Impairment	(114)	-	-	-	-	(114)
NET	**739**	**257**	**-**	**299**	**160**	**23**
TOTAL						
Gross	10,478	3,672	1,416	2,517	906	1,967
Impairment	(1,574)	-		(73)	(71)	(1,430)
NET	**8,904**	**3,672**	**1,416**	**2,444**	**835**	**538**

AT 31 DECEMBER 2010

(In thousands of euros)		Not due	30 days at most	Due over 30 days and within 180 days	Due over 180 days and within 1 year	more than a year
INVESTMENT PROPERTIES						
Gross	15,960	4,397	201	1,054	2,060	8,248
Impairment	(3,527)	-	(69)	(35)	(589)	(2,835)
NET	**12,433**	**4,397**	**132**	**1,019**	**1,471**	**5,413**
SERVICES						
Gross	1,380	490	-	237	262	391
Impairment	(146)	-	-	-	-	(146)
NET	**1,234**	**490**	**-**	**237**	**262**	**245**
TOTAL						
Gross	17,341	4,887	201	1,292	2,322	8,639
Impairment	(3,674)	-	(69)	(35)	(589)	(2,981)
NET	**13,667**	**4,887**	**132**	**1,256**	**1,733**	**5,658**

➤ Note 9 – Inventories

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Properties in inventories (IAS 2)	-	-	162,888
Property development inventory	25,276	23,622	27,322
Finance expense inventories (property development)	413	281	214
Impairment of property development properties	(11,291)	(10,223)	(6,949)
TOTAL	**14,397**	**13,680**	**183,474**

➤ Note 10 – Contribution of companies consolidated under the equity method

	31/12/2012					31/12/2011					31/12/2010
(In thousands of euros)	Present	%	Total assets	Revenues exc. tax	Net profit/ loss	Present	%	Total assets	Revenues exc. tax	Net profit/ loss	Present
MGP Sun Sarl	-	-	-	-	-	-	-	-	-	-	(1,936)
Aulnes développement	-	-	-	-	-	-	-	-	-	-	5
Paris 29 Copernic	(88)	50.00%	570	-	(177)	7	50.00%	725	-	13	(141)
2/4 Boulevard Haussmann	-	-	-	-	-	-	-	-	-	-	(22)
Cap 88	1,418	40.00%	9,993	11,176	3,528	7	40.00%	5,541	7,113	9	1,038
Marseille 88 Capelette	469	40.00%	11,633	240	624	(824)	40.00%	10,802	618	(1,530)	(808)
Jardin des Quais	28,470	74.75%	13,126	4,996	(695)	26,703	74.75%	16,178	4,827	(1,356)	-
Banimmo	59,290	49.51%	401,307	11,686	2,678	59,926	49.51%	376,048	17,502	1,156	-
Montéa	-	-	-	-	-	-	-	-	-	-	18,369
P.D.S.M.	-	-	-	-	-	-	-	-	-	-	5,194
Conferinvest	-	-	-	-	-	-	-	-	-	-	854
City Mall invest	-	-	-	-	-	-	-	-	-	-	5,711
City Mall Dev	-	-	-	-	-	-	-	-	-	-	13,648
TOTAL	**89,560**					**85,819**					**41,911**

➤ Note 11 – Deferred taxes

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
ASSETS	-	-	-
Investment property	(92)	1,393	1,282
Deferment of borrowing costs	103	-	-
Derivatives	88	-	2,109
Internal capital gains	1,393	-	-
Other items	4	1	1,756
TOTAL	**1,497**	**1,394**	**5,147**
LIABILITIES			
Investment properties at FV of non-SIIC subsidiaries	-	553	2,407
Goodwill assigned to properties	-	-	89
Derivatives	-	(196)	(4)
Deferment of borrowing costs	-	(76)	32
Other items	-	-	211
TOTAL	**-**	**281**	**2,735**

Note 12 – Provisions

(In thousands of euros)	Balance 31/12/2010	Allowances for the year	Reversals for the year	Variation in scope	Balance 31/12/2011	Allowances for the year	Reversals for the year	Transfer of item to item	Balance 31/12/2012
Provision for diverse risks (customer disputes)	-	-	-	-	-	112	-	363	475
Provision for tax risk	229	384	(209)	-	404	149	(61)	(100)	392
Provision for pension costs	395	57	(3)	-	448	79	-	-	527
Provision for miscellaneous expenses	4,173	2,286	(378)	(3,907)	2,175	1,182	(1,100)	(1,925)	332
TOTAL	**4,797**	**2,727**	**(590)**	**(3,907)**	**3,027**	**1,522**	**(1,161)**	**(1,662)**	**1,726**

Note 13 – Tax and social security liabilities

(In thousands of euros)	Au 31/12/2012	Au 31/12/2011	31/12/2010
Social security liabilities	1,720	1,710	1,341
Tax liabilities (VAT, taxes)	2,436	2,968	3,796
TOTAL	**4,156**	**4,677**	**5,138**

20.1.7.5.2. Notes to the income statement

Note 14 – Net property revenue

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010	2012/2011 change	2011/2010 change
Gross rental income	46,427	56,866	70,567	(10,439)	(13,700)
Rental revenue and expenses	(4,406)	(7,425)	(12,001)	3,020	4,576
Re-billed expenses	*12,855*	*20,159*	*17,735*	*(7,303)*	*2,424*
Rebillable expenses	*(12,899)*	*(20,147)*	*(18,820)*	*7,248*	*(1,326)*
Non rebillable expenses	*(4,119)*	*(6,698)*	*(9,782)*	*2,580*	*3,084*
Miscellaneous expenses	*(5)*	*(48)*	*(534)*	*42*	*487*
Lease fees	*(238)*	*(691)*	*(599)*	*454*	*(93)*
Other property income and expenses	(761)	709	1,004	(1,470)	(295)
Other revenues	*167*	*1,147*	*1,706*	*(979)*	*(559)*
Net losses on doubtful receivables	*(928)*	*(437)*	*(701)*	*(491)*	*264*
NET PROPERTY REVENUE	**41,261**	**50,150**	**59,570**	**(8,889)**	**(9,420)**

In 2010 and 2011, rental income, rebillable expenses and non-rebillable expenses items concerned the investment properties, assets held for sale and properties listed in inventory by Banimmo.

➤ Note 15 – Income (loss) from other activities

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010	2012/2011 change	2011/2010 change
Income (loss) from finance lease transactions (1)	**1,066**	**2,351**	**2,901**	**(1,285)**	**(550)**
Rent and similar	5,340	9,248	14,238	(3,908)	(4,990)
Depreciation and provisions subject to Articles 64 and 57	(3,871)	(6,828)	(11,078)	2,956	4,250
Change in underlying reserve	(469)	(233)	(166)	(237)	(67)
Net losses on doubtful receivables	1	604	276	(603)	328
Expenses on finance leases	65	(441)	(369)	506	(72)
Income (loss) from property development activities (2)	**1,806**	**(1,691)**	**(2,789)**	**3,497**	**1,098**
Revenue	22,052	11,285	7,099	10,767	4,185
Changes in inventories	4,964	(3,665)	6,095	8,629	(9,760)
Net losses on doubtful receivables	(289)	-	(49)	(289)	50
Expenses on real estate transactions	(24,920)	(9,310)	(15,933)	(15,610)	6,623
INCOME (LOSS) FROM OTHER ACTIVITIES (1) + (2)	**2,872**	**660**	**112**	**2,212**	**548**

➤ Note 16 – Reversal (allocations) of provisions

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010	2012/2011 change	2011/2010 change
Provisions for contingencies	(38)	(585)	(1,462)	547	877
Provisions for losses	(317)	(57)	(32)	(261)	(25)
Reversals of provisions for contingencies	93	68	131	25	(63)
Reversals of provisions for losses	33	5	544	27	(539)
Reversal of exceptional provisions	-	-	145		(145)
TOTAL	**(230)**	**(569)**	**(674)**	**339**	**105**

➤ Note 17 – Gain/loss on asset disposals

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010	Variation 2012/2011	Variation 2011/2010
Proceeds from sales of fixed assets	*126,766*	*51,667*	*84,904*	*75,099*	*(33,237)*
Net carrying value of properties sold	*(135,649)*	*(47,185)*	*(85,236)*	*(88,464)*	*38,051*
Income (loss) of investment property sales	(8,884)	4,482	(333)	(13,366)	4,815
Option exercised on finance lease properties	382	764	(96)	(381)	860
Net Gains (losses) on sale of operating assets	-	4	(16)	(4)	20
TOTAL	**(8,501)**	**5,250**	**(445)**	**(13,751)**	**5,695**

Note 18 – Net cost of financial debt

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010	2012/2011 change	2011/2010 change
Revenue from cash and cash equivalents	469	410	570	58	(160)
Dividends	*-*	*85*	*245*	*(85)*	*(160)*
Loans to customers	*141*	*163*	*19*	*(22)*	*144*
Regular receivables accounts	*301*	*154*	*297*	*147*	*(144)*
Trading securities	*27*	*9*	*83*	*18*	*(74)*
Investment securities	*1*	*-*	*(74)*	*1*	*74*
Gross cost of financial debt	(17,404)	(22,208)	(28,185)	4,805	5,976
Term loans to clientele	*-*	*-*	*19*	*-*	*(19)*
Term loans of a financial nature	*(11,807)*	*(15,842)*	*(18,382)*	*4,035*	*2,540*
Bond issues	*-*	*(1,444)*	*(2,476)*	*1,444*	*1,032*
Income and expenses from derivatives	*(5,625)*	*(6,011)*	*(8,599)*	*385*	*2,588*
Subordinated debt expenses	*(8)*	*158*	*(8)*	*(166)*	*165*
Income and expenses from current accounts	*37*	*931*	*1,260*	*(894)*	*(329)*
TOTAL	**(16,935)**	**(21,798)**	**(27,615)**	**4,863**	**5,817**

Note 19 – Income tax

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010	2012/2011 change	2011/2010 change
Tax due	(95)	44	280	(139)	(235)
Change in deferred tax	240	(472)	305	713	(778)
TOTAL	**145**	**(428)**	**585**	**574**	**(1,013)**

	Base	Theoretical tax (expense) - income
Consolidated profit / loss before tax	**4,486**	**(1,495)**
Result of exempted sector Sicomi-SIIC	(4,589)	1,530
Share of companies consolidated under the equity method	(3,401)	1,134
Share of changes in goodwill	1	(0)
Add-backs – deductions	(820)	273
Amortisation of goodwill	*-*	*-*
Amortisation of fair value increment	*-*	*-*
Provisions excluding tax	*-*	*-*
Companies subject to IT	*-*	*-*
Other addbacks - deductions	*(820)*	*273*
Consolidation restatements	(5,533)	1,844
Impact of permanent differences	*(1,975)*	*658*
Impact of timing differences taxed at smaller rate	*(0)*	*0*
Impact of liability method	*(3,558)*	*1,186*
Other	-	-
Consolidated theoretical tax	**(9,856)**	**3,285**
of which companies making a tax loss	*(9,869)*	*3,289*
of which companies making a tax profit	*13*	*(4)*
Use of tax losses	1,123	(374)
Tax losses not carried on balance sheet	8,143	(2,714)
Tax after deduction of losses	(590)	197
Tax without base:		
Tax credit	-	-
Annual flat-rate tax and tax adjustments	-	(51)
Tax due outside France	-	-
Income tax burden recorded	**-**	**145**
Taxes	-	(95)
Deferred taxes	-	240
TOTAL	**-**	**145**

Note 20 – Share of earnings of associated companies consolidated by the equity method

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010	2012/2011 change	2011/2010 change
Share in net income (loss)	3,401	(629)	3,069	4,030	(3,698)
NCV of EM securities	-	-	(180)	-	180
Price of EM securities	-	-	180	-	(180)
TOTAL	**3,401**	**(629)**	**3,069**	**4,030**	**(3,698)**

Note 21 – Earnings per share

The convertible bonds (ORA) issued by Affine on 15 October 2003 and 29 June 2005, and the perpetual subordinated loan notes (TSDI) it issued on 13 July 2007 are accounted for as equity. The revenue on these securities is recognised as dividends, with the Group share of net income (loss), adjusted for the calculation of the net income (loss) and diluted income (loss).

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Net income (loss) – Group share	4,712	15,341	10,320
Cost of perpetual subordinated loan notes (TSDI)	(2,696)	(3,149)	(2,698)
Cost of 1 & 2 convertible bonds (ORA)	(1,498)	(2,151)	(3,637)
Net income (loss) - Group share, adjusted for earnings per share calculation	**518**	**10,041**	**3,986**
Reinclusion of cost of 1 & 2 convertible bonds (ORA)	1,498	2,151	3,637
NET INCOME (LOSS) - GROUP SHARE, ADJUSTED FOR DILUTED EARNINGS PER SHARE CALCULATION (AFTER CONVERSION OF CONVERTIBLE BONDS [ORA])	**2,016**	**12,192**	**7,623**

	31/12/2012	31/12/2011	31/12/2010
Number of shares in circulation at balance sheet date	9,033,959	9,002,042	8,113,566
Average number of treasury shares	(337,669)	(652,545)	(543,365)
Average number of shares (excluding treasury shares)	**8,696,290**	**8,349,497**	**7,570,201**
Average number of new shares issued for redeeming 1 & 2 convertible bonds (ORA)	1,248,000	1,248,000	1,622,400
Average number of diluted shares (excluding treasury shares)	**9,944,290**	**9,597,497**	**9,192,601**
Earnings per share (€)	0.54	1.84	1.36
Diluted earnings per share (€)	0.47	1.60	1.12
Earnings per share restated to reflect convertible bonds (ORA) and perpetual subordinated loan notes (€)	0.06	1.20	0.53
Diluted earnings per share restated to reflect subordinated loan notes (TSDI) (€)	0.20	1.27	0.83

20.1.7.6. Management of financial risk

20.1.7.6.1. Carrying amount of financial instruments by category

31/12/2012

	Carrying amount				Fair value
	Assets stated at fair value through income statement	Assets available for sale	Loans and receivables	Total	Total
Derivatives stated at fair value through income statement	1,365	-	-	1,365	1,365
Financial assets at fair value through income statement	-	-	-	-	-
Financial assets available for sale	-	79	-	79	79
Trade loans and receivables [(1)]	-	-	28,730	28,730	28,730
Accounts receivable [(2)]	-	-	6,567	6,567	6,567
Other receivables [(3)]	-	-	29,866	29,866	29,866
Cash and equivalents	2,984	-	29,595	32,579	32,580
TOTAL FINANCIAL ASSETS	**4,349**	**79**	**94,759**	**99,187**	**99,187**

(1) This item includes other amounts owed by customers (€153,000) as well as finance lease transactions and related receivables (€28,577,000).
(2) This item includes receivables related to investment properties (€6,426,000) and receivables for services rendered (€141,000).
(3) On the one hand, this account includes ordinary overdrafts for €9,714,000, and, on the other hand, the item Other assets (€41,317,000), less net inventories (€14,397,000), securities settlement accounts (€361,000), prepaid expenses (€612,000), tax and social security receivables (€5,131,000) and accrued rental expenses rebilled to lessees (€664,000).

31/12/2012

	Carrying amount				Fair value
	Liabilities stated at fair value through income statement	Liabilities at amortised cost	Liabilities	Total	Total
Derivatives stated at fair value through income statement	10,678	-	-	10,678	10,678
Borrowings and debts from lending institutions [(3)]	-	358,450	-	358,450	358,450
Amounts owed to customers	-	-	5,066	5,066	5,066
Guarantee deposits [(1)]	-	7,405	-	7,405	7,405
Accounts payable [(2)]	-	10,701	-	10,701	10,701
Cash and equivalents [(2)]	-	-	5,473	5,473	5,473
TOTAL FINANCIAL LIABILITIES	**10,678**	**376,555**	**10,539**	**397,772**	**397,772**

(1) This item corresponds to deposits received included in other liabilities.
(2) This item corresponds to Other liabilities (€28,867,000) after deducting tax and social security liabilities (€4,156,000), deposits received (€6,916,000), deferred income IP (€813,000), and accrued rental expenses rebilled to lessees (€6,281,000).
(3) In the absence of an assessment of the fair value of the debt at 31 December 2012, the book values were shown in the 'Fair value' column.

31/12/2011

	Carrying amount				Fair value
	Assets stated at fair value through income statement	Assets available for sale	Loans and receivables	Total	Total
Derivatives stated at fair value through income statement	2,607	-	-	2,607	2,607
Financial assets at fair value through income statement	179	-	-	179	179
Financial assets available for sale	-	90	-	90	90
Trade loans and receivables [(1)]	-	-	39,488	39,488	39,488
Accounts receivable [(2)]	-	-	8,904	8,904	8,904
Other receivables [(3)]	-	-	25,885	25,885	25,885
Cash and equivalents	-	-	23,316	23,316	23,316
TOTAL FINANCIAL ASSETS	**2,786**	**90**	**97,592**	**100,468**	**100,468**

(1) This item includes other customer loans (€1,937,000) as well as finance lease transactions and related receivables (€37,551,000).
(2) This item includes receivables related to investment properties (€8,164,000) and receivables for services rendered (€739,000).
(3) On the one hand, this account includes ordinary overdrafts for €8,997,000, and, on the other hand, the item Other assets (€37,049,000), less net inventories (€13,680,000), securities settlement accounts (€465,000), prepaid expenses (€1,357,000), tax and social security receivables (€3,926,000) and accrued rental expenses rebilled to lessees (€733,000).

31/12/2011

	Carrying amount				Fair value
	Liabilities stated at fair value through income statement	Liabilities at amortised cost	Liabilities	Total	Total
Derivatives stated at fair value through income statement	16,454	-	-	16,454	16,454
Borrowings and debts from lending institutions [3]	-	352,162	-	352,162	352,162
Amounts owed to customers	-	-	9,890	9,890	9,890
Guarantee deposits [1]	-	7,145	-	7,145	7,145
Accounts payable [2]	-	13,769	-	13,769	13,769
Cash and equivalents [2]	-	-	4,405	4,405	4,405
TOTAL FINANCIAL LIABILITIES	**16,454**	**373,076**	**14,295**	**403,825**	**403,825**

(1) This item corresponds to deposits received included in other liabilities.
(2) This item corresponds to Other liabilities (€35,025,000) after deducting tax and social security liabilities (€4,677,000), deposits received (€7,145,000), deferred income IP (€1,492,000), and accrued rental expenses rebilled to lessees (€7,942,000).
(3) In the absence of an assessment of the fair value of the debt at 31 December 2011, the book values were shown in the 'Fair value' column.

31/12/2010

	Carrying amount				Fair value
	Assets stated at fair value through income statement	Assets available for sale	Loans and receivables	Total	Total
Derivatives stated at fair value through income statement	4,334	-	-	4,334	4,334
Financial assets at fair value through income statement	1,668	-	-	1,668	1,668
Financial assets available for sale	-	13,973	-	13,973	13,973
Trade loans and receivables [1]	-	-	92,372	92,372	92,372
Accounts receivable [2]	-	-	13,667	13,667	13,667
Other receivables [3]	-	-	30,977	30,977	30,977
Cash and equivalents	1,127	-	26,714	27,840	27,844
TOTAL FINANCIAL ASSETS	**7,128**	**13,973**	**163,730**	**184,831**	**184,835**

(1) This item includes other amounts owed by customers (€38,082,000) as well as finance lease transactions and related receivables (€54,290,000).
(2) This item includes receivables related to investment properties (€12,433,000) and receivables for services rendered (€1,234,000).
(3) On the one hand, this account includes ordinary overdrafts for €6,548,000, and, on the other hand, the item Other assets (€223,718,000), less net inventories (€183,474,000), securities settlement accounts (€1,069), prepaid expenses (€2,504,000), tax and social security receivables (€9,631,000) and accrued rental expenses rebilled to lessees (€2,611).

31/12/2010

	Carrying amount				Fair value
	Liabilities stated at fair value through income statement	Liabilities at amortised cost	Liabilities	Total	Total
Derivatives stated at fair value through income statement	22,949	-	-	22,949	22,949
Borrowings and debts from lending institutions [3]	-	615,050	-	615,050	615,050
Amounts owed to customers	-	-	10,589	10,589	10,589
Guarantee deposits [1]	-	10,278	-	10,278	10,278
Accounts payable [2]	-	36,661	-	36,661	36,661
Cash and equivalents [2]	-	-	3,353	3,353	3,353
TOTAL FINANCIAL LIABILITIES	**22,949**	**661,989**	**13,942**	**698,879**	**698,879**

(1) This item corresponds to deposits received included in other liabilities.
(2) This item corresponds to Other liabilities (€64,599,000) after deducting tax and social security liabilities (€5,138,000), deposits received (€10,278,000), deferred income IP (€3,306,000), and accrued rental expenses rebilled to lessees (€9,215,000).
(3) In the absence of an assessment of the fair value of the debt at December 31, 2010, the book values were shown in the 'Fair value' column.

The Affine Group:
- did not use the fair value per option for any financial asset or liability,
- holds no compound collateral or instruments issued with multiple derivatives,
- did not experience any default or failed performance with respect to its loans.

20.1.7.6.2. Nature and scope of risks related to financial instruments

➢ 20.1.7.6.2.1. Credit risk

In 2012, 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.
A group of customers is defined as 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.

➢ 20.1.7.6.2.2. Liquidity risk

The Affine Group monitors its risk primarily with two tools:
- a daily cash statement prepared by the finance department and sent to general management after viewing all bank accounts,
- a 3-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.

The Group's loan agreements have covenants relating to:
- LTV (Loan-To-Value);
- ICR (Interest Coverage Ratio);
- DSCR (Debt Service Coverage Ratio).

Failure to comply with these ratios constitutes an event of default calling for partial or accelerated repayment to restore the ratio to its contractual level.
As at 31 December 2012, 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.

➢ 20.1.7.6.2.3. Interest rate risk

The Affine Group favours the use of floating rate debt, which, before hedges, represented almost 95% of its bank debt as at 31 December 2012 (excluding debts related to equity investments and bank overdrafts).

The Group hedges its interest rate exposure by market transactions (caps, swaps and tunnels) contracted with leading banking institutions. Accordingly during the financial year, Affine subscribed to two swaps for a notional amount of €13,562,000 guaranteeing maximum rates of 1.4% to 2.2%.

Market risk is assessed using the value-at-risk approach, i.e. by estimating the net maximum loss that the portfolio of financial instruments could suffer under normal market conditions.
Interest rates constitute the risk variable both for the major financial assets and for bank loans, the principal financial liabilities. The company is exposed to interest rate risk on 11% of its unhedged debt (excluding finance leases).

ANALYSIS OF SENSITIVITY OF CASH FLOWS FOR VARIABLE-RATE INSTRUMENTS
(This analysis does not include the loans taken to finance assets held for sale).

AT 31 DECEMBER 2012

Sensitivity to change in interest rate in thousands of euros	2013 expenses	2014 expenses	2015 expenses	2016 expenses
Increase of 50 basis points, 2012 projected rate	7,524	6,527	5,643	4,812
Increase of 100 basis points, 2012 projected rate	9,126	8,052	7,088	6,109

AT 31 DECEMBER 2011

Sensitivity to change in interest rate in thousands of euros	2012 expenses	2013 expenses	2014 expenses	2015 expenses
Increase of 50 basis points, 2011 projected rate	12,924	11,866	10,719	9,102
Increase of 100 basis points, 2011 projected rate	14,899	13,797	12,551	10,862

AT 31 DECEMBER 2010

Sensitivity to change in interest rate in thousands of euros	2011 expenses	2012 expenses	2013 expenses	2014 expenses
Increase of 50 basis points, 2010 projected rate	10,530	9,590	8,770	7,515
Increase of 100 basis points, 2010 projected rate	12,636	11,485	10,584	9,100

20.1.7.6.2.4. Foreign exchange risk

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

20.1.7.6.2.5. Counterparty risk

The Affine Group is committed to investing its cash and contracting derivatives only with reputable banking institutions. As at 31 December 2012, no bank represented more than 20.83% of the total refinancing debt (apart from companies consolidated under the equity method).

20.1.7.7. Management of capital risk

The Affine Group's objectives in capital management consist of assuring the Group's continuing operations so as to provide a return to shareholders while conserving 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.

Liquidity Contract

With regard to the liquidity contract entrusted by Affine to Kepler Capital Markets (Paris), the new company replacing Société Générale, the following means were recorded in the liquidity account as at 31 December 2012:
- Number of shares: 44,407 Affine shares compared with 40,534 shares as at 31 December 2011;
- Cash balance of the liquidity account: €207,000 compared with €264,000 as at 31 December 2011.

20.1.7.8. Commitments and guarantees

20.1.7.8.1. Financial commitments and guarantees given

20.1.7.8.1.1. Loans and bank overdrafts

Guarantees

(In thousands of euros)	Balance sheet items	less than 1 month	from 1 to 3 months	3 months to 1 year	1 year to 2 years	2 years to 5 years	over 5 years
NON-CURRENT DEBTS							
Covered by guarantees	220,846	-	-	-	23,212	105,987	91,647
Covered by collateral	37,138	-	-	-	7,706	9,562	19,869
Neither collateral nor guarantees	43,780	-	-	-	9,941	14,019	19,820
CURRENT DEBTS							
Covered by guarantees	41,019	1,861	3,179	24,536	5,528	2,019	3,895
Covered by collateral	4,216	-	199	4,017	-	-	-
Neither collateral nor guarantees	7,629	1,036	1,429	5,165	-	-	-

Guarantees: these sureties include the registered mortgages.
Collateral: This concerns the collateral of borrowing companies' shares in favour of the banks.
When the loan is simultaneously guaranteed by a guarantee and collateral, the surety is classified as "guarantee".

Financing commitments

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Commitments to lending institutions	-	-	-
Commitments to customers	-	-	-
TOTAL	-	-	-

➤ 20.1.7.8.1.2. Minimum payments required under finance leases in which the Group is lessee

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

(In thousands of euros)		Fees
Less than 1 year	*7,453*	*9,212*
1 to 5 years	*23,219*	*27,705*
Over 5 years	*38,716*	*42,957*
Total minimum capital payments	69,388	
Amounts representing interest expense	10,485	
Discounted value of minimum lease payments	79,873	79,873

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

➤ 20.1.7.8.1.3. Minimum payments required under operating leases in which the Group is lessee

(In thousands of euros)	Rents indexed	Rents basis
Less than 1 year	*507*	*467*
1 to 5 years	*2,029*	*1,866*
Over 5 years	*906*	*833*
Minimum total lease payments	3,442	
Indexation	275	
Discounted value of minimum lease payments	3,166	3,166

The operating lease (lessee position) mainly concerns the rental revenue of Affine headquarters.

20.1.7.8.2. Commitments and guarantees received

➤ 20.1.7.8.2.1. Loans and bank overdrafts

Guarantees

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Commitments to lending institutions	1,313	2,556	2,399
Commitments to clients	6,598	9,396	14,120
TOTAL	**7,911**	**11,951**	**16,519**

Financing commitments

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Commitments received from lending institutions	19,000	24,988	85,755
Commitments received from clients	-	-	-
TOTAL	**19,000**	**24,988**	**85,755**

➢ 20.1.7.8.2.2. Minimum guaranteed revenue under finance leases for which the Group is lessor

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

(In thousands of euros)	Minimum payments	Present value of minimum payments
Less than 1 year	*5,108*	*4,962*
1 to 5 years	*23,085*	*22,672*
Longer than 5 years	*7,422*	*7,380*
Minimum lease payments	35,615	
Amounts representing interest expense	(600)	
Discounted value of minimum lease payments	35,015	35,015
RESIDUAL VALUES OF MINIMUM LEASE PAYMENTS	**-**	**-**

Finance lease contracts where Affine is the lessor 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;
- "free leases" (CBL) signed from 1993 onward, which have an average term of 15 years;
- general leases (CBG) signed as from 1996, 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.

➢ 20.1.7.8.2.3. Minimum guaranteed revenues under operating leases for which the Group is lessor

The table below includes the data regarding Affine. Affine's subsidiaries are not included.

(In thousands of euros)	Minimum payments	Present value of minimum payments
Less than 1 year	*30,607*	*22,912*
1 to 5 years	*96,205*	*74,447*
Over 5 years	*38,571*	*36,369*
Minimum total lease payments	165,383	
Amounts representing interest expense	(31,654)	
DISCOUNTED VALUE OF MINIMUM LEASE PAYMENTS	**133,729**	**133,729**

All Affine Group assets and liabilities are located in France. 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. The parties can, however, contractually waive this three-year renewal provision by providing for a firm leasing period longer than three years.

Rent is normally paid on a quarterly basis in advance and is indexed annually and in its entirety on the INSEE construction cost index or the French Commercial Rent Index (ILC). 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 portion in its rents, but this is marginal.

20.1.7.9. Employee benefits and compensation

20.1.7.9.1. Average weighted workforce during the financial year

The group's average workforce (including Banimmo) was 73 people; the breakdown is as follows:

- Officers: 3
- Managers: 40
- Employees: 30

20.1.7.9.2. Individual training rights

Group employees have accumulated rights to 3,310 training hours.

20.1.7.9.3. 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 the income statement in the amount of €367,000 as at 31 December 2012 versus €437,000 as at 31 December 2011.
Provisions are accrued for retirement commitments in the financial statements according to the assumption of retirement and amounted to €527,000 as at 31 December 2012 versus €448,000 as at 31 December 2011. The actuarial assumptions used for calculating the provision include the following:

	2012	2011	2010
Discount rate:	3.15%	3.80%	3.59%
Staff turnover:	10% up to 50 years, 3% thereafter	13% up to 50 years, 3% thereafter	14% up to 50 years, 3% thereafter
Wage rise adjustment coefficient	1.78%	1.58%	1.58%
INSEE TD-TV mortality table	08-10	06-08	04-06

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.

20.1.7.10. Related party disclosures

20.1.7.10.1. Payment to executive officers

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Short-term benefits (wages, premiums, etc.)	1,241	1,206	1,457
Post-employment benefits	94	89	88
Other long-term benefits	30	26	39
Share-based payments			
RECOGNISED BENEFITS	**1,365**	**1,321**	**1,584**
Severance pay	390	327	321
BENEFITS NOT RECOGNISED	**390**	**327**	**321**

Executive officers are defined as persons performing the duties of Chairman & CEO or CEO of the Group's companies.

➢ 20.1.7.10.1.1. Remuneration of management and administration bodies

Gross remuneration paid to the officers and executives of Group companies amounted to €1,373,000 in financial year 2012 compared with €1,286,000 in 2011.
Other assorted defined benefits provided to the Group's officers and executives are:
- Company car: one representing an expense of €4,540 in 2012;
- 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: €94,000;
- GSC contribution, for €26,000.

Directors' fees paid by Group companies in 2012 amounted to €139,000, the same as in 2011.

20.1.7.10.2. Affine transactions with affiliates

➢ 20.1.7.10.2.1. Loans and advances granted to related parties

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

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
MGP SUN SARL	2,743	1,206	1,203
JARDIN DES QUAIS	5,254	1,296	-
Dolce la Hulpe	-	-	1,476
Dolce Chantilly	-	-	492
City Mall Invest	-	-	20,160
Schoonmeers-Bugten SA	-	-	16
P.D.S.M. SCARL	-	-	59
Conferinvest SA	-	-	14,464
TOTAL LOANS GRANTED TO RELATED PARTIES	**7,997**	**2,502**	**37,870**
MGP SUN SARL	60	3	6
JARDIN DES QUAIS	132	77	-
Dolce la Hulpe	-	-	46
Dolce Chantilly	-	-	13
City Mall Invest	-	-	569
Schoonmeers-Bugten SA	-	-	1
P.D.S.M. SCARL	-	-	3
Conferinvest SA	-	-	294
TOTAL INTEREST INCOME ON LOANS GRANTED	**192**	**80**	**932**

MGP SUN SARL was deconsolidated on 1 July, 2011. Dolce la Hulpe, Dolce Chantilly, City Mall Invest, Schoonmeers-Bugten SA, P.D.S.M. SCARL, and Conferinvest SA are subsidiaries of Banimmo, a company consolidated under the equity method as at 01 October 2011.

No guarantee was received.

➢ 20.1.7.10.2.2. Other transactions with affiliates

MAB-Finances, in its capacity as Affine's management holding company, signed an agreement with Affine for the provision of administrative, financial and operational development services, for which an expense of €223,000 (a partial amount taking into account the fraction included in the remuneration of the executives) impacts the 2012 financial statements, compared with €182,000 in 2011.

20.1.7.11. Fees of statutory auditors and members of their networks

AT 31 DECEMBER 2012:

	Cailliau Dedouit et Associés				KPMG				Conseil Audit & Synthèse			
	Amount: excl. VAT		%		Amount: excl. VAT		%		Amount: excl. VAT		%	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
AUDITING, CERTIFICATION, REVIEW OF INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS												
Issuer	180	198	60%	40%	180	198	93%	94%	-	-	-	-
Fully consolidated subsidiaries	121	263	40%	54%	-	-	-	-	-	70	-	88%
OTHER TASKS AND SERVICES DIRECTLY LINKED TO THE AUDITING ENGAGEMENT												
Issuer	1	12	0%	2%	13	12	7%	6%	-	-	-	-
Fully consolidated subsidiaries	-	17	-	4%	-	-	-	-	-	10	-	12%
Sub-total	**302**	**490**	**100%**	**100%**	**193**	**210**	**100%**	**100%**	**-**	**80**	**-**	**100%**
OTHER SERVICES RENDERED BY THE NETWORKS TO FULLY-CONSOLIDATED SUBSIDIARIES												
Legal, tax, social	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**302**	**490**	**100%**	**100%**	**193**	**210**	**100%**	**100%**	**-**	**80**	**-**	**100%**

AT 31 DECEMBER 2011:

	Cailliau Dedouit et Associés				KPMG				Conseil Audit & Synthèse				Mazars			
	Amount: excl. VAT		%		Amount: excl. VAT		%		Amount: excl. VAT		%		Amount: excl. VAT		%	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
AUDITING, CERTIFICATION, REVIEW OF INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS																
Issuer	198	195	40%	42%	198	195	94%	91%	-	-	0%	-	-	-	-	-
Fully consolidated subsidiaries	263	264	54%	58%	-	20	0%	9%	70	70	88%	100%	-	127	-	89%
OTHER TASKS AND SERVICES DIRECTLY LINKED TO THE AUDITING ENGAGEMENT																
Issuer	12	-	2%	-	12	-	6%	-	-	-	-	-	-	-	-	-
Fully consolidated subsidiaries	17	-	4%	-	-	-	0%	-	10	-	12%	-	-	-	-	-
Sub-total	**490**	**459**	**100%**	**100%**	**210**	**215**	**100%**	**100%**	**80**	**70**	**100%**	**100%**	**-**	**127**	**-**	**89%**
OTHER SERVICES RENDERED BY THE NETWORKS TO FULLY-CONSOLIDATED SUBSIDIARIES																
Legal, tax, social	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	15	-	11%
Sub-total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**15**	**-**	**11%**
TOTAL	**490**	**459**	**100%**	**100%**	**210**	**215**	**100%**	**100%**	**80**	**70**	**100%**	**100%**	**-**	**142**	**-**	**100%**

20.1.7.12. Post reporting period events

None.

20.1.8. Proforma

The pro forma statements reflect the change in the holding percentage of Banimmo and Jardin des Quais as at 1 October 2011 for 49.99% and 74.75% respectively instead of 50.00% and 75.00% which has led to a change of consolidation method (from Full consolidation to Consolidation under the equity method).
For the purpose of presenting the 2010 pro forma financial statements, Banimmo and Jardin des Quais have been considered as consolidated under the equity method since 2010.

20.1.8.1. Statement of consolidated financial position (balance sheet)

20.1.8.1.1. Assets

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
NON-CURRENT ASSETS			
Tangible assets	287	341	355
Investment property	522,589	521,356	611,547
Intangible assets	520	207	228
Goodwill	-	-	-
Other intangible assets	*520*	*207*	*228*
Financial assets	29,379	39,125	60,692
Finance leases and related receivables	*23,815*	*30,673*	*53,729*
Assets held for sale	*79*	*269*	*210*
Derivatives stated at fair value	*1,365*	*2,607*	*3,756*
Deposits and sureties paid	*3,896*	*4,812*	*2,979*
Loans	*223*	*765*	*18*
Deferred tax assets	1,497	1,394	1,454
Shares and investments in companies (equity method)	89,560	85,819	83,976
Total non-current assets	**643,831**	**648,243**	**758,252**
CURRENT ASSETS			
Assets held for sale	27,255	151,363	75,365
Finance lease loans and receivables	4,763	6,878	561
Inventory	14,397	13,680	20,587
Trade receivables and other accounts	6,567	8,904	6,694
Receivables for investment properties	*6,426*	*8,164*	*5,461*
Receivables related to investment properties	*141*	*739*	*1,234*
Current tax assets	91	115	184
Other receivables	32,673	28,471	35,565
Tax and social security receivables	*5,281*	*4,097*	*6,183*
Other receivables and adjustment accounts	*27,392*	*24,374*	*29,383*
Cash and cash equivalents	32,580	23,316	23,703
Cash equivalents	*3,345*	*465*	*2,200*
Cash on hand	*29,235*	*22,851*	*21,503*
Total current assets	**118,325**	**232,727**	**162,659**
TOTAL ASSETS	**762,157**	**880,970**	**920,911**

20.1.8.1.2. Liabilities

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
EQUITY			
Equity (Group share)	**351,434**	**348,447**	**347,462**
Capital and related amounts	94,019	86,637	64,970
Share capital	*53,300*	*53,100*	*47,800*
Premiums	*41,290*	*38,489*	*23,947*
Treasury stock	*(571)*	*(4,952)*	*(6,777)*
Consolidated reserves	252,703	246,539	272,170
Unrealised gains or losses on assets available for sale	-	8	3
Net profit (loss)	4,712	15,262	10,319
Non-controlling interests	**(26)**	**13,736**	**15,028**
Consolidated reserves	54	12,441	14,830
Net profit (loss)	(80)	1,295	199
Total shareholders' equity	**351,408**	**362,183**	**362,490**
NON-CURRENT LIABILITIES			
Long-term loans	310,003	319,837	405,055
Financial liabilities	9,934	15,551	16,411
Derivatives stated at fair value	*9,320*	*14,136*	*12,772*
Other financial liabilities	*613*	*1,415*	*3,639*
Provisions	1,726	3,027	910
Deposits and sureties received	6,915	7,145	7,458
Deferred tax liabilities		281	351
Non-current tax liabilities	-	-	13
Total non-current liabilities	**328,578**	**345,841**	**430,199**
CURRENT LIABILITIES			
Debts linked to assets held for sale	13,837	97,529	31,045
Amounts owed to stockholders		1	1
Trade accounts payable and other debts	17,796	24,106	33,946
Trade accounts payable and related accounts	*3,031*	*2,465*	*3,068*
Other debts	*8,734*	*11,029*	*10,912*
Adjustment accounts	*5,217*	*5,976*	*12,731*
Deferred income	*813*	*4,635*	*7,235*
Loans and borrowings	46,382	46,620	58,993
Deferred tax liabilities		14	706
Tax and social security debts	4,156	4,677	3,532
Total current liabilities	**82,171**	**172,947**	**128,222**
TOTAL LIABILITIES	**762,157**	**880,970**	**920,911**

20.1.8.2. Statement of consolidated comprehensive income

20.1.8.2.1. Consolidated profit and loss statement

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Gross rental income	*46,427*	*48,269*	*50,006*
Rental revenue and expenses	*(4,406)*	*(5,129)*	*(7,200)*
Other property income and expenses	*(761)*	*(55)*	*(185)*
Net property revenue	41,261	43,084	42,620
Revenue from finance leases	*1,001*	*2,792*	*3,270*
Expenses on finance leases	*65*	*(441)*	*(369)*
Revenue from finance leases	1,066	2,351	2,901
Revenue from real estate transactions	*26,727*	*7,619*	*13,144*
Expenses on real estate transactions	*(24,920)*	*(9,310)*	*(16,333)*
Revenue from real estate development transactions	*1,806*	*(1,691)*	*(3,189)*
Other purchases and external expenses	*(4,948)*	*(5,575)*	*(5,960)*
Taxes and related expenses	*(237)*	*(506)*	*(936)*
Personnel costs	*(5,752)*	*(5,927)*	*(6,233)*
Overhead costs	(10,937)	(12,008)	(13,129)
Recurring EBITDA	**33,196**	**31,736**	**29,203**
Depreciations and impairment	(115)	(122)	(126)
Profit from recurring operations	**33,081**	**31,614**	**29,077**
Charges net of provisions	(230)	(228)	5
Balance of other revenue and expenses	102	586	1,133
Profit / loss from Gains (losses) on real-estate sales	*(8,884)*	*2,168*	*(426)*
Option exercised on finance lease properties	*382*	*764*	*(96)*
Net Gains (losses) on sale of operating assets	*-*	*-*	*(7)*
Gains on asset disposals	(8,501)	2,931	(529)
Operating income before fair value adjustment	24,451	34,902	29,686
Upward adjustment of value of investment properties	*12,258*	*16,634*	*16,977*
Downward adjustment of value of investment properties	*(17,475)*	*(14,955)*	*(20,798)*
Adjustment of value of investment properties	(5,217)	1,679	(3,821)
Balance net of value adjustments	(5,217)	1,679	(3,821)
Net operating profit	**19,234**	**36,581**	**25,865**
Revenue from cash and cash equivalents	*469*	*258*	*280*
Gross cost of financial debt	*(17,404)*	*(18,458)*	*(19,916)*
Net cost of debt	(16,935)	(18,200)	(19,636)
Other financial revenue and expenses	293	(434)	(83)
Adjustment of value of financial instruments	(1,506)	(2,262)	(89)
Income before tax	**1,085**	**15,686**	**6,057**
Tax on recurring income	(95)	153	562
Deferred taxes	240	(592)	(285)
Share of income in companies accounted for by the equity method	3,401	1,312	2,975
Net income (loss) after tax from discontinued activities	-	-	1,209
Net profit (loss)	**4,632**	**16,558**	**10,518**
Non-controlling interests	(80)	1,295	199
NET INCOME (LOSS) - GROUP SHARE	**4,712**	**15,262**	**10,319**
Earnings per share (€)	0.54	1.83	1.36
Diluted earnings per share (€)	0.47	1.59	1.12
Diluted earnings per share restated to reflect subordinated loan notes (TSDI)	0.06	1.19	0.53
Diluted earnings per share restated to reflect subordinated loan notes (TSDI) (€)	0.20	1.26	0.83

20.1.8.2.2. Statement of net income and gains and losses taken directly to equity

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Net profit (loss)	**4,632**	**16,558**	**10,518**
Currency translation adjustments	-	-	-
Changes in fair value of financial assets available for sale(1)	-	(321)	322
Share of the changes in fair value of financial assets available for sale transferred to income statement	-	-	-
Effective portion of the change in fair value of cash flow hedges	-	-	-
Share of the change in fair value of cash flow hedges transferred to income statement	-	-	-
Revaluation difference on non-current assets	-	-	-
Actuarial gains and losses on defined-benefit systems			
Share of gains and losses taken directly to equity in companies consolidated under the equity method	-	-	-
Tax	-	-	-
Total gains and losses taken directly to equity	**-**	**(321)**	**322**
NET INCOME AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	**4,632**	**16,236**	**10,840**
Of which Group share	4,712	14,941	10,641
Of which non-controlling interests	(80)	1,295	199

20.1.8.2.3. Statement of transition from the published income statement to proforma

(In thousands of euros)	31/12/2011 Published	Transition from FC to EMC	31/12/2011 Proforma	31/12/2010 Published	Transition from FC to EMC	31/12/2010 Proforma
Gross rental income	*56,866*	*(8,597)*	*48,269*	*70,567*	*(20,561)*	*50,006*
Rental revenue and expenses	*(7,425)*	*2,296*	*(5,129)*	*(12,001)*	*4,801*	*(7,200)*
Other property income and expenses	*709*	*(765)*	*(55)*	*1,004*	*(1,190)*	*(185)*
Net property revenue	50,150	(7,066)	43,084	59,570	(16,950)	42,620
Revenue from finance leases	*2,792*	*-*	*2,792*	*3,270*	*-*	*3,270*
Expenses on finance leases	*(441)*	*-*	*(441)*	*(369)*	*-*	*(369)*
Revenue from finance leases	2,351	-	2,351	2,901	-	2,901
Revenue from real estate transactions	*7,619*	*-*	*7,619*	*13,144*	*-*	*13,144*
Expenses on real estate transactions	*(9,310)*	*-*	*(9,310)*	*(15,933)*	*(400)*	*(16,333)*
Revenue from real estate development transactions	(1,691)	-	(1,691)	(2,789)	(400)	(3,189)
Other purchases and external expenses	*(7,877)*	*2,302*	*(5,575)*	*(10,410)*	*4,450*	*(5,960)*
Taxes and related expenses	*(573)*	*67*	*(506)*	*(1,008)*	*72*	*(936)*
Personnel costs	*(7,070)*	*1,143*	*(5,927)*	*(8,888)*	*2,655*	*(6,233)*
Overhead costs	(15,520)	3,512	(12,008)	(20,307)	7,178	(13,129)
Recurring EBITDA	**35,290**	**(3,554)**	**31,736**	**39,375**	**(10,172)**	**29,203**
Depreciations and impairment	(182)	60	(122)	(285)	160	(126)
Profit from recurring operations	**35,108**	**(3,494)**	**31,614**	**39,090**	**(10,013)**	**29,077**
Charges net of provisions	(569)	340	(228)	(674)	679	5
Balance of other revenue and expenses	573	12	586	1,029	105	1,133
Profit / loss from Gains (losses) on real-estate sales	*4,482*	*(2,315)*	*2,168*	*(333)*	*(94)*	*(426)*
Option exercised on finance lease properties	*764*	*-*	*764*	*(96)*	*-*	*(96)*
Net Gains (losses) on sale of operating assets	*4*	*(4)*	*-*	*(16)*	*9*	*(7)*
Gains on asset disposals	5,250	(2,319)	2,931	(445)	(85)	(529)
Operating income before fair value adjustment	**40,362**	**(5,460)**	**34,902**	**39,000**	**(9,314)**	**29,686**
Upward adjustment of value of investment properties	*17,588*	*(954)*	*16,634*	*21,044*	*(4,066)*	*16,977*
Downward adjustment of value of investment properties	*(15,698)*	*743*	*(14,955)*	*(23,862)*	*3,064*	*(20,798)*
Adjustment of value of investment properties	1,890	(211)	1,679	(2,818)	(1,002)	(3,821)
Adjustment of Goodwill	*-*	*-*	*-*	*-*	*-*	*-*
Balance net of value adjustments	1,890	(211)	1,679	(2,818)	(1,002)	(3,821)
Net operating profit	**42,252**	**(5,671)**	**36,581**	**36,181**	**(10,316)**	**25,865**
Revenue from cash and cash equivalents	*410*	*(153)*	*258*	*570*	*(290)*	*280*
Gross cost of financial debt	*(22,208)*	*3,751*	*(18,458)*	*(28,185)*	*8,268*	*(19,916)*
Net cost of debt	(21,798)	3,598	(18,200)	(27,615)	7,978	(19,636)
Other financial revenue and expenses	(49)	(385)	(434)	108	(191)	(83)
Adjustment of value of financial instruments	(2,712)	450	(2,262)	(2,910)	2,821	(89)
Income before tax	**17,693**	**(2,008)**	**15,686**	**5,764**	**293**	**6,057**
Tax on recurring income	44	108	153	280	282	562
Deferred taxes	(472)	(120)	(592)	305	(590)	(285)
Exit tax	-	-	-	-	-	-
Share of income in companies accounted for by the equity method	(629)	1,941	1,312	3,069	(94)	2,975
Net income (loss) after tax from discontinued activities	-	-	-	1,209	-	1,209
Net profit (loss)	**16,636**	**(79)**	**16,558**	**10,627**	**(109)**	**10,518**
Non-controlling interests	1,295	()	1,295	307	(108)	199
NET INCOME (LOSS) - GROUP SHARE	**15,341**	**(79)**	**15,262**	**10,320**	**(1)**	**10,319**

20.1.8.3. Consolidated cash flow statement

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
I – TRANSACTIONS RELATED TO OPERATING ACTIVITIES			
Consolidated net income (loss) (including non-controlling interests)	**4,632**	**16,558**	**10,518**
Net increase (decrease) in depreciation and provisions	1,988	(7,432)	6,298
Unrealised gains and losses from changes in fair value	5,217	(1,679)	3,821
Other calculated income and expenses (including discount calculations)	(3,125)	1,207	(1,697)
Capital gains or losses on sales of assets	12,603	12,401	11,699
Net carrying value of fixed assets sold	*143,259*	*59,347*	*100,359*
Income from disposals of fixed assets	*(130,656)*	*(46,946)*	*(88,660)*
Dilution profits and losses	-	-	-
Share in profits of companies consolidated under the equity method	(3,401)	(1,312)	(2,975)
Dividends and returns from income of non-consolidated companies	-	(2)	(13)
Cash flow from operations after net borrowing costs and tax	**17,914**	**19,741**	**27,651**
Net cost of debt	15,493	18,582	18,562
Tax expense (including deferred taxes)	(145)	440	(277)
Cash flow from operations before net cost of debt and tax	**33,262**	**38,763**	**45,936**
Income tax paid	(41)	(588)	(3,270)
Changes in inventories	(10,957)	540	(2,103)
Change in trade receivables and other accounts	2,776	2,782	(2,728)
Change in trade accounts payable	(1,454)	(1,789)	2,432
Other changes in working capital requirement related to operating activities	(6,773)	8,573	(668)
Impact of discontinued activities	-	-	-
Net cash flows from operating activities	**16,812**	**48,281**	**39,599**
II – INVESTMENT TRANSACTIONS			
Finance leases	3,900	10,680	3,580
Cash paid for acquisitions	*-*	*(38)*	*(258)*
Cash received for disposals	*3,900*	*10,718*	*3,837*
Investment properties	106,777	9,576	60,922
Cash paid for acquisitions	*(20,522)*	*(25,267)*	*(23,617)*
Cash received for disposals	*127,299*	*34,843*	*84,539*
Cash paid for acquisitions of tangible and intangible fixed assets	(375)	(87)	(387)
Cash received for disposals of tangible and intangible fixed assets	-	-	11
Investment subsidies	-	-	-
Cash paid for acquisitions of financial assets	-	-	(2)
Cash received for disposals of financial assets	24	-	-
Consolidated shares	(3)	2,045	(3)
Cash paid for acquisitions	*-*	*-*	*(20)*
Cash received for disposals	*-*	*1,633*	*29*
Impact of changes in consolidation	*(3)*	*412*	*(12)*
Dividends received (companies consolidated under the equity method, non-consolidated shares)	847	1,211	4,625
Change in loans and advances outstanding	373	(92)	(144)
Other cash flows related to investment activities	-	-	-
Cash flow from discontinued activities	-	-	(1,455)
Net cash flow investment transactions	**111,543**	**23,334**	**67,147**
III – FINANCING TRANSACTIONS			
Amounts received from shareholders in capital increases	-	568	-
Paid by shareholders of the parent company	*-*	*568*	*-*
Paid by minority interests of consolidated subsidiaries	*-*	*-*	*-*
Purchases and sales of treasury stock	(15)	1,971	4,337
Dividends paid out during the financial year	(10,565)	(10,537)	(11,235)
Dividends paid to shareholders of the parent company	*(10,406)*	*(10,116)*	*(11,227)*
Paid to minority interests of consolidated subsidiaries	*(159)*	*(421)*	*(8)*
Change in non-controlling interests without loss of control	(323)	(3,196)	-
Increase/Decrease in subordinated debts	-	-	-
Income/Loss from compound instruments	(4,194)	(5,300)	(6,335)
Change in guarantee deposits given and received	(1,690)	(2,658)	(4,937)
Issues or subscriptions of loans and borrowings	35,915	24,249	19,595
Repayments of loans and borrowings	(123,797)	(59,559)	(94,826)
Net cost of debt: interest paid	(16,531)	(19,370)	(20,063)
Other cash flows related to financing activities	1,037	787	1,502
Cash flow from discontinued activities	-	-	-
Net cash flow from financing transactions	**(120,161)**	**(73,045)**	**(111,962)**
NET CHANGE IN CASH (I+II+III)	**8,194**	**(1,430)**	**(5,216)**
Cash and cash equivalents at beginning of period	18,911	20,342	25,557
Cash and cash equivalents at end of period	27,106	18,911	20,342
NET CHANGE IN CASH	**8,194**	**(1,430)**	**(5,215)**

Cash and equivalents

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Savings bank, central bank, post office	3	3	3
Liquid bank assets	29,219	22,848	21,491
Liquid bank assets in other assets	361	465	1,069
Investment securities (*1)	2,984	-	1,127
Sub-total (1)	**32,566**	**23,316**	**23,690**
Bank overdrafts	(5,460)	(4,405)	(3,348)
Bank overdrafts in other liabilities	-	-	-
Sub-total (2)	(5,460)	(4,405)	(3,348)
TOTAL (1) + (2)	**27,106**	**18,911**	**20,342**

(*1): The fair value of investment securities corresponds to a price quoted on an active market.

20.1.8.4. Statement of transition from published consolidated cash flows to proforma

(In thousands of euros)	31/12/2011 Published	Transition from FC to EMC	31/12/2011 Proforma	31/12/2010 Published	Transition from FC to EMC	31/12/2010 Proforma
I –TRANSACTIONS RELATED TO OPERATING ACTIVITIES						
Consolidated net income (loss) (including non-controlling interests)	16,636	(79)	16,558	10,627	(109)	10,518
Net increase (decrease) in depreciation and provisions	(7,347)	(85)	(7,432)	3,296	3,002	6,298
Unrealised gains and losses from changes in fair value	(1,896)	217	(1,679)	2,818	1,002	3,821
Other calculated income and expenses (including discount calculations)	1,655	(447)	1,207	758	(2,455)	(1,697)
Capital gains or losses on sales of assets	9,735	2,666	12,401	11,585	114	11,699
Net carrying value of fixed assets sold	*79,014*	*(19,667)*	*59,347*	*101,036*	*(677)*	*100,359*
Income from disposals of fixed assets	*(69,279)*	*22,333*	*(46,946)*	*(89,451)*	*791*	*(88,660)*
Dilution profits and losses	-	-	-	-	-	-
Share in profits of companies consolidated under the equity method	631	(1,943)	(1,312)	(3,069)	94	(2,975)
Dividends and returns from income of non-consolidated companies	(85)	82	(2)	(244)	232	(13)
Cash flow from operations after net borrowing costs and tax	**19,330**	**411**	**19,741**	**25,771**	**1,881**	**27,651**
Net cost of debt	22,051	(3,469)	18,582	26,494	(7,932)	18,562
Tax expense (including deferred taxes)	428	12	440	(585)	308	(277)
Cash flow from operations before net cost of debt and tax	**41,809**	**(3,046)**	**38,763**	**51,679**	**(5,744)**	**45,936**
Income tax paid	(545)	(43)	(588)	(3,933)	662	(3,270)
Change in WCR linked to property development (Inventories, trade receivables and other related accounts payable)	10,932	(7,877)	3,055	(25,146)	24,883	(263)
Change in trade receivables and other accounts	151	243	394	(5,115)	1,519	(3,595)
Change in trade accounts payable	(1,388)	(529)	(1,916)	2,395	(935)	1,459
Other changes in working capital requirement related to operating activities	8,344	229	8,573	475	(1,143)	(668)
Impact of discontinued activities	-	-	-	-	-	-
Net cash flows from operating activities	**59,303**	**(11,022)**	**48,281**	**20,356**	**19,243**	**39,599**
II – INVESTMENT TRANSACTIONS						
Finance leases	10,680	-	10,680	3,580	-	3,580
Cash paid for acquisitions	*(38)*	*-*	*(38)*	*(258)*	*-*	*(258)*
Cash received for disposals	*10,718*	*-*	*10,718*	*3,837*	*-*	*3,837*
Investment properties	15,131	(5,555)	9,576	68,790	(7,869)	60,922
Cash paid for acquisitions	*(26,767)*	*1,500*	*(25,267)*	*(24,163)*	*546*	*(23,617)*
Cash received for disposals	*41,898*	*(7,054)*	*34,843*	*92,954*	*(8,415)*	*84,539*
Cash paid for acquisitions of tangible and intangible fixed assets	(266)	179	(87)	(566)	179	(387)
Cash received for disposals of tangible and intangible fixed assets	8	(8)	-	68	(57)	11
Investment subsidies	-	-	-	-	-	-

(In thousands of euros)	31/12/2011 Published	Transition from FC to EMC	31/12/2011 Proforma	31/12/2010 Published	Transition from FC to EMC	31/12/2010 Proforma
Cash paid for acquisitions of financial assets	-	-	-	(9,294)	9,292	(2)
Cash received for disposals of financial assets	5,456	(5,456)	-	461	(461)	-
Consolidated shares	(2,202)	4,247	2,045	(31,295)	31,292	(3)
Cash paid for acquisitions	*-*	*-*	*-*	*(31,637)*	*31,617*	*(20)*
Cash received for disposals	*1,633*		*1,633*	*354*	*(325)*	*29*
Impact of changes in consolidation	*(3,835)*	*4,247*	*412*	*(12)*	*-*	*(12)*
Dividends received (companies consolidated under the equity method, non-consolidated shares)	2,028	(816)	1,211	1,667	2,958	4,625
Change in loans and advances outstanding	(7,634)	7,543	(92)	(22,771)	22,628	(144)
Other cash flows related to investment activities	-	-	-	(389)	389	-
Cash flow from discontinued activities	-	-	-	(1,455)	-	(1,455)
Net cash flow investment transactions	**23,200**	**134**	**23,334**	**8,795**	**58,352**	**67,147**
III – FINANCING TRANSACTIONS						
Amounts received from shareholders in capital increases	568		568	-	-	-
Paid by shareholders of the parent company	*568*		*568*	*-*	*-*	*-*
Paid by minority interests of consolidated subsidiaries	*-*	*-*	*-*	*-*	*-*	*-*
Purchases and sales of treasury stock	1,957	14	1,971	4,337	-	4,337
Dividends paid out during the financial year	(11,840)	1,303	(10,537)	(19,238)	8,004	(11,235)
Dividends paid to shareholders of the parent company	*(10,116)*		*(10,116)*	*(11,227)*	*-*	*(11,227)*
Paid to minority interests of consolidated subsidiaries	*(1,724)*	*1,303*	*(421)*	*(8,011)*	*8,004*	*(8)*
Change in non-controlling interests without loss of control	(3,196)	-	(3,196)	-	-	-
Increase/Decrease in subordinated debts	-	-	-	-	-	-
Income/Loss from compound instruments	(5,300)	-	(5,300)	(6,335)	-	(6,335)
Change in guarantee deposits given and received	(2,620)	(38)	(2,658)	(4,363)	(574)	(4,937)
Issues or subscriptions of loans and borrowings	50,802	(26,553)	24,249	117,741	(98,146)	19,595
Repayments of loans and borrowings	(96,403)	36,844	(59,559)	(96,646)	1,820	(94,826)
Net cost of debt: interest paid	(23,873)	4,504	(19,370)	(29,115)	9,052	(20,063)
Other cash flows related to financing activities	1,823	(1,035)	787	2,621	(1,120)	1,502
Cash flow from discontinued activities	-	-	-	-	-	-
Net cash flow from financing transactions	**(88,083)**	**15,038**	**(73,045)**	**(30,998)**	**(80,964)**	**(111,962)**
NET CHANGE IN CASH (I+II+III)	**(5,581)**	**4,150**	**(1,430)**	**(1,847)**	**(3,369)**	**(5,216)**
Cash and cash equivalents at beginning of period	24,492	(4,150)	20,342	26,339	(782)	25,557
Cash and cash equivalents at end of period	18,911	()	18,911	24,492	(4,150)	20,342
NET CHANGE IN CASH	**(5,581)**	**4,150**	**(1,430)**	**(1,847)**	**(3,369)**	**(5,215)**

20.2. Proforma consolidated financial statements

20.2.1. Statement of consolidated financial position (balance sheet)

20.2.1.1. Assets

(In thousands of euros)	Note	31/12/2012	31/12/2011	31/12/2010
NON-CURRENT ASSETS				
Property, plant and equipment	*2*	287	341	355
Investment property	*1*	522,589	521,356	611,547
Intangible assets	*2*	520	207	228
Other intangible assets		*520*	*207*	*228*
Financial assets	*4*	29,379	39,125	60,692
Finance leases and related receivables		*23,815*	*30,673*	*53,729*
Assets held for sale	*5*	*79*	*269*	*210*
Derivatives stated at fair value		*1,365*	*2,607*	*3,756*
Deposits and sureties paid		*3,896*	*4,812*	*2,979*
Loans		*223*	*765*	*18*
Deferred tax assets	*11*	1,497	1,394	1,454
Shares and investments in companies (equity method)	*10*	89,560	85,819	83,976
Total non-current assets		**643,831**	**648,243**	**758,252**
CURRENT ASSETS				
Assets held for sale	*1&5*	27,255	151,363	75,365
Finance lease loans and receivables		4,763	6,878	561
Inventory	*9*	14,397	13,680	20,587
Trade receivables and other accounts	*8*	6,567	8,904	6,694
Receivables for investment properties		*6,426*	*8,164*	*5,461*
Receivables related to investment properties		*141*	*739*	*1,234*
Current tax assets		91	115	184
Other receivables	*6*	32,673	28,471	35,565
Tax and social security receivables		*5,281*	*4,097*	*6,183*
Other receivables and adjustment accounts		*27,392*	*24,374*	*29,383*
Cash and cash equivalents	*4*	32,580	23,316	23,703
Cash equivalents		*3,345*	*465*	*2,200*
Cash on hand		*29,235*	*22,851*	*21,503*
Total current assets		**118,325**	**232,727**	**162,659**
TOTAL ASSETS		**762,157**	**880,970**	**920,911**

20.2.1.2. Liabilities

(In thousands of euros)	Note	31/12/2012	31/12/2011	31/12/2010
EQUITY				
Equity (Group share)		**351,434**	**348,447**	**347,462**
Capital and related amounts		94,019	86,637	64,970
Share capital		*53,300*	*53,100*	*47,800*
Premiums		*41,290*	*38,489*	*23,947*
Treasury stock		*(571)*	*(4,952)*	*(6,777)*
Consolidated reserves		*252,703*	*246,539*	*272,170*
Unrealised gains or losses on assets available for sale		*-*	*8*	*3*
Net profit (loss)		*4,712*	*15,262*	*10,319*
Non-controlling interests		(26)	13,736	15,028
Consolidated reserves		*54*	*12,441*	*14,830*
Net profit (loss)		*(80)*	*1,295*	*199*
Total shareholders' equity		**351,408**	**362,183**	**362,490**
NON-CURRENT LIABILITIES				
Long-term loans	*3*	310,003	319,837	405,055
Financial liabilities	*4*	9,934	15,551	16,411
Derivatives stated at fair value		*9,320*	*14,136*	*12,772*
Other financial liabilities		*613*	*1,415*	*3,639*
Provisions	*12*	1,726	3,027	910
Deposits and sureties received		6,915	7,145	7,458
Deferred tax liabilities	*11*		281	351
Non-current tax liabilities		-	-	13
Total non-current liabilities		**328,578**	**345,841**	**430,199**
CURRENT LIABILITIES				
Debts linked to assets held for sale	*5*	13,837	97,529	31,045
Amounts owed to stockholders			1	1
Trade accounts payable and other debts	*7*	17,796	24,106	33,946
Trade accounts payable and related accounts		*3,031*	*2,465*	*3,068*
Other debts		*8,734*	*11,029*	*10,912*
Adjustment accounts		*5,217*	*5,976*	*12,731*
Deferred income		*813*	*4,635*	*7,235*
Loans and borrowings	*4*	46,382	46,620	58,993
Deferred tax liabilities			14	706
Tax and social security debts	*13*	4,156	4,677	3,532
Total current liabilities		**82,171**	**172,947**	**128,222**
TOTAL LIABILITIES		**762,157**	**880,970**	**920,911**

20.2.2. Statement of consolidated comprehensive income

20.2.2.1. Consolidated profit and loss statement

(In thousands of euros)	Note	31/12/2012	31/12/2011	31/12/2010
Gross rental income		*46,427*	*48,269*	*50,006*
Rental revenue and expenses		*(4,406)*	*(5,129)*	*(7,200)*
Other property income and expenses		*(761)*	*(55)*	*(185)*
Net property revenue	*14*	41,261	43,084	42,620
Revenue from finance leases		*1,001*	*2,792*	*3,270*
Expenses on finance leases		*65*	*(441)*	*(369)*
Revenue from finance leases	*15*	1,066	2,351	2,901
Revenue from real estate transactions		*26,727*	*7,619*	*13,144*
Expenses on real estate transactions		*(24,920)*	*(9,310)*	*(16,333)*
Revenue from real estate development transactions	*15*	1,806	(1,691)	(3,189)
Other purchases and external expenses		*(4,948)*	*(5,575)*	*(5,960)*
Taxes and related expenses		*(237)*	*(506)*	*(936)*
Personnel costs		*(5,752)*	*(5,927)*	*(6,233)*
Overhead costs		(10,937)	(12,008)	(13,129)
Recurring EBITDA		**33,196**	**31,736**	**29,203**
Depreciations and impairment		(115)	(122)	(126)
Profit from recurring operations		**33,081**	**31,614**	**29,077**
Charges net of provisions	*16*	(230)	(228)	5
Balance of other revenue and expenses		102	586	1,133
Profit / loss from Gains (losses) on real-estate sales		*(8,884)*	*2,168*	*(426)*
Option exercised on finance lease properties		*382*	*764*	*(96)*
Net Gains (losses) on sale of operating assets		*-*	*-*	*(7)*
Gains on asset disposals	*17*	(8,501)	2,931	(529)
Operating income before fair value adjustment		**24,451**	**34,902**	**29,686**
Upward adjustment of value of investment properties		*12,258*	*16,634*	*16,977*
Downward adjustment of value of investment properties		*(17,475)*	*(14,955)*	*(20,798)*
Adjustment of value of investment properties		(5,217)	1,679	(3,821)
Balance net of value adjustments		(5,217)	1,679	(3,821)
Net operating profit		**19,234**	**36,581**	**25,865**
Revenue from cash and cash equivalents		*469*	*258*	*280*
Gross cost of financial debt		*(17,404)*	*(18,458)*	*(19,916)*
Net cost of debt	*18*	(16,935)	(18,200)	(19,636)
Other financial revenue and expenses		293	(434)	(83)
Adjustment of value of financial instruments		(1,506)	(2,262)	(89)
Income before tax		**1,085**	**15,686**	**6,057**
Tax on recurring income	*19*	(95)	153	562
Deferred taxes	*19*	240	(592)	(285)
Share of income in companies accounted for by the equity method	*20*	3,401	1,312	2,975
Net income (loss) after tax from discontinued activities		-	-	1,209
Net profit (loss)		**4,632**	**16,558**	**10,518**
Non-controlling interests		(80)	1,295	199
NET INCOME (LOSS) - GROUP SHARE		**4,712**	**15,262**	**10,319**
Earnings per share (€)		0.54	1.83	1.36
Diluted earnings per share (€)		0.47	1.59	1.12
Diluted earnings per share restated to reflect subordinated loan notes (TSDI)		0.06	1.19	0.53
Diluted earnings per share restated to reflect subordinated loan notes (TSDI) (€)		0.20	1.26	0.83

20.2.2.2. Statement of net income and gains and losses taken directly to equity

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Net profit (loss)	**4,632**	**16,558**	**10,518**
Currency translation adjustments	-	-	-
Changes in fair value of financial assets available for sale[1]	-	(321)	322
Share of the changes in fair value of financial assets available for sale transferred to income statement	-	-	-
Effective portion of the change in fair value of cash flow hedges	-	-	-
Share of the change in fair value of cash flow hedges transferred to income statement	-	-	-
Revaluation difference on non-current assets	-	-	-
Actuarial gains and losses on defined-benefit systems			
Share of gains and losses taken directly to equity in companies consolidated under the equity method	-	-	-
Tax	-	-	-
Total gains and losses taken directly to equity	**-**	**(321)**	**322**
NET INCOME AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	**4,632**	**16,236**	**10,840**
Of which Group share	4,712	14,941	10,641
Of which non-controlling interests	(80)	1,295	199

20.2.3. Statement of changes in equity

	Capital and related reserves								
(In thousands of euros)	Share capital	Reserves related to share capital	Treasury stock	Consolidated reserves	Total gains and losses taken directly to equity	Net income (loss) group share	Group equity	Equity held by non-controlling interests	Total consolidated equity
Equity as at 31/12/2010	**47,800**	**128,953**	**(6,777)**	**167,164**	**2**	**10,319**	**347,462**	**15,028**	**362,490**
Capital increase	5,300	4,533	-	(66)	-	-	9,767	568	10,335
Cancellation of treasury stock	-	-	1,825	256	-	-	2,081	-	2,081
Preference-share issue	-	-	-	-	-	-	-	-	-
Equity portion of compound instruments	-	(799)	-	(5,119)	-	-	(5,918)	-	(5,918)
Share-based payment transactions	-	-	-	-	-	-	-	-	-
Appropriation of 2010 income (loss)	-	-	-	10,319	-	(10,319)	-	-	-
Bonus shares	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	(20,426)	-	-	(20,426)	(427)	(20,853)
Dividends on treasury stock	-	-	-	748	-	-	748	-	748
Preference dividends	-	-	-	-	-	-	-	-	-
Sub-total of shareholder-related movements	**5,300**	**3,734**	**1,825**	**(14,288)**	**-**	**(10,319)**	**(13,748)**	**140**	**(13,608)**
Changes in gains and losses recognised directly in equity	-	-	-	-	6	-	6	-	6
2011 income	-	-	-	-	-	15,262	15,262	1,295	16,558
Subtotal	**-**	**-**	**-**	**-**	**6**	**15,262**	**15,268**	**1,295**	**16,564**
Effect of acquisitions and disposals on non-controlling interests	-	-	-	17	-	-	17	(2,732)	(2,715)
Changes in accounting methods	-	-	-	-	-	-	-	-	-
Share of changes in equity of companies accounted for under the equity method	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	(552)	-	-	(552)	4	(548)
Equity as at 31/12/11	**53,100**	**132,687**	**(4,952)**	**152,341**	**8**	**15,262**	**348,447**	**13,736**	**362,182**
Capital increase	1,867	5,468	-	(12)	-	-	7,324	-	7,324
Cancellation of treasury stock	(1,667)	(2,668)	4,335	-	-	-	-	-	-
Cancellation of treasury stock	-	-	47	(87)	-	-	(40)	-	(40)
Preference-share issue	-	-	-	-	-	-	-	-	-
Equity portion of compound instruments	-	(213)	-	(4,051)	-	-	(4,264)	-	(4,264)
Share-based payment transactions	-	-	-	-	-	-	-	-	-
Appropriation of 2011 income (loss)	-	-	-	15,262	-	(15,262)	-	-	-
Bonus shares	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	(10,807)	-	-	(10,807)	(158)	(10,965)
Dividends on treasury stock	-	-	-	401	-	-	401	-	401
Preference dividends	-	-	-	-	-	-	-	-	-
Sub-total of shareholder-related movements	**200**	**2,588**	**4,381**	**707**	**-**	**(15,262)**	**(7,386)**	**(158)**	**(7,544)**
Changes in gains and losses recognised directly in equity	-	-	-	-	(9)	-	(9)	-	(9)
2012 income	-	-	-	-	-	4,712	4,712	(80)	4,632
Subtotal	**-**	**-**	**-**	**-**	**(9)**	**4,712**	**4,703**	**(80)**	**4,623**
Effect of acquisitions and disposals on non-controlling interests	-	-	-	5,558	-	-	5,558	(13,523)	(7,965)
Changes in accounting methods	-	-	-	-	-	-	-	-	-
Share of changes in equity of companies accounted for under the equity method	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	114	-	-	114	-	114
EQUITY AS AT 31/12/2012	**53,300**	**135,275**	**(571)**	**158,718**	**-**	**4,712**	**351,434**	**(26)**	**351,408**

20.2.4. Consolidated cash flow statement

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
I –TRANSACTIONS RELATED TO OPERATING ACTIVITIES			
Consolidated net income (loss) (including non-controlling interests)	**4,632**	**16,558**	**10,518**
Net increase (decrease) in depreciation and provisions	1,988	(7,432)	6,298
Unrealised gains and losses from changes in fair value	5,217	(1,679)	3,821
Other calculated income and expenses (including discount calculations)	(3,125)	1,207	(1,697)
Capital gains or losses on sales of assets	12,603	12,401	11,699
Net carrying value of fixed assets sold	*143,259*	*59,347*	*100,359*
Income from disposals of fixed assets	*(130,656)*	*(46,946)*	*(88,660)*
Dilution profits and losses	-	-	-
Share in profits of companies consolidated under the equity method	(3,401)	(1,312)	(2,975)
Dividends and returns from income of non-consolidated companies	-	(2)	(13)
Cash flow from operations after net borrowing costs and tax	17,914	19,741	27,651
Net cost of debt	15,493	18,582	18,562
Tax expense (including deferred taxes)	(145)	440	(277)
Cash flow from operations before net cost of debt and tax	**33,262**	**38,763**	**45,936**
Income tax paid	(41)	(588)	(3,270)
Changes in inventories	(10,957)	3,055	(263)
Change in trade receivables and other accounts	2,776	394	(3,595)
Change in trade accounts payable	(1,454)	(1,916)	1,459
Other changes in working capital requirement related to operating activities	(6,773)	8,573	(668)
Impact of discontinued activities	-	-	-
Net cash flows from operating activities	**16,812**	**48,281**	**39,599**
II – INVESTMENT TRANSACTIONS	-	-	-
Finance leases	3,900	10,680	3,580
Cash paid for acquisitions	*-*	*(38)*	*(258)*
Cash received for disposals	*3,900*	*10,718*	*3,837*
Investment properties	106,777	9,576	60,922
Cash paid for acquisitions	*(20,522)*	*(25,267)*	*(23,617)*
Cash received for disposals	*127,299*	*34,843*	*84,539*
Cash paid for acquisitions of tangible and intangible fixed assets	(375)	(87)	(387)
Cash received for disposals of tangible and intangible fixed assets	-	-	11
Investment subsidies	-	-	-
Cash paid for acquisitions of financial assets	-	-	(2)
Cash received for disposals of financial assets	24	-	-
Consolidated shares	(3)	2,045	(3)
Cash paid for acquisitions	*-*	*-*	*(20)*
Cash received for disposals	*-*	*1,633*	*29*
Impact of changes in consolidation	*(3)*	*412*	*(12)*
Dividends received (companies consolidated under the equity method, non-consolidated shares)	847	1,211	4,625
Change in loans and advances outstanding	373	(92)	(144)
Other cash flows related to investment activities	-	-	-
Cash flow from discontinued activities	-	-	(1,455)
Net cash flow investment transactions	**111,543**	**23,334**	**67,147**
III – FINANCING TRANSACTIONS			
Amounts received from shareholders in capital increases	-	568	-
Paid by shareholders of the parent company	*-*	*568*	*-*
Paid by minority interests of consolidated subsidiaries	*-*	*-*	*-*
Purchases and sales of treasury stock	(15)	1,971	4,337
Dividends paid out during the financial year	(10,565)	(10,537)	(11,235)
Dividends paid to shareholders of the parent company	*(10,406)*	*(10,116)*	*(11,227)*
Paid to minority interests of consolidated subsidiaries	*(159)*	*(421)*	*(8)*
Change in non-controlling interests without loss of control	(323)	(3,196)	-
Increase/Decrease in subordinated debts	-	-	-
Income/Loss from compound instruments	(4,194)	(5,300)	(6,335)
Change in guarantee deposits given and received	(1,690)	(2,658)	(4,937)
Issues or subscriptions of loans and borrowings	35,915	24,249	19,595
Repayments of loans and borrowings	(123,797)	(59,559)	(94,826)
Net cost of debt: interest paid	(16,531)	(19,370)	(20,063)
Other cash flows related to financing activities	1,037	787	1,502
Cash flow from discontinued activities	-	-	-
Net cash flow from financing transactions	**(120,161)**	**(73,045)**	**(111,962)**
NET CHANGE IN CASH (I+II+III)	**8,194**	**(1,430)**	**(5,216)**
Cash and cash equivalents at beginning of period	18,911	20,342	25,557
Cash and cash equivalents at end of period	27,106	18,911	20,342
NET CHANGE IN CASH	**8,194**	**(1,430)**	**(5,215)**

Cash and equivalents

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Savings bank, central bank, post office	3	3	3
Liquid bank assets	29,219	22,848	21,491
Liquid bank assets in other assets	361	465	1,069
Investment securities (*1)	2,984	-	1,127
Sub-total (1)	**32,566**	**23,316**	**23,690**
Bank overdrafts	(5,460)	(4,405)	(3,348)
Bank overdrafts in other liabilities	-	-	-
Sub-total (2)	**(5,460)**	**(4,405)**	**(3,348)**
TOTAL (1) + (2)	**27,106**	**18,911**	**20,342**

(*1): The fair value of investment securities corresponds to a price quoted on an active market.

20.2.5. Change in number of shares comprising the capital

Shares authorised, issued and paid up

	At beginning of period	Increase in capital following the merger	Decrease in capital through cancellation of treasury stock	Increase in capital through incorporation of free reserves to round off the capital amount	At end of period
Number of shares	9,002,042	314,576	(282,659)	-	9,033,959
Share capital in euros	53,100,000	1,855,577	(1,667,310)	11,732	53,300,000

Treasury stock

	At 31/12/2011	Acquisitions	Sales	Cancellation	At 31/12/2012
In thousands of euros	4,952	1,403	(1,449)	(4,335)	571
In numbers	323,194	115,146	(111,274)	(282,659)	44,407

20.2.6. Scope of consolidation at the balance sheet date

	31/12/2012			31/12/2011			31/12/2010			
	Consolidation method	% control	% interest	Consolidation method	% control	% interest	Consolidation method	% control	% interest	Business sector
AFFINE	Parent company			Parent company			Parent company			FF - LF
GESFIMMO (formerly affine Developpement 1 SAS)	IG	100.00%	100.00%	IG	100.00%	100.00%	IG	100.00%	100.00%	FF
AFFINE DEVELOPPEMENT 2 SAS	-	-	-	-	-	-	IG	100.00%	100.00%	FF
AFFINVESTOR Gmbh	-	-	-	-	-	-	IG	94.00%	94.00%	FF
ARCA VILLE D'ETE SCI (formerly Capucines 2 SCI)	IG	100.00%	100.00%	IG	100.00%	100.00%	IG	100.00%	100.00%	FF
ATIT SC (formerly - ANJOU SC)	IG	100.00%	100.00%	IG	100.00%	100.00%	IG	100.00%	100.00%	DI
BERCYMMO SARL	-	-	-	-	-	-	IG	100.00%	100.00%	FF
BRETIGNY SCI	IG	100.00%	100.00%	IG	100.00%	100.00%	IG	100.00%	100.00%	FF
CAPUCINES III SCI	-	-	-	-	-	-	IG	100.00%	100.00%	FF
CAPUCINES IV SCI	-	-	-	-	-	-	IG	100.00%	100.00%	FF
CAPUCINES V SCI	-	-	-	-	-	-	IG	100.00%	100.00%	FF
CAPUCINES VI SCI	-	-	-	-	-	-	IG	100.00%	100.00%	FF
CARDEV	IG	100.00%	100.00%	IG	100.00%	100.00%	IG	100.00%	100.00%	FF
COUR CAPUCINES SA	IG	100.00%	99.99%	IG	100.00%	99.99%	IG	100.00%	99.99%	FF
DORIANVEST SARL	IG	100.00%	100.00%	IG	100.00%	100.00%	IG	100.00%	100.00%	FF
LES 7 COLLINES	IG	95.00%	95.00%	IG	95.00%	95.00%	IG	95.00%	95.00%	FF
CAPUCINE INVESTISSEMENTS SA	IG	99.77%	99.77%	IG	99.77%	99.77%	IG	99.77%	99.77%	FF
LUMIERE SAS	-	-	-	-	-	-	IG	67.91%	67.91%	DI
NEVERS COLBERT SCI (formerly CAPUCINES I SCI)	IG	100.00%	100.00%	IG	100.00%	100.00%	IG	100.00%	100.00%	FF
PARVIS LILLE SCI	IG	100.00%	100.00%	-	-	-	-	-	-	FF
SIPEC SAS	IG	100.00%	100.00%	IG	100.00%	100.00%	IG	100.00%	100.00%	FF
ST ETIENNE - MOLINA SAS	IG	100.00%	100.00%	IG	100.00%	100.00%	IG	100.00%	100.00%	FF
TARGET REAL ESTATE SAS	IG	100.00%	100.00%	IG	100.00%	100.00%	IG	100.00%	100.00%	FF
TRANSAFFINE SNC	-	-	-	-	-	-	IG	100.00%	100.00%	DI
AFFIPARIS SA	IG	87.65%	87.65%	IG	86.93%	86.93%	IG	64.88%	64.88%	FF
SCI 28-32 PLACE DE GAULLE	-	-	-	-	-	-	IG	100.00%	64.61%	FF
BERCY PARKINGS SCI	IG	100.00%	87.65%	IG	100.00%	86.96%	IG	100.00%	64.88%	FF
SARL COSMO	-	-	-	IG	99.90%	86.84%	IG	99.90%	64.54%	FF
SCI COSMO LILLE	-	-	-	IG	100.00%	86.93%	IG	100.00%	64.61%	FF
SCI COSMO MARSEILLE	IG	100.00%	87.65%	IG	100.00%	86.93%	IG	100.00%	64.61%	FF
SCI COSMO MONTPELLIER	IG	100.00%	87.65%	IG	100.00%	86.93%	IG	100.00%	64.61%	FF
SCI COSMO NANTES	-	-	-	-	-	-	IG	100.00%	64.61%	FF
SCI COSMO TOULOUSE	-	-	-	IG	100.00%	86.93%	IG	100.00%	64.61%	FF
SCI DU BEFFROI	-	-	-	IG	100.00%	86.93%	IG	100.00%	64.61%	FF
SCI GOUSSIMO 1	-	-	-	-	-	-	IG	100.00%	64.61%	FF
SC GOUSSINVEST	-	-	-	IG	100.00%	86.93%	IG	100.00%	64.61%	FF
HOLDIMMO SC	IG	100.00%	87.65%	IG	100.00%	86.93%	IG	99.58%	64.61%	FF
SCI NUMERO 1	IG	100.00%	87.65%	IG	100.00%	86.93%	IG	100.00%	64.88%	FF
SCI NUMERO 2	-	-	-	IG	100.00%	86.93%	IG	100.00%	64.88%	FF
SCI PM MURS	-	-	-	-	-	-	IG	100.00%	64.88%	FF
SCI 36	IG	100.00%	87.65%	IG	100.00%	86.93%	IG	100.00%	64.88%	FF
BANIMMO SA	**EM**	**49.99%**	**49.51%**	**EM**	**49.99%**	**49.51%**	**EM**	**49.99%**	**49.51%**	**FB**
LES JARDINS DES QUAIS SNC	**EM**	**50.00%**	**74.75%**	**EM**	**50.00%**	**74.75%**	**EM**	**50.00%**	**74.75%**	**FF**
CONCERTO DÉVELOPPEMENT SAS	**IG**	**99.99%**	**99.99%**	**IG**	**99.99%**	**99.99%**	**IG**	**70.29%**	**69.27%**	**DI**
CHAVORNAY PARC SA	PI	50.00%	50.00%	PI	50.00%	50.00%	PI	50.00%	34.64%	DI
CONCERTO BUCHERES SCI	IG	100.00%	99.99%	-	-	-	-	-	-	-
CONCERTO Développement Iberica SL	IG	100.00%	99.99%	IG	100.00%	99.99%	IG	100.00%	69.27%	DI
CONCERTO FERRIERES EN BRIE SC	IG	100.00%	99.99%	-	-	-	-	-	-	-
CONCERTO LOGISTIC PARK MER	IG	99.99%	99.98%	IG	99.99%	99.98%	IG	99.99%	69.27%	DI
PROMAFFINE SAS	**IG**	**100.00%**	**100.00%**	**IG**	**100.00%**	**100.00%**	**IG**	**100.00%**	**100.00%**	**DI**
BOURGTHEROULDE - L'EGLISE	-	-	-	-	-	-	IG	100.00%	100.00%	DI
CAP 88	EM	40.00%	40.00%	EM	40.00%	40.00%	EM	40.00%	40.00%	DI
LUCE CARRE D'OR SCI	IG	100.00%	100.00%	IG	100.00%	100.00%	IG	100.00%	100.00%	DI
MARSEILLE 88 CAPELETTE	EM	40.00%	40.00%	EM	40.00%	40.00%	EM	40.00%	40.00%	DI
NANTERRE TERRASSES 12 SCI	PI	50.00%	50.00%	PI	50.00%	50.00%	PI	50.00%	50.00%	DI
29 COPERNIC SCI	EM	50.00%	50.00%	EM	50.00%	50.00%	EM	50.00%	50.00%	DI

20.2.7. Notes and comments

20.2.7.1. Notes to the statement of financial position

Note 1 – Real Estate portfolio buildings

Buildings in the real estate portfolio include:
- 50 assets recorded as investment properties, and
- 13 assets classified as buildings held for sale

53 of the 63 assets held by the Group, representing 95% of the fair value of the rental portfolio, were valued by independent appraisers (BNP Real Estate, Cushman & Wakefield, Foncier Expertise). Two assets, accounting for 3.2% of the rental portfolio, were internally appraised. Eight assets representing 1.8% of the rental assets portfolio fair value were valued according to a signed sales offer, commitment to sell or a sale mandate.

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 previous financial year.

Market values are determined excluding transfer duties and acquisition costs. Each appraiser states its independence and confirms the values of the real-estate assets appraised by its services, without taking responsibility for those made by other firms.

Summary table of changes in fair value

AT 31 DECEMBER 2012

(In thousands of euros)	01/01/2012	Acquisitions or works	Change in scope of consolidation	Disposals	Changes in fair value	31/12/2012
BY ASSET TYPE						
Industrial premises, warehouses	193,426	4,910	-	(6,552)	(6,855)	184,928
Office	392,360	12,320	-	(120,528)	1,355	285,507
Commercial	76,503	727	-	(3,280)	1,181	75,131
Other	9,872	13	-	(5,289)	(898)	3,698
BY AREA						
Paris – business district	124,339	583	-	(103,739)	917	22,100
Paris – outside business district	68,670	969	-	-	(789)	68,850
Paris region – outside Paris	193,823	1,760	-	(11,499)	(4,215)	179,868
Other French cities	285,330	12,043	-	(20,411)	(832)	276,129
Other	-	2,616	-	-	(300)	2,316
				INITIAL DIRECT COSTS		**579**
						549,843

AT 31 DECEMBER 2011

(In thousands of euros)	01/01/2011	Acquisitions or works	Change in scope of consolidation	Disposals	Changes in fair value	31/12/2011
BY ASSET TYPE						
Industrial premises, warehouses	165,720	30,770	-	(3,180)	116	193,426
Office	395,887	3,295	-	(14,891)	8,069	392,360
Commercial	84,656	2,094	-	(1,585)	(8,662)	76,503
Other	40,248		(19,800)	(12,731)	2,155	9,872
BY AREA						
Paris – business district	123,547	404	-	-	387	124,339
Paris – outside business district	66,922	2,412	-	(5,240)	4,576	68,670
Paris region – outside Paris	188,827	20,175	-	(17,511)	2,332	193,823
Other French cities	288,346	13,167	-	(9,635)	(6,547)	285,330
Other	18,870	-	(19,800)	-	930	-
				INITIAL DIRECT COSTS		**557**
						672,719

AT 31 DECEMBER 2010

(In thousands of euros)	01/01/2010	Acquisitions or works	Transfers	Disposals	Changes in fair value	31/12/2010
BY ASSET TYPE						
Industrial premises, warehouses	205,673	2,163	13,070	(43,763)	(11,423)	165,720
Office	422,327	1,971	(13,070)	(26,575)	11,234	395,887
Commercial	82,522	6,741	-	(1,656)	(2,951)	84,656
Other	49,711	9	-	(8,790)	(681)	40,248
BY AREA						
Paris – business district	121,554	68	-	-	1,925	123,547
Paris – outside business district	65,836	345	-	(1,850)	2,591	66,922
Paris region – outside Paris	208,115	577	-	(19,195)	(669)	188,827
Other French cities	339,178	9,895	-	(53,690)	(7,038)	288,346
Other	25,550	-	-	(6,050)	(630)	18,870
				INITIAL DIRECT COSTS		**401**
						686,912

Reconciliation between values in the statement of financial position and appraisals from independent experts

INVESTMENT PROPERTY

(In thousands of euros)	Values used	Appraisals	Variance	Comments
Cushmann & Wakefield	272,861	272,861	-	
Crédit Foncier Expertise (formerly Ad Valorem)	74,250	74,250	-	
BNP Real Estate	158,746	158,746	-	
Internal appraisals	16,154	15,650	504	*Regarding the St Etienne Molina property, for which a fair value above the appraised value was recorded as the result of a management decision.*
Marketing fees	579	-	579	
INVESTMENT PROPERTIES AT 31/12/2012	**522,589**	**521,507**	**1,083**	

(In thousands of euros)	Values used	Appraisals	Variance	Comments
Cushmann & Wakefield	276,973	277,643	(670)	*(€670,000) concerning two properties for which a fair value below the appraised value was recorded as the result of a management decision.*
Crédit Foncier Expertise (formerly Ad Valorem)	81,510	81,510	-	
BNP Real Estate	143,520	143,520	-	
Internal appraisals	18,796	18,796		
Marketing fees	557	-	557	
INVESTMENT PROPERTIES AT 31/12/2011	**521,356**	**521,469**	**(114)**	

(In thousands of euros)	Values used	Appraisals	Variance	Comments
Cushmann & Wakefield	311,309	312,560	(1,251)	*including (€653,000) on the Baudry property, because the payment deferment granted to the main tenant was cancelled as it had already been recognised in the accounts and €599,000 due to the recognition of works on the Traversière high-rise building.*
Ad Valorem	80,390	80,390	-	
CBRE	67,593	67,593	-	
BNP Real Estate	140,862	140,862	-	
Under construction	10,993	10,993	-	
Marketing fees	401	-	401	
INVESTMENT PROPERTIES AT 31/12/2010	**611,547**	**612,398**	**(851)**	

ASSETS HELD FOR SALE

(In thousands of euros)	Values used	External appraisals	Variance	Comments
External appraisals	15,830	15,830	-	
Internal appraisals	1,588	-	1,588	
Mandates, offers for sale and commitments to sell	9,836	-	9,836	
NON-CURRENT ASSETS FOR SALE AS AT 31 DECEMBER 2012	**27,255**	**15,830**	**11,424**	

(In thousands of euros)	Values used	External appraisals	Variance	Comments
External appraisals	135,982	136,953	(971)	*of which (€685,000) on the Baudry property appraised by Cushman and (€276,000) on fees for the same property, since the payment deferment granted to the main tenant was cancelled because it had already been recognised in the accounts.*
Internal appraisals	11,532	-	11,532	
Mandates, offers for sale and commitments to sell	3,849	-	3,849	
NON-CURRENT ASSETS FOR SALE AS AT 31 DECEMBER 2011	**151,363**	**136,953**	**14,410**	

(In thousands of euros)	Values used	External appraisals	Variance	Comments
External appraisals	63,065	63,325	(260)	*For one property, the Group used an purchase offer instead of an appraisal.*
Internal appraisals	4,630	-	4,630	
Mandates, offers for sale and commitments to sell	7,670	-	7,670	
NON-CURRENT ASSETS FOR SALE AS AT 31 DECEMBER 2010	**75,365**	**63,325**	**12,040**	

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 was 7.5% at 31 December 2012.
On the basis of the average rate of return at 31 December 2012, a change of 25 basis points would have an inversely proportional effect of €18.2 million on the Group's portfolio value.

CHANGES IN THE VALUE OF PROPERTIES

(In thousands of euros)	Rental	In progress	Non-current assets held for sale	TOTAL
At 31 December 2009	**650,902**	**22,173**	**87,407**	**760,483**
Increases	1,185	9,503	195	10,884
Acquisitions	*1,185*	*9,503*	*195*	*10,884*
Decreases	(61,255)	(44)	(19,486)	(80,785)
Write-off	*-*	*-*	*-*	*-*
Disposals	*(61,255)*	*(44)*	*(19,486)*	*(80,785)*
Change in scope of consolidation	-	-	-	-
Change in fair value	(1,314)	-	(2,507)	(3,821)
Transfers between line items	10,706	(20,462)	9,755	-
Change in initial direct costs	151	-	-	151
Sector transfers	-	-	-	-
At 31 December 2010	**600,377**	**11,171**	**75,365**	**686,912**
Increases	30,558	5,651	20	36,230
Acquisitions	*30,558*	*5,651*	*20*	*36,230*
Decreases	(8,675)	(11)	(23,701)	(32,387)
Write-off	*-*	*-*	*-*	*-*
Disposals	*(8,675)*	*(11)*	*(23,701)*	*(32,387)*
Change in scope of consolidation	-	-	(19,800)	(19,800)
Change in fair value	521	-	1,158	1,679
Transfers between line items	(107,296)	(11,096)	118,320	(71)
Change in initial direct costs	156	-	-	156
Sector transfers	-	-	-	-
At 31 December 2011	**515,640**	**5,716**	**151,363**	**672,719**
Increases	20,820	2,334	795	23,948
Acquisitions	*20,820*	*2,334*	*795*	*23,948*
Decreases	(24,773)	(428)	(116,427)	(141,628)
Write-off	*-*	*-*	*-*	*-*
Disposals	*(24,773)*	*(428)*	*(116,427)*	*(141,628)*
Change in scope of consolidation	()	-		()
Change in fair value	(2,293)	-	(2,924)	(5,217)
Transfers between line items	8,870	(3,318)	(5,552)	-
Change in initial direct costs	22	-	-	22
Sector transfers	-	-	-	-
AT 31 DECEMBER 2012	**518,285**	**4,304**	**27,255**	**549,843**

➤ Note 2 – Property, plant, equipment and intangible assets

(In thousands of euros)	31/12/2010	Acquisitions, Allocations	Sales, Reversals	Inter-item transfers and changes in scope	31/12/2011	Acquisitions, Allocations	Sales, Reversals	Inter-item transfers and changes in scope	31/12/2012
PROPERTY, PLANT AND EQUIPMENT									
Gross	759	55	-	-	814	17	(20)	-	812
Amortisation	(404)	(70)	-	-	(473)	(71)	20	-	(525)
NET	**355**	**(14)**	**-**	**-**	**341**	**(54)**	**(0)**	**-**	**287**
INTANGIBLE ASSETS									
Gross	662	31	-	-	693	357	-	(25)	1,026
Amortisation	(434)	(53)	-	-	(487)	(43)	-	24	(506)
NET	**228**	**(21)**	**-**	**-**	**207**	**314**	**-**	**(1)**	**520**
GOODWILL									
Gross	9,593	-	-	-	9,593	-	-	(949)	8,643
Impairments	(9,593)	-	-	-	(9,593)	-	-	949	(8,643)
NET	-	-	-	-	-	-	-	-	-

➤ Note 3 – Long-term loans

(In thousands of euros)		1 to 2 years	2 to 5 years	Longer than 5 years
Bank loans	306,764	40,859	129,568	136,337
Fixed rate	*19,952*	*7,150*	*5,507*	*7,295*
Variable rate	*286,813*	*33,709*	*124,062*	*129,041*
Finance lease commitment hedge accounts	4,715	168	4,339	208
Deferred borrowing costs at EIR	(1,476)	(393)	(729)	(355)
TOTAL AT 31/12/2012	**310,003**	**40,634**	**133,179**	**136,190**

(In thousands of euros)		1 to 2 years	2 to 5 years	Longer than 5 years
Bank loans	317,413	38,258	142,850	136,305
Fixed rate	*16,957*	*3,054*	*10,417*	*3,485*
Variable rate	*300,456*	*35,204*	*132,433*	*132,819*
Finance lease commitment hedge accounts	4,505	3,306	529	670
Deferred borrowing costs at EIR	(2,081)	(580)	(1,167)	(334)
TOTAL AT 31 DECEMBER 2011	**319,837**	**40,984**	**142,212**	**136,640**

(In thousands of euros)		1 to 2 years	2 to 5 years	Longer than 5 years
Bank loans	402,990	37,766	135,606	229,618
Fixed rate				
Variable rate				
Finance lease commitment hedge accounts	4,865	993	3,031	841
Deferred borrowing costs at EIR	(2,800)			
TOTAL AT 31 DECEMBER 2010	**405,055**	**38,759**	**138,636**	**230,460**

The average term of debts as at 31 December 2012 was 5.7 years.

Note 4 – Other financial assets and liabilities

AT 31 DECEMBER 2012

(In thousands of euros)	Balance sheet items	from 0 to 3 months	3 months to 1 year	1 year to 5 years	over 5 years
FINANCIAL ASSETS					
Non-current					
Finance lease transactions and related receivables	23,815	-	-	17,352	6,463
Assets available for sale	79	-	-	-	79
Derivatives stated at fair value	1,365	-	-	1,365	-
Deposits and sureties paid	3,896	-	-	-	3,896
Loans	223	-	-	207	16
TOTAL NON-CURRENT FINANCIAL ASSETS	**29,379**	**-**	**-**	**18,924**	**10,454**
Current					
Cash and equivalents	32,580	32,580	-	-	-
Cash equivalents: SICAVs	*2,984*	*2,984*	-	-	-
Restatement of SICAVs at fair value	*1*	*1*	-	-	-
Settlement accounts for securities	*361*	*361*	-	-	-
Bank account overdrafts	*29,235*	*29,235*	-	-	-
TOTAL CURRENT FINANCIAL ASSETS	**32,580**	**32,580**	**-**	**-**	**-**
FINANCIAL LIABILITIES					
Non-current					
Financial instruments	9,320	-	890	7,721	709
Discounted premiums payable	613	-	-	613	-
Related debts	-	-	-	-	-
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**9,934**	**-**	**890**	**8,334**	**709**
Current					
Loans and borrowings	46,382	12,625	33,757	-	-
Less than one year	*39,437*	*6,116*	*33,321*	-	-
Finance lease commitment hedge accounts	*261*	*67*	*195*	-	-
Deferred borrowing costs at EIR	*(423)*	*(83)*	*(340)*	-	-
Accrued interest on loans	*813*	*813*	-	-	-
Derivative instruments - Discounted premiums payable	*744*	*162*	*582*	-	-
Bank overdrafts	*5,460*	*5,460*	-	-	-
Current and related accounts	*89*	*89*	-	-	-
TOTAL CURRENT FINANCIAL LIABILITIES	**46,382**	**12,625**	**33,757**	**-**	**-**

AT 31 DECEMBER 2011

(In thousands of euros)	Balance sheet items	from 0 to 3 months	3 months to 1 year	1 year to 5 years	over 5 years
FINANCIAL ASSETS					
Non-current					
Finance lease transactions and related receivables	30,673	-	-	19,523	11,150
Assets available for sale	269	-	-	-	269
Derivatives stated at fair value	2,607	-	-	2,607	-
Deposits and sureties paid	4,812	-	-	-	4,812
Loans	765	-	-	749	15
TOTAL NON-CURRENT FINANCIAL ASSETS	**39,125**	**-**	**-**	**22,879**	**16,246**
Current					
Cash and equivalents	23,316	23,316	-	-	-
Settlement accounts for securities	*465*	*465*	*-*	*-*	*-*
Bank account overdrafts	*22,851*	*22,851*	*-*	*-*	*-*
TOTAL CURRENT FINANCIAL ASSETS	**23,316**	**23,316**	**-**	**-**	**-**
FINANCIAL LIABILITIES					
Non-current					
Long-term financial instruments	14,136	-	-	13,896	240
Commercial paper	1,415	-	-	1,415	-
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**15,551**	**-**	**-**	**15,311**	**240**
Current					
Loans and borrowings	46,620	15,926	30,694	-	-
Less than one year	*36,249*	*5,170*	*31,079*	*-*	*-*
Finance lease commitment hedge accounts	*3,093*	*2,979*	*113*	*-*	*-*
Deferred borrowing costs at EIR	*(616)*	*(117)*	*(499)*	*-*	*-*
Accrued interest on loans	*1,197*	*1,197*	*-*	*-*	*-*
Bank overdrafts	*4,405*	*4,405*	*-*	*-*	*-*
Current and related accounts	*2,292*	*2,292*	*-*	*-*	*-*
TOTAL CURRENT FINANCIAL LIABILITIES	**46,620**	**15,926**	**30,694**	**-**	**-**

AT 31 DECEMBER 2010

(In thousands of euros)	Balance sheet items	from 0 to 3 months	3 months to 1 year	1 year to 5 years	over 5 years
FINANCIAL ASSETS					
Non-current					
Finance lease transactions and related receivables	53,729	2,805	7,481	26,056	17,387
Assets available for sale	210	-	-	-	210
Derivatives stated at fair value	3,756	-	-	3,756	-
Deposits and sureties paid	2,979	-	-	-	2,979
Loans	18	2	-	-	16
TOTAL NON-CURRENT FINANCIAL ASSETS	**60,692**	**2,807**	**7,481**	**29,812**	**20,592**
Current					
Cash and equivalents	23,703	23,703	-	-	-
Cash equivalents: SICAVs	*1,127*	*1,127*	-	-	-
Restatement of SICAVs at fair value	*4*	*4*	-	-	-
Settlement accounts for securities	*1,069*	*1,069*	-	-	-
Bank account overdrafts	*21,503*	*21,503*	-	-	-
TOTAL CURRENT FINANCIAL ASSETS	**23,703**	**23,703**	**-**	**-**	**-**
FINANCIAL LIABILITIES					
Non-current					
Long-term financial instruments	16,411	304	879	8,786	6,442
Commercial paper	-	-	-	-	-
Related debts	-	-	-	-	-
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**16,411**	**304**	**879**	**8,786**	**6,442**
Current					
Loans and borrowings	58,993	14,048	44,944	-	-
Less than one year	*49,058*	*6,762*	*42,296*	-	-
Finance lease commitment hedge accounts	*3,253*	*461*	*2,792*	-	-
Deferred borrowing costs at EIR	*(178)*	*(35)*	*(144)*	-	-
Accrued interest on loans	*1,041*	*1,041*	-	-	-
Bank overdrafts	*3,348*	*3,348*	-	-	-
Current and related accounts	*2,471*	*2,471*	-	-	-
TOTAL CURRENT FINANCIAL LIABILITIES	**58,993**	**14,048**	**44,944**	**-**	**-**

➤ Note 5 – Assets held for sale

	31/12/2012		31/12/2011		31/12/2010	
(In thousands of euros)	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
INVESTMENT PROPERTY						
Buildings held for sale	27,255	-	151,363	-	75,365	-
Loans	-	13,348	-	96,300	-	29,934
Guarantee deposits	-	489	-	1,229	-	1,111
Sub-total	**27,255**	**13,837**	**151,363**	**97,529**	**75,365**	**31,045**
FINANCIAL ASSETS						
Shares	13	-	204	-	20	-
Related receivables	66	-	65	-	76	-
Sub-total	**79**	**-**	**269**	**-**	**96**	**-**
TOTAL	**27,333**	**13,837**	**151,632**	**97,529**	**75,461**	**31,045**

Note 6 – Other assets

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Government – tax and social security receivables	5,281	4,097	6,183
Sub-total (1)	**5,281**	**4,097**	**6,183**
Suppliers	*595*	*215*	*480*
Client accounts	*9,714*	*8,997*	*10,230*
Loans to related companies	*146*	*1,211*	*1,391*
Other miscellaneous receivables	*8,876*	*10,742*	*11,385*
Bad debt provisions, other receivables	*(381)*	*(631)*	*(533)*
Other	*(45)*	*-*	*-*
Other receivables	18,906	20,534	22,952
Revenue accruals	*7,874*	*2,482*	*5,251*
Prepaid expenses	*612*	*1,357*	*1,180*
Adjustment accounts	8,486	3,839	6,430
Sub-total (2)	**27,392**	**24,374**	**29,383**
TOTAL (1) + (2)	**32,673**	**28,471**	**35,565**

Note 7 – Other liabilities

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Trade payables and related payables	*2,902*	*2,414*	*2,966*
Fixed asset payables and related accounts	*129*	*51*	*102*
Trade accounts payable and related accounts	3,031	2,465	3,068
Other customer payables	*1,312*	*1,270*	*980*
Other payables	*7,345*	*8,666*	*9,538*
Payments received as a result of activation of finance leases guarantees	*76*	*190*	*336*
Discounted premiums payable - current	*-*	*903*	*-*
Other	*-*	*-*	*58*
Other debts	8,734	11,029	10,912
Expenses payable	5,217	5,976	12,731
Deferred income	813	4,635	7,235
TOTAL	**17,796**	**24,106**	**33,946**

Note 8 – Trade loans and receivables

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Receivables from sales of fixed assets	-	534	-
Ordinary receivables	5,211	6,802	5,627
Doubtful receivables	3,551	3,142	3,489
Impairment of doubtful receivables	(2,196)	(1,574)	(2,421)
TOTAL	**6,567**	**8,904**	**6,694**

AT 31 DECEMBER 2012

(In thousands of euros)		Not due	30 days at most	Due over 30 days and within 180 days	Due over 180 days and within 1 year	more than a year
INVESTMENT PROPERTIES						
Gross	8,526	2,869	88	2,582	354	2,634
Provision	(2,100)	-	(85)	(559)	(169)	(1,287)
NET	**6,426**	**2,869**	**3**	**2,023**	**185**	**1,347**
SERVICES						
Gross	237	6	-	115	-	115
Provision	(96)	-	-	-	-	(96)
NET	**141**	**6**	**-**	**115**	**-**	**20**
TOTAL						
Gross	8,763	2,875	88	2,697	354	2,749
Provision	(2,196)	-	(85)	(559)	(169)	(1,382)
NET	**6,567**	**2,875**	**3**	**2,138**	**185**	**1,366**

AT 31 DECEMBER 2011

(In thousands of euros)		Not due	30 days at most	Due over 30 days and within 180 days	Due over 180 days and within 1 year	more than a year
INVESTMENT PROPERTIES						
Gross	9,624	3,415	1,416	2,218	746	1,830
Provision	(1,460)	-	-	(73)	(71)	(1,316)
NET	**8,164**	**3,415**	**1,416**	**2,144**	**675**	**514**
SERVICES						
Gross	853	257	-	299	160	137
Provision	(114)	-	-	-	-	(114)
NET	**739**	**257**	**-**	**299**	**160**	**23**
TOTAL						
Gross	10,478	3,672	1,416	2,517	906	1,967
Provision	(1,574)	-	-	(73)	(71)	(1,430)
NET	**8,904**	**3,672**	**1,416**	**2,444**	**835**	**538**

AT 31 DECEMBER 2010

(In thousands of euros)		Not due	30 days at most	Due over 30 days and within 180 days	Due over 180 days and within 1 year	more than a year
INVESTMENT PROPERTIES						
Gross	7,735	2,609	619	1,249	1,062	2,196
Provision	(2,275)	-	(69)	(35)	(534)	(1,637)
NET	**5,461**	**2,609**	**551**	**1,213**	**528**	**559**
SERVICES						
Gross	1,380	490	-	237	262	391
Provision	(146)	-	-	-	-	(146)
NET	**1,234**	**490**	**-**	**237**	**262**	**245**
TOTAL						
Gross	9,116	3,099	619	1,486	1,324	2,587
Provision	(2,421)	-	(69)	(35)	(534)	(1,783)
NET	**6,694**	**3,099**	**551**	**1,451**	**790**	**804**

➤ Note 9 – Inventories

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Properties in inventories (IAS 2)	-	-	-
Property development inventory	25,276	23,622	27,322
Finance expense inventories (property development)	413	281	214
Impairment of property development properties	(11,291)	(10,223)	(6,949)
TOTAL	**14,397**	**13,680**	**20,587**

➤ Note 10 – Contribution of companies consolidated under the equity method

	31/12/2012					31/12/2011					31/12/2010
(In thousands of euros)	Present	%	Total assets	Revenues exc. tax	Net profit/ loss	Present	%	Total assets	Revenues exc. tax	Net profit/ loss	Present
Aulnes development	-	-	-	-	-	-	-	-	-	-	5
Paris 29 Copernic	(88)	50%	570	-	(177)	7	50%	725	-	13	(141)
2/4 Haussmann	-	-	-	-	-	-	-	-	-	-	(22)
Cap 88	1,418	40%	9,993	11,176	3,528	7	40%	5,541	7,113	9	1,038
Marseille 88 Capelette:	469	40%	11,633	240	624	(824)	40%	10,802	618	(1,530)	(808)
Jardin des Quais	28,470	74.75%	13,126	4,996	(695)	26,703	74.75%	16,178	4,827	(1,356)	23,525
Banimmo	59,290	49.51%	401,307	11,686	2,678	59,926	49.51%	376,048	17,502	1,156	62,109
Montéa	-	-	-	-	-		-	-	-	-	205
MGP Sun Sarl	-	-	-	-	-	-	-	-	-	-	(1,936)
TOTAL	**89,560**					**85,820**					**83,976**

➤ Note 11 – Deferred taxes

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010
ASSETS	-	-	-
Investment property	(92)	1,393	1,136
Securities at fair value via equity	103	-	-
Derivatives	88	-	266
Internal capital gains	1,393	-	-
Other items	4	1	52
TOTAL	**1,497**	**1,394**	**1,454**
LIABILITIES			
Financial assets available for sale	-	-	-
Financial assets at fair value	-	-	-
Investment properties at FV of non-SIIC subsidiaries	-	553	169
Finance leases (lessee)	-	-	-
Goodwill assigned to properties	-	-	89
Finance leases (lessor)	-	-	-
Derivatives	-	(196)	(4)
Deferment of borrowing costs	-	(76)	32
Tax losses carried forward	-	-	-
Other items	-	-	65
TOTAL	**-**	**281**	**351**

Note 12 – Provisions

(In thousands of euros)	Balance 31/12/10	Allowances for the year	Reversals for the year	Change in consolidation scope	Balance 31/12/11	Allowances for the year	Reversals for the year	Transfer of item to item	Balance 31/12/12
Provision for diverse risks (customer disputes)	-	-	-	-	-	112	-	363	475
Provision for tax risk	229	384	(209)	-	404	149	(61)	(100)	392
Provision for pension costs	395	57	(3)	-	448	79	-	-	527
Provision for miscellaneous expenses	287	3,197	(1,309)	-	2,175	1,182	(1,100)	(1,925)	332
TOTAL	**910**	**3,638**	**(1,521)**	**-**	**3,027**	**1,522**	**(1,161)**	**(1,662)**	**1,726**

Note 13 – Tax and social security liabilities

(In thousands of euros)	At 31/12/2012	At 31/12/2011	At 31/12/2010
Social security liabilities	1,720	1,710	893
Tax liabilities (VAT, taxes)	2,436	2,968	2,638
TOTAL	**4,156**	**4,677**	**3,532**

20.2.7.2. Notes to the income statement

Note 14 – Net property revenue

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010	2012/2011 change	2011/2010 change
Gross rental income	46,427	48,269	50,006	(1,841)	(1,737)
Rental revenue and expenses	(4,406)	(5,129)	(7,200)	724	2,071
Re-billed expenses	*12,855*	*13,292*	*12,102*	*(436)*	*1,189*
Rebillable expenses	*(12,899)*	*(13,348)*	*(12,744)*	*449*	*(603)*
Non rebillable expenses	*(4,119)*	*(4,763)*	*(6,206)*	*644*	*1,443*
Miscellaneous expenses	*(5)*	*(48)*	*(148)*	*42*	*100*
Lease fees	*(238)*	*(263)*	*(205)*	*25*	*(57)*
Other property income and expenses	(761)	(55)	(185)	(706)	130
Other revenues	*167*	*355*	*347*	*(188)*	*8*
Net losses on doubtful receivables	*(928)*	*(410)*	*(532)*	*(518)*	*122*
NET PROPERTY REVENUE	**41,261**	**43,084**	**42,620**	**(1,823)**	**465**

Rental income, rebillable expenses and non-rebillable expenses concern investment properties and assets held for sale.

Note 15 – Income (loss) from other activities

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010	2012/2011 change	2011/2010 change
Income (loss) from finance lease transactions (1)	**1,066**	**2,351**	**2,901**	**(1,285)**	**(550)**
Rent and similar	5,340	9,248	14,238	(3,908)	(4,990)
Depreciation and provisions subject to Articles 64 and 57	(3,871)	(6,828)	(11,078)	2,956	4,250
Change in underlying reserve	(469)	(233)	(166)	(237)	(67)
Net losses on doubtful receivables	1	604	276	(603)	328
Expenses on finance leases	65	(441)	(369)	506	(72)
Income (loss) from property development activities (2)	**1,806**	**(1,691)**	**(3,189)**	**3,497**	**1,498**
Revenue	22,052	11,285	7,099	10,767	4,185
Changes in inventories	4,964	(3,665)	6,095	8,629	(9,760)
Net losses on doubtful receivables	(289)	-	(49)	(289)	50
Expenses on real estate transactions	(24,920)	(9,310)	(16,333)	(15,610)	7,023
INCOME (LOSS) FROM OTHER ACTIVITIES (1) + (2)	**2,872**	**660**	**(288)**	**2,212**	**948**

Note 16 – Reversal (allocations) of provisions

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010	2012/2011 change	2011/2010 change
Provisions for contingencies	(38)	(243)	(229)	204	(14)
Provisions for losses	(317)	(57)	(32)	(261)	(25)
Reversals of provisions for contingencies	93	68	102	25	(34)
Reversals of provisions for losses	33	3	20	30	(17)
Reversal of exceptional provisions	-	-	145	-	(145)
TOTAL	**(230)**	**(228)**	**5**	**(1)**	**(233)**

Note 17 – Gain/loss on asset disposals

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010	2012/2011 change	2011/2010 change
Proceeds from sales of fixed assets	*126,766*	*34,554*	*84,810*	*92,211*	*(50,256)*
Net carrying value of properties sold	*(135,649)*	*(32,387)*	*(85,236)*	*(103,263)*	*52,850*
Income (loss) of investment property sales	(8,884)	2,168	(426)	(11,051)	2,594
Option exercised on finance lease properties	382	764	(96)	(381)	860
Net Gains (losses) on sale of operating assets	-	-	(7)	-	7
TOTAL	**(8,501)**	**2,931**	**(529)**	**(11,433)**	**3,461**

Note 18 – Net cost of financial debt

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010	2012/2011 change	2011/2010 change
Revenue from cash and cash equivalents	469	258	280	211	(22)
Dividends		*2*	*14*	*(2)*	*(11)*
Loans to customers	*141*	*124*	*210*	*17*	*(86)*
Regular receivables accounts	*301*	*123*	*47*	*178*	*76*
Trading securities	*27*	*9*	*9*	*18*	*-*
Gross cost of financial debt	(17,404)	(18,458)	(19,916)	1,054	1,459
Borrowing costs	*(11,807)*	*(13,696)*	*(13,803)*	*1,889*	*106*
Income and expenses from derivatives	*(5,625)*	*(4,998)*	*(6,306)*	*(628)*	*1,308*
Subordinated debt expenses	*(8)*	*158*	*(8)*	*(166)*	*165*
Income and expenses from current accounts	*37*	*79*	*200*	*(42)*	*(121)*
TOTAL	**(16,935)**	**(18,200)**	**(19,636)**	**1,265**	**1,437**

➢ Note 19 – Income tax

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010	2012/2011 change	2011/2010 change
Tax due	(95)	153	562	(247)	(409)
Change in deferred tax	240	(592)	(285)	833	(308)
TOTAL	**145**	**(440)**	**277**	**585**	**(717)**

	Base	Theoretical tax (expense) - income
Consolidated profit / loss before tax	**4,486**	**(1,495)**
Result of exempted sector Sicomi-SIIC	(4,589)	1,530
Share of companies consolidated under the equity method	(3,401)	1,134
Share of changes in goodwill	1	(0)
Add-backs – deductions	(820)	273
Amortisation of goodwill	-	-
Amortisation of fair value increment	-	-
Provisions excluding tax	-	-
Companies subject to IT	-	-
Other addbacks - deductions	*(820)*	*273*
Consolidation restatements	(5,533)	1,844
Impact of permanent differences	*(1,975)*	*658*
Impact of timing differences taxed at smaller rate	*(0)*	*0*
Impact of liability method	*(3,558)*	*1,186*
Other	-	-
Consolidated theoretical tax	**(9,856)**	**3,285**
of which companies making a tax loss	*(9,869)*	*3,289*
of which companies making a tax profit	*13*	*(4)*
Use of tax losses	1,123	(374)
Tax losses not carried on balance sheet	8,143	(2,714)
Tax after deduction of losses	(590)	197
Tax without base:	**-**	**-**
Tax credit	-	-
Annual flat-rate tax and tax adjustments	-	(51)
Tax due outside France	-	-
Income tax burden recorded	**-**	**145**
Taxes	-	(95)
Deferred taxes	-	240
TOTAL	**-**	**145**

➢ Note 20 – Share of earnings of associated companies consolidated by the Equity method

(In thousands of euros)	31/12/2012	31/12/2011	31/12/2010	2012/2011 change	2011/2010 change
Share in net income (loss)	3,401	1,312	2,975	2,089	(1,663)
NCV of EM securities	-	-	-	-	-
Price of EM securities	-	-	-	-	-
TOTAL	**3,401**	**1,312**	**2,975**	**2,089**	**(1,663)**

20.3. Annual Financial Statements

Statutory Auditors' report on the annual financial statements Financial year ended 31 December 2012

Dear Shareholders,

Pursuant to the engagement assigned to us at your General Shareholders' Meetings, we submit to you our report for the year ended 31 December 2012 on:
- the audit of the annual accounts of Affine R.E. as they are enclosed with this report;
- the justification for our assessments;
- the specific audits and reporting required by law.

The annual accounts are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these accounts based on our audit.

1. Opinion on the annual accounts

We conducted our audit in accordance with the auditing standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual accounts 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 accounts. It also includes assessing the accounting principles used and significant estimates made, as well as the overall presentation of the accounts. We believe that the information we collected is sufficient and appropriate for serving as a basis for our opinion.

We certify that the annual accounts 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 year.

2. Justification of the assessments

Pursuant to Article L.823-9 of the French Commercial Code pertaining to justifying our assessments, we bring the following items to your attention:
- Note 20.3.6.3 in the Notes to the financial statements "Valuation methods for principal line items" specifically presents the accounting rules and policies on the measurement of investment securities and real estate assets, as well as their methods of depreciation.

Our work entailed verifying the appropriateness of the accounting policies mentioned above and ensuring their proper application, validating the recoverable value of buildings held directly or through subsidiaries, specifically based on the reports of independent appraisers and verifying that the disclosures in the Notes to the financial statements are appropriate.
- Note 20.3.7.1 in the Notes to the financial statements "Key events affecting the portfolio" presents the accounting consequences in Affine's accounts of the absorption by merger of AffiParis. The subsequent notes supplement the information in Note 20.3.7.1 by clarifying AffiParis' contribution in Affine's accounts.
- Our audits entailed verifying the accounting entries linked to the merger and ensuring that the disclosures in notes to the financial statements are appropriate.

Accordingly, our opinion issued in the first part of this report is based primarily on the assessments we made during our audit of the annual accounts considered in their entirety.

3. Specific checks and information

We have also performed the specific checks required by law and mandated by the professional standards applicable in France.

We have no observation to make on the fairness and consistency with the annual accounts of the disclosures in the Board of Directors' Management Report and in the documents intended for shareholders on the financial position and the annual accounts.

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 and 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 items of information pertaining to equity investments and controlling interest and to the identity of the holders of equity has been reported to you in the Management Report.

Paris La Défense, 8 March 2013
KPMG Audit
Department of KPMG S.A.
Isabelle Goalec

Paris, 8 March 2013
Cailliau Dedouit et Associés
Rémi Savournin

20.3.1. Balance sheet assets

(In thousands of euros)	Notes	31/12/2012 Gross	31/12/2012 Dep., amort. & impairments	31/12/2012 Net	31/12/2011 Net
Subscribed share capital not called up					
CAPITALISED ASSETS					
Intangible assets					-
Set-up costs		-	-	-	-
Research and development costs		-	-	-	-
Concessions, patents, licences, software		-	-	-	-
Goodwill	1	19,711	-	19,711	23,895
Other intangible assets	1	21,119	490	20,629	15,009
Intangible assets in progress	1	377	-	377	31
Prepayments and interim payments	1	-	-	-	-
Property, plant and equipment	1				
Land	1	71,907	-	71,907	55,841
Constructions	1	312,909	98,679	214,230	176,670
Technical facilities, equipment and industrial tools	1	-	-	-	-
Other property, plant and equipment	1	787	503	284	335
Property, plant & equipment under construction		2,576	-	2,576	2,209
Prepayments and interim payments		-	-	-	-
Long-term financial assets					
Equity investment securities	2	104,824	28,333	76,491	161,529
Receivables related to investment securities	3	9,066	-	9,066	164
Capitalised securities for the business		-	-	-	-
Other capitalised securities		-	-	-	-
Loans	3	149	-	149	710
Other long-term financial assets	3	3,676	-	3,676	4,374
		547,100	**128,005**	**419,095**	**440,768**
CURRENT ASSETS					
Inventories and work-in-progress					
Raw materials and other supplies		-	-	-	-
Work-in-progress (goods and services)		-	-	-	-
Semi-finished and finished products		-	-	-	-
Commodities		-	-	-	-
Amounts paid on account		-	-	-	-
Receivables					
Trade receivables and other accounts	4	5,598	1,174	4,424	4,833
Other receivables	4	89,633	10,816	78,818	63,538
Subscribed share capital – called, not paid up		-	-	-	-
Investment securities					
Treasury stock	5	571	-	571	4,164
Other securities	5	2,984	-	2,984	-
Cash instruments	5	-	-	-	-
Cash on hand	5	**7,095**	-	**7,095**	**5,701**
Prepaid expenses	6	689	-	689	1,398
		106,570	**11,990**	**94,580**	**79,635**
Expenses deferred over several years	7	3,065	-	3,065	2,889
Loan redemption premiums		-	-	-	-
Translation adjustment assets		-	-	-	-
GRAND TOTAL		**656,735**	**139,995**	**516,740**	**523,292**

20.3.2. Balance sheet liabilities

(In thousands of euros)	Notes	31/12/2012 Net	31/12/2011 Net
EQUITY			
Share capital (including 53,300 paid)		53,300	53,100
Bond, merger and share premiums		41,290	38,489
Revaluation reserves		7,530	9,267
Equity method evaluation difference		-	-
Legal reserve		4,806	4,806
Statutory or contractual reserve		-	-
Regulated reserves		-	-
Other reserves		56,419	65,496
Retained earnings		(15,798)	-
Income or loss for the year		(20,196)	(16,199)
Investment subsidies		-	-
Regulated provisions		5,373	6,340
	8	**132,725**	**161,300**
QUASI-EQUITY			
Income from issue of equity securities		-	-
Conditional advances		-	-
Other own equity		95,739	95,960
	8	**95,739**	**95,960**
PROVISIONS			
Provisions for risks		-	-
Provisions for charges	*8*	1,304	1,810
DEBTS			
Convertible bonds		-	-
Other bonds		5,000	-
Borrowings and debts from lending institutions		254,745	215,482
Loans and borrowings		13,542	35,906
Amounts received on accounts in progress	*9*	887	895
Trade payables and related payables		4,927	1,845
Tax and social security debts		2,085	3,004
Fixed asset payables and related payables		56	47
Other debts		4,747	5,912
Cash instruments		-	-
Deferred income	*10*	984	1,130
		286,972	**264,221**
Translation adjustment liabilities		-	-
GRAND TOTAL		**516,740**	**523,292**

20.3.3. Consolidated income

		31/12/2012			31/12/2011
(In thousands of euros)	Notes	France	Export	Total	Total
OPERATING REVENUE					
Production sold (services)		58,283	-	58,283	51,269
Net revenues		58,283	-	58,283	51,269
Prior period adjustments and transfers of expenditures				7,325	18,807
Other revenues				-	-
	11			**65,609**	**70,076**
OPERATING EXPENSES					
Other purchases and external expenses				(18,529)	(14,756)
Taxes and related expenses				(6,473)	(6,653)
Payroll and wages				(3,296)	(3,314)
Social security charges				(1,498)	(1,559)
Depreciation expense, impairments and provisions					
For fixed assets: Depreciation expenses				*(17,084)*	*(14,350)*
For fixed assets: depreciation expense				*(1,722)*	*(2,164)*
On current assets: depreciation expense				*(420)*	*(165)*
For risks and expenses provision allowances				*(381)*	*(1,307)*
Other expenses				(603)	(990)
	12			**(50,006)**	**(45,258)**
NET OPERATING INCOME/LOSS				**15,603**	**24,818**
Share in the profit or loss of joint transactions				(1,054)	(7,058)
Profit allocated or loss transferred				932	
Accrued loss or transferred profit	*13*			(1,986)	(7,058)
FINANCIAL INCOME	-			-	-
Equity investments				5,926	3,027
Other interest and similar income				2,947	2,504
Reversals on impairments, provisions and transfer of charges				850	6,672
Net income from disposals of investment securities				-	174
				9,724	**12,378**
FINANCIAL EXPENSES	-			-	-
Depreciation expense, impairments and provisions				(12,176)	(18,658)
Interest and similar expenses				(23,828)	(14,878)
Net charges on investment securities sales				(104)	-
				(36,108)	**(33,536)**
NET FINANCIAL INCOME AND EXPENSES	*14*			**(26,384)**	**(21,158)**
PRE-TAX PROFIT				**(11,835)**	**(3,398)**
EXCEPTIONAL INCOME					
On management transactions				161	216
On capital transactions				127,096	25,492
Reversals on impairments, provisions and transfers of charges				19,162	54
				146,418	**25,762**
EXCEPTIONAL EXPENSES					
On management transactions				(468)	(9)
On capital transactions				(153,295)	(37,390)
Depreciation expense, impairments and provisions				(983)	(1,190)
				(154,745)	**(38,588)**
EXCEPTIONAL INCOME (LOSS)	*15*			**(8,327)**	**(12,825)**
Income tax	*16*			(34)	24
Total income				222,683	108,217
Total expenses				(242,879)	(124,416)
PROFIT OR LOSS				**(20,196)**	**(16,199)**

20.3.4. Individual cash flow statements

(In thousands of euros)	Individual CFS 31/12/2012	Individual CFS 31/12/2011
I –TRANSACTIONS RELATED TO OPERATING ACTIVITIES		
Individual net income/loss	(20,196)	(16,199)
Net increase (decrease) in depreciation and provisions	5,892	12,904
Other calculated income and expenses (including discount calculations)	740	(1,121)
Capital gains or losses on sales of assets	26,616	11,599
Net carrying value of fixed assets sold	*151,606*	*36,686*
Income from disposals of fixed assets	*(124,989)*	*(25,087)*
Dividends and returns from income of non-consolidated companies	(4,872)	4,031
Operating cash flow after net borrowing costs and tax	8,180	11,214
Net cost of debt	19,261	13,751
Income tax burden	34	(24)
Operating cash flow before net cost of debt and tax	27,476	24,941
Income tax paid	(42)	33
Change in trade receivables and other accounts	3,895	1,313
Change in trade accounts payable	(1,325)	1,189
Other changes in working capital requirement related to operating activities	(33,904)	5,490
NET CASH FLOW FROM OPERATING ACTIVITIES	**(3,900)**	**32,965**
II – INVESTMENT TRANSACTIONS		
Finance leases	3,900	10,680
Cash paid for acquisitions	*-*	*(38)*
Cash received for disposals	*3,900*	*10,718*
Investment properties	111,569	(819)
Cash paid for acquisitions	*(5,710)*	*(12,816)*
Cash received for disposals	*117,279*	*11,997*
Cash paid for acquisitions of tangible and intangible fixed assets	(375)	(83)
Cash received for disposals of tangible and intangible fixed assets	-	-
Cash paid for acquisitions of financial assets	-	-
Cash received for disposals of financial assets	24	-
Consolidated shares	12,719	1,729
Cash paid for acquisitions		*0*
Cash received for disposals	*4,354*	*1,633*
Impact of changes in consolidation	*8,364*	*97*
Dividends received	1,518	1,990
Change in loans and advances outstanding	539	(539)
Other cash flows related to investment activities		
NET CASH FLOWS FROM INVESTING ACTIVITIES	**129,894**	**12,957**
III – FINANCING TRANSACTIONS		
Amounts received from shareholders in capital increases	-	-
Purchases and sales of treasury stock	(15)	1,999
Dividends paid during the year:	(10,564)	(10,116)
Change in non-controlling interests without loss of control	(316)	(8,861)
Income/Loss from compound instruments	(4,194)	(5,300)
Change in guarantee deposits given and received	(2,326)	(3,167)
Issues or subscriptions of loans and borrowings	22,569	14,526
Repayments of loans and borrowings	(113,187)	(34,692)
Net cost of debt: interest paid	(18,748)	(8,972)
Other cash flows related to financing activities	3,680	347
NET CASH FLOW FROM FINANCING ACTIVITIES	**(123,100)**	**(54,236)**
NET CHANGE IN CASH (I+II+III)	**2,893**	**(8,314)**
Impact of foreign currency transactions	-	-
Cash and cash equivalents at the beginning of the period	2,965	11,278
Cash and cash equivalents at end of period	5,858	2,965
NET CHANGE IN CASH	**2,893**	**(8,314)**

CASH AND CASH EQUIVALENTS

(In thousands of euros)	31/12/2012	31/12/2011
Savings bank, central bank, post office	2	115
Liquid bank assets	6,733	5,121
Liquid bank assets in other assets	361	465
Investment securities	2,984	0
Sub-total (1)	**10,079**	**5,701**
Bank overdrafts	(4,221)	(2,736)
Bank overdrafts in other liabilities	-	-
- Credit line (1)	-	-
Sub-total (2)	**(4,221)**	**(2,736)**
TOTAL (1) + (2)	**5,858**	**2,965**

20.3.5. Corporate information

On 26 February 2013, the Board of Directors of Affine RE SA approved the financial statements for the year ended 31 December 2013 and authorised their publication.
Affine adopted the tax status of a French listed real estate investment trust (SIIC for the French acronym) in 2003.

Its registered office is at 5 rue Saint Georges, Paris 9.

20.3.6. Notes to the consolidated financial statements

20.3.6.1. Accounting principles and policies

Affine RE SA is the parent company of the Affine consolidated group. The financial statements are prepared in compliance with the provisions of French law and in accordance with French generally accepted accounting principles (PCG art. 531-1§ 1).

The general accounting conventions have been applied, in compliance with the principle of prudence, according to the following accounting postulates:
- Going concern principle
- Consistency of the accounting standards and practices from one financial year to the next
- Separation of accounting periods

and pursuant to the rules governing the preparation and presentation of annual financial statements set out in the law of 30 April 1983 and the implementing decree of 29 November 1983.
The basic method applied for measuring items recorded in the accounts is the historical cost method, except for the accounting consequences of opting for the SIIC regime (free revaluation).
Fixed assets are accounted for on a component basis since 1 January 2005.
The financial statements are presented in thousands of euros.

20.3.6.2. Comparability of the financial statements

The accounting principles and methods of calculation adopted in the financial statements for the financial year are identical to those used in the financial statements of the previous year.
All the entries regarding the disposal of Concerto shares have been regrouped under extraordinary earnings.

20.3.6.3. Measurement policy for major items

20.3.6.3.1. Intangible assets

The intangible assets item mostly comprises:
- goodwill,
- the value of leases for which Affine is the lessee,
- and computer software programs.

➤ 20.3.6.3.1.1. Goodwill

The absorption through the total transfer of assets and liabilities or merger of subsidiaries, who hold a property finance lease agreement, has led to the capitalisation of technical merger losses, representative of the value of the property assets at the acquisition of these companies.

ALLOCATION OF MERGER LOSSES
As each of the companies hold a building, the merger loss was attached to that building at the time of the total transfer of assets and liabilities or when the merger took place.

IMPAIRMENT PROCEDURES
The inventory value is appraised according to the earnings outlook and/or returns obtained. As at 31 December 2012, the values of properties had not led to an impairment of values.

PROCEDURES FOR REMOVING MERGER LOSSES
When the buildings are sold to third parties, the merger losses is expensed in the income statement.

20.3.6.3.1.2. Description of lessee finance leases

(In thousands of euros)	Land	Buildings	Plants & equipment	Other	Total
Original value		66,444			66,444
Amortization:					
Prior year aggregates		*14,712*			*14,712*
Allowances for the period		*4,360*			*4,360*
TOTAL		**47,372**			**47,372**
FEES PAID:					
Prior year aggregates		20,755			20,755
Allowances for the period		5,493			5,493
TOTAL		**26,248**			**26,248**
OUTSTANDING FEES PAYABLE:					
Within one year		4,246			4,246
Between one and five years		12,826			12,826
More than five years		10,185			10,185
TOTAL		**27,258**			**27,258**
RESIDUAL VALUE					
Within one year		1,924			1,924
Between one and five years		1,000			1,000
More than five years		5,605			5,605
TOTAL		**8,529**			**8,529**
Amt. Taken into account in the period					
Note: Finance lease fees					5,493

20.3.6.3.1.3. Intangible assets in progress

Following the decision to change the information system for fiscal year 2013, the expenses inherent in the new software package were entered as fixed assets in progress for an amount of €377,000 at 31 December 2012 compared to €31,000 at 31 December 2011. They will be recognised as assets on 1 January 2013.

20.3.6.3.2. Property, plant and equipment

20.3.6.3.2.1. Buildings rented through a finance lease

20.3.6.3.2.1.1. Gross value

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

20.3.6.3.2.1.2. Depreciation and Amortisation

Finance-leased buildings acquired prior to 1 January 2000 are depreciated on a straight-line basis over a maximum period of 40 years. Acquisition costs are amortised on a straight line over a maximum period of five years, on a prorated basis if necessary.

Finance-leased buildings acquired since 1 January 2000 are depreciated according to the financial method corresponding to the financial amortisation of the finance lease agreement, with the acquisition costs amortised first.

20.3.6.3.2.1.3. Article 64 Provision

An Article 64 provision is accrued for finance-leased buildings of the Sicomi segment pre-dating 1 January 1996 provided that the financial amortisation of the lease exceeds the accounting amortisation. This provision amounted to €1,689,000 on 31 December 2012.

20.3.6.3.2.1.4. Article 57 Provision (new real estate Finance Lease regime)

Leases signed on or after 1 January 1996, are subject to the new finance lease legislation.
Article 57 provisions are accrued for the buildings in so far as the financial amortisation exceeds the accounting amortisation.
Furthermore, this provision is also accrued for buildings replaced under a finance lease agreement that fall under this regime provided that on the renegotiation date, the net carrying amount of the building exceeds the financial value of the lease.
This provision amounted to €1,159,000 at 31 December 2012.

20.3.6.3.2.2. Temporary unleased finance lease buildings

Buildings, whose finance lease agreements have been legally terminated, are transferred into the temporarily unleased buildings (ITNL) category if the finance lessees are billed in the form of occupancy allowances and as investment property for the others. The Articles 64 or 57 provisions pertaining to these buildings are then reversed, the existing provisions for impairment are transferred and new provisions can be accrued if necessary. A new amortisation plan is calculated by amortising on a straight line over the outstanding period the net carrying amount on the transfer date.
As at 31 December 2012, there was no ITNL in the company.

20.3.6.3.2.3. Investment property

20.3.6.3.2.3.1. Gross value

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

20.3.6.3.2.3.2. Depreciation

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

	Office		Industrial premises		Other	
	Component-based allocation	Amortisation term	Component-based allocation	Depreciation period	Component-based allocation	Depreciation period
Structural works	50.00%	60 years	60.00%	30 years	40.00%	50 years
Roofing, façades and waterproofing	17.50%	30 years	10.00%	30 years	20.00%	25 years
General technical 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 incorporated into the four components and prorated to reflect their proportion.
The depreciation percentages and periods used are derived from the works of professional representative bodies, whose findings have been adapted to Affine's portfolio.

20.3.6.3.2.4. Other property, plant and equipment

Depreciation periods:
- 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

These fixed assets are depreciated on a straight-line basis.

20.3.6.3.3. Long-term financial assets

20.3.6.3.3.1. Investment securities

The gross value of securities corresponds to their net carrying amount as at 1 January 2003, which served as the basis for the revaluation that followed the change to the SIIC regime.
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., their profitability and future outlook, and for listed companies, the NAV or price on the stock market. In the case of subsidiaries with a low capital services activity, or in the absence of the most recent financial statements, net asset value is measured according to the earnings outlook and/or the returns obtained.

The investment securities category includes 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.

Pursuant to the Emergency Committee of the CNC [French 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 costs are amortised over five years from the securities acquisition date.

RECEIVABLES RELATED TO INVESTMENT SECURITIES
The Concerto loan, initially classified as "other receivables" has been reclassified under "receivables related to investment securities.

20.3.6.3.3.2. Loans

This includes advances to employees.

20.3.6.3.3.3. Other long-term financial assets

This includes, on one hand, all the assigned accounts granted to banks for refinancing operations and other shares of loans for the investment property business (working capital, security deposit, etc.).

20.3.6.3.4. Trade receivables and other accounts

Receivables are valued at their face value. For both the finance lease business and the investment property business, 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 there is a risk (receivership, major financial difficulties, etc.).
The analysis of outstanding receivables according to these criteria is explained in the details of doubtful receivables in Note 20.3.6.3.5.3.
No discount effect has an impact on the amount of impairments for finance lease doubtful receivables.

20.3.6.3.5. Capitalised assets written down for impairment

➤ 20.3.6.3.5.1. Impairment of finance-leased buildings

The difference, if lower, between the net carrying amount of a re-leased building and its financial value is written down for asset impairment. They were no impairments as at 31 December 2012.
Buildings for which the finance lessees are facing problems may also be impaired. No such impairment existed on 31 December 2012.

➤ 20.3.6.3.5.2. Impairment of investment properties

At the end of 2012, 43 of the 48 Investment properties were externally appraised by three appraisal firms:
- BNP Real Estate,
- Crédit Foncier Expertise,
- Cushmann & Wakefield.

Affine compares the fair values to the net carrying amounts and recognises the asset as impaired if the fair value is lower than the net carrying amount.
An impairment of €1,213,000 was recognised for four buildings during the period and €1,349,000 was written back for four other buildings.
Total impairments amounted to €5,940,000 at 31 December 2012 and concerns eight assets.

➤ 20.3.6.3.5.3. Impairments for doubtful receivables

Impairments of these receivables are determined on a contract by contract basis, taking the existing guarantees into account.
For free finance lease transactions, the non-matured portion of the receivable thus written down – which is included under "other trade credit" – is also written down, determined under the same conditions.
Termination charges are booked, in case of a breach of finance lease agreement, under "doubtful receivables on finance lease transactions". Impairment is normally recognised for 100% of their amount excluding taxes subject to the deduction of guarantees received. No amount had been booked as at 31 December 2012.

(In thousands of euros)	Finance lease	Rental	Total
Impairments as at 31 December 2011	338	624	960
Additions	0	420	420
Reversals	(1)	(440)	(441)
Change in scope of consolidation		234	234
IMPAIRMENTS AS AT 31 DECEMBER 2012	**337**	**837**	**1,174**

➤ 20.3.6.3.5.4. Impairments of other receivables

As the net positions of certain companies held by Affine show losses, Affine recognised its shareholder current account as partially impaired (after fully writing down all the shares it holds).

(In thousands of euros)	Other receivables
Impairments as at 31 December 2011	5,935
Additions	4,690
Reversals	(0)
Change in scope of consolidation	191
IMPAIRMENTS AS AT 31 DECEMBER 2012	**10,816**

20.3.6.3.6. Investment securities

Investment securities include treasury stock and securities that do not represent a corporate equity share held for the purpose of achieving short-term profits.
The gross value comprises the purchase cost excluding related expenses. If the net asset value, comprising the average stock market price recorded in the last month of the reporting period, is less than the gross value, the value is written down to reflect the difference.

	31/12/2011	Acquisitions/ Additions	Disposals/ Reversals	Cancellation of shares	31/12/2012
Number of shares	323,194	115,146	111,274	282,659	44,407
Net impairments (in thousands of euros)	788	-	788		-

20.3.6.3.7. Equity and quasi-equity

➢ 20.3.6.3.7.1. Convertible Bonds (ORA)

Affine issued 2,000 convertible bonds with a nominal value of €10,000 on 15 October 2003, for a 20-year period, 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.
The Affine general meeting held on 26 April 2007, decided to divide the number of Affine shares by three by issuing three new shares for every old share with effect from July 2, 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 dividend on 15 November corresponding to a fixed interim payment of €0.518 per underlying share multiplied by the exchange ratio (that is, €323.23 per bond at this time);
- 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%.

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 bond.

➢ 20.3.6.3.7.2. 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 full (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).

FORM OF THE TSDI

No paper document justifying 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 and investment loans granted to Affine.

ANNUAL INTEREST

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

20.3.6.3.8. Borrowing costs deferral method

In 2002, Affine adopted the preferred method of deferring borrowing costs.
Borrowing costs (arranging fees, professional fees and related costs) are therefore amortised over the term of the underlying loan according to loan amortisation methods.

20.3.6.3.9. Forward financial Instruments

All transactions carried out by the group on forward financial instruments are over-the-counter transactions that are reported under off-balance sheet commitments. They are carried out as hedges for refinancing transactions since the Company does not carry out speculative transactions. Entered into in connection with the 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 counterparty credit institutions.

➢ 20.3.6.3.9.1. Caps and Tunnels

Premiums paid are recorded in a suspense account when paid 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 2012, the fair value of caps, collars and tunnels held by the company amounted to (€4,910,000); in 2012, financial instruments represented an expense of €7,409,000.

➢ 20.3.6.3.9.2. Interest rate swaps

At 31 December 2012, the fair value of swaps held by the company amounted to (€4,051,000). In 2012, they represented a net expense of €3,407,000.

20.3.6.3.10. Tax

The company Immobail, which became Affine after merging with Sovabail, had abandoned its Sicomi status on 1 April 1993. Consequently, all contracts entered into by this company since that date have been subject to corporate income tax under the standard tax treatment. This change of status does not affect the preferred tax treatment of the former finance lease agreements of the Sicomi segment of Immobail and Sovabail.
The adoption with effect from 1 January 2003 of the status of a French listed real-estate investment trust (SIIC) makes the benefit of exemption for corporate income tax on SIIC segment revenues subject to compliance with the three distribution conditions below:

- 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.

20.3.6.3.11. Employee benefits and compensation

➢ 20.3.6.3.11.1. Pension commitments

Affine's employees still come under the National Collective Bargaining Agreement governing financial companies dated 22/11/1968, 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 is a defined benefits scheme.

The allowances follow the same tax and social treatment as the redundancy allowance:

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

The applicable base is one twelfth of the gross pay (excluding annual or exceptional bonus or gratuity) over the final twelve months preceding redundancy or, if more beneficial, one third of the final three months.
By precaution, Affine accrues provisions in its financial statements for pension commitments according to an assumed retirement age of 65 years. Retirement provisions amounted to €514,000 on 31 December 2012.
The assumptions used to calculate the provision are as follows:

- Discount rate: 3.15%
- Staff turnover: 10.34% before 50 years and 3% beyond
- Wage raise: 1.78%
- Mortality table INSEE TD-TV 6-08.

Following the withdrawal of the status as a Financial Corporation obtained on 19 December 2011, Affine will switch to the real estate collective bargaining agreement as of 1 January 2013.

➢ 20.3.6.3.11.2. Individual training rights (DIF)

Employees have accumulated rights to 3,279 training hours.

20.3.6.3.11.3. Average weighted workforce during the financial year

The group had an average workforce of 40, broken down by category as follows:
Corporate officers: 2
Managers: 30
Employees: 8

20.3.6.3.11.4. Employee profit-sharing scheme

The allocation of bonus shares decided by the Board of Directors on 10 December 2008, as authorised by the combined General Meeting of 9 November 2005, led to a transfer of ownership of 4,575 shares.
No impact was observed in 2012.

20.3.6.3.12. Benefits and compensation granted to executives

20.3.6.3.12.1. Executives' profit sharing scheme

None.

20.3.6.3.12.2. Remuneration of management and administration bodies

Gross compensations paid to the company's officers amounted to €510,500.
The other benefits in kind provided to Affine's corporate officers include:
- Guaranteed Social Contributions (unemployment benefits for company heads and directors): €17,000 in 2012;
- Company car: representing a rental expense of €5,000 in 2012;
- Severance pay: this compensation must be contingent on a performance condition linked to Affine's earnings. It represents one year of overall gross compensation if the net earnings in Affine's individual financial statements are at least equal to 3% of its equity; if this condition is not met, performance may be assessed on the basis of the consolidated financial statements.
- Contributions to pension funds paid during the year: €63,000.

The amount of directors' fees paid to directors (including corporate officers) as well as the amount of the fees of the commitment committee and the audit committee totalled €161,000.
Commitments made for pension payments for corporate officers amounted to €221,300.

20.3.7. Key events of the year

20.3.7.1. Key events affecting the portfolio

On 7 December 2012, the merger of AffiParis by Affine was completed on the following terms:
- Evaluation on the basis of the net carrying amounts shown on the balance sheet of AffiParis on 31 December 2011, i.e., €64,366,000 after distribution of the dividend;
- Remuneration of the compensations made under the merger according to a ratio of 0.46 Affine share for one AffiParis share;
- Issue of 314,576 new shares;
- Setting the merger date with retroactive effect from an accounting and tax viewpoint at 1 January 2012;
- Merger premium of €5,953,000;
- Creation of a technical merger loss of €5,646,000.

20.3.7.1.1. Finance leases

Final options were exercised on 16 leases.

20.3.7.1.2. Investment property

Affine made a single investment in fiscal 2012 regarding the Périnor building, which was sold on its acquisition date.
It also continued its restructuring policy within its real estate portfolio for a total amount of €5,692,000.
The new leases signed in 2012 had an impact of €1,287,000 on rents and leases linked to the merger had an impact of €9,892,000.

DISPOSALS DURING THE 2012 FINANCIAL YEAR

Building No.	Date of disposal	NCA	Disposal price	Accounting gains/losses	Fair values
VALBONNE	April-12	667	1,013	346	962
VERT SAINT DENIS	May-12	1,266	2,900	1,634	3,280
SAINT JULIEN LES METZ	June-12	5,011	5,243	232	5,460
SIPEC/GREVIN	July-12	7	30	23	2,666
SIPEC/NATHAN	July-12	110	235	125	
SIPEC/TRODE	Sept.-12	7	16	9	
SIPEC/CHAMARD	Sept.-12	130	270	140	
SIPEC/BLEU AZUR	Oct.-12	545	1,095	550	
SIPEC/ERBEIA	Oct.-12	255	660	405	
SIPEC/RELLIER	Oct.-12	94	180	86	
SIPEC/COVET	Oct.-12	124	156	32	
SIPEC/ZERATH	Nov.-12	95	150	55	
VAL D'YERRES(complément de prix)	Nov.-12	-	262	262	
PERINOR LA MADELEINE	Dec.-12	6,564	7,500	936	7,000
SAINT OUEN	Dec.-12	1,756	3,000	1,244	2,930
BAUDRY	Dec.-12	103,509	96,000	(7,509)	103,739
6 BUILDINGS AND 9 FLATS/PARKING SPACES	**TOTAL**	**120,139**	**118,711**	**(1,429)**	**126,037**

20.3.7.1.3. Equity investments and shares in affiliated companies

ACQUISITION AND DISPOSAL OF SECURITIES:

- Through the Affine/AffiParis merger by absorption, Affine acquired the shares of companies formerly held by AffiParis: Holdimmo, SCI Numéro 1, SCI 36, la SCI Cosmo Montpellier and Bercy Parkings.
- Affine sold its equity investments in Concerto to Promaffine on 25 October 2012.
- Total transfer of the assets and liabilities of SIPEC on 1 July 2012.
- Affine disposed of the SOFARIS shares.

FULLY-TRANSFERRED OR MERGED COMPANIES:

		Impact on the balance sheet	Income on earnings	
Name of companies	Date	Technical loss	Gain	Loss
SIPEC	01/07/2012			1,021
AFFIPARIS	01/01/2012	5,646		
SCI NUMERO 2	29/06/2012			170
TOTAL		**5,646**	**0**	**1,191**

The losses generated by SIPEC and SCI Numéro 2 were directly expensed. The technical loss recognised for AffiParis was booked under assets in the balance sheet and subjected to an impairment test.
No impairment had to be recognised on 31 December 2012.

RECAPITALISED COMPANIES:
None.

20.3.7.2. Key events affecting debts and equity

20.3.7.2.1. Financing and refinancing

During the financial year, Affine obtained €17,569,000 of new refinancing and €133,265,000 through the merger with AffiParis and Sipec; matured payments totalled €113,187,000, of which €82,023,000 of early redemptions. Affine has €19,000,000 of overdrafts; as at 31 December 2012 all the lines were unused.
In November 2012, Affine invested up to €5,000,000 in the mandatory issue subscribed by the Micado 2018 fund.

20.3.7.2.2. Equity

The minutes of the Combined General Meeting (CGM) of 27 April 2012 approved the financial statements for the year ended 31 December 2011. It proposed the change of Affine's name into Affine R.E. while Affine retains the trade mark.

The dividend paid for the year ended 31 December 2011 was taken from the ordinary reserves for the amount of €10,802,000.

On 28 September 2012, on the authority of the Board of Directors, the General Management decided to cancel all the 282,659 treasury shares held by Affine and gave it full power to recognise a reduction of €1,667,000 in the share capital. The capital was thus reduced from €53,100,000 to €51,433,000.

The minutes of the Extraordinary General Meeting (EGM) of 7 December 2012 approved the final completion of the merger by absorption of AffiParis by Affine and the correlative increase of Affine's share capital in consideration for the contributions under the merger. At the end of this transaction, the share capital was set at €53,288,000 divided into 9,033,959 shares.

The minutes of the Board of Directors of 13 December 2012 decided to raise the capital to €53,300,000, through incorporation of a sum of €12,000 debited from the free reserves.

	At beginning of period	Cancellation of treasury shares	Distribution of dividends as shares	Treasury stock	Capital increase through incorporation of free reserves to round off the total share capital after distributing the dividends as shares	Merger	At end of period
Number of shares	9,002,042			(282,659)		314,576	9,033,959
Capital (€ thousand)	53,100			(1,667)	12	1,856	53,300

20.3.7.3. Provisions for risks and charges

Pursuant to regulation 2000-06 of the French accounting regulation committee on liabilities, provisions are defined as liabilities for which the maturity date or amount are not precisely known.
A provision for risk linked to equity investments is accrued to hedge the net position of subsidiaries when that position is negative and in so far as the assets related to said subsidiaries have been impaired. As at 31 December 2012, this item amounted to €1,304,000 compared to €1,810,000 at 31 December 2011.

20.3.7.4. Post reporting period events

None.

20.3.8. Additional information

20.3.8.1. Segment revenues (€ thousand)

2012	Total	Finance leases	Rental	Subsidiaries/ loans
Revenue	58,283	7,428	49,338	1,517

Revenues mainly include income from the activities below:
- Rental proceeds,
- Finance lease proceeds,
- Services.

To better reflect the economic reality, the benefits given to tenants (e.g: rent holidays) are deferred over the fixed term of the lease without taking account of indexation.

20.3.8.2. Distribution obligations

20.3.8.2.1. Of the Sicomi segment

Profits from transactions that are totally or partially exempted from corporate income tax, in application of the Sicomi preference treatment, must be distributed on the basis of 85% of the tax-tree portion.
Pursuant to Article 36 of the company's bylaws, amended by the Extraordinary General Meeting of 28 July 2000, the distribution of capital gains from early disposal of a Sicomi segment asset can be deferred over three years.

20.3.8.2.2. Of the SIIC segment

The distribution conditions described in the "taxes" chapter allow the deferral over two years of distribution from the capital gains on property disposals.

20.3.8.3. Consolidating company

The financial statements of the Affine group are fully consolidated by MAB Finances SAS in its financial statements.

20.3.9. Information on balance sheet and income statement items

20.3.9.1. Notes on the social balance sheet

Note 1 – Intangible assets and property, plant and equipment, depreciations and impairments

(In thousands of euros)	31/12/2011	Acquisitions, Allocations	Change in scope of consolidation	Sales, transfers, Reversals	31/12/2012
FINANCE LEASE					
Gross	90,108	-	-	(22,783)	67,325
Depreciations	(49,768)	(4,332)	-	19,299	(34,801)
Impairments	-	-	-	-	-
NET	**40,340**	**(4,332)**	**-**	**(3,484)**	**32,524**
RENTAL ASSETS					
Gross	244,265	12,819	197,792	(134,809)	320,067
Depreciations	(44,774)	(10,606)	(14,310)	11,752	(57,938)
Impairments	(5,112)	(1,213)	(965)	1,349	(5,940)
NET	**194,380**	**1,000**	**182,517**	**(121,708)**	**256,189**
INTANGIBLE ASSETS					
Gross	39,387	388	5,646*	(4,215)	41,207
Depreciations	(452)	(38)	-	-	(490)
Impairments	-	-	-	-	-
NET	**38,935**	**350**	**5,646**	**(4,215)**	**40,716**
PROPERTY, PLANT AND EQUIPMENT					
Gross	769	17	20	(20)	787
Depreciations	(434)	(69)	(20)	20	(503)
Impairments	-	-	-	-	-
NET	**335**	**(52)**	**-**	**-**	**284**
TOTAL					
Gross	374,529	13,225	203,458	(161,827)	429,385
Depreciations	(95,427)	(15,045)	(14,330)	31,071	(93,732)
Impairments	(5,112)	(1,213)	(965)	1,349	(5,940)
Net	(100,539)	(16,258)	(15,295)	32,420	(99,673)
NET	**273,990**	**(3,033)**	**188,163**	**(129,407)**	**329,713**

* from the Affine/AffiParis merger

Note 2 – Long-term financial assets

	%	Net 2012	Net 2011	Siren No.	Rev. Exc. Tax 2012	Capital and reserves	2012 Net profit/loss
Equity investment securities: Non-affiliated companies		12	20				
Sofaris	NS	-	7	NC	NC	NC	NC
Habitat et Humanisme	NS	12	12	NC	NC	NC	NC

EQUITY INVESTMENT SECURITIES: AFFILIATED COMPANIES

(In thousands of euros)	SIREN No.	Capital and reserves	% of holding	Net carrying amount of securities held – Gross	Net carrying amount of securities held – Net	Loans & advances	Sureties, endorsements and guarantees	Revenues exc. tax	Net profit/ loss	Dividends collected and taken to income N-1	Provisions on receivables at Affine
Sci Arca ville d'été	492,410,964	201	100.00%	201	201	5,046	6,406	616	(677)		
SC Atit	379,839,277	4	100.00%	4	4	1,275			(188)		-
Jardins des Quais	432,710,747	20	50.00%	3,436	3,436	5,254	4,996	4,996	(695)		
Banimmo	RPM bruxelles	141,911	49.51%	66,577	66,577		17,630	5,106	2,382	1,518	
SCI Bretigny	451,849,021	4	99.90%	1	1	2,391		1,174	211	165	
SAS Capucine investissements	388,162,117	(2,776)	99.77%	849	-	3,133	1,000	269	(668)		(3,133)
SA Cardev	RPM bruxelles 0887.494.174	(2,899)	98.39%	61	-	3,020	-	-	(115)		(2,965)
SA Cour des Capucines	429,694,698	600	99.98%	1,190	1,190	894		240	(94)		-
SAS Etienne Molina	500,702,055	903	100.00%	2,537	1,175	8,570	14,128	1,425	(2,004)		-
Gesfimmo	492,580,287	81	100.00%	172	95	927		-	13		-
Les 7 collines	518,379,433	(2,106)	95.00%	35	-	12,445	28,423	3,172	(1,272)		(2,237)
SCI Luce parc leclerc	492,803,572	1	0.10%	0	0	8		-	(25)		-
Sci Nevers colbert	492,344,809	102	100.00%	101	101	9,749	2,500	458	(767)		-
SAS Promaffine	382,079,317	891	100.00%	5,105	-	7,724	-	223	(1,986)		(1,095)
SAS Target	410,970,412	(786)	100.00%	10,252	-	5,314			(411)		(1,194)
SCI PARVIS LILLE	750,601,775	1	99.90%	1	1	3,575	6,562	1,089	129		-
SCI CONCERTO FERRIERES-EN-BRIE	539,929,075	1	0.10%	0	0	-	7,500	10,725	1,249		
SCI CONCERTO BUCHERES (1)	752,600,718	1	0.10%	0	0	-	8,160	-	(47)		
SC HOLDIMMO	391,203,189	11	100.00%	9,944	188	(151)		-	591	449	
SCI NUMERO 1	481,352,417	(690)	100.00%	1,301	505	2,047		418	(67)		
SCI 36	420,434,094	2,504	100.00%	2,733	2,733	(1,237)	3,023	508	95	98	
SCI BERCY PARKINGS	414,710,129	2	100.00%	310	271	1,157		25	(7)		-
			TOTAL	**104,812**	**Assets**	**72,530**				**2,230**	**(10,625)**
					Liabilities	**(1,388)**				-	-
(1) of which €3,446,000 paid out as at 31 December 2012						71,142					

Note 3 – Loans and other long-term financial assets

(In thousands of euros)	Balance sheet items	Within one year	Between one and five years
Loans	9,215	9,097	118
Loans	*149*	*30*	*118*
Related receivables	*9,066*	*9,066*	*-*
Other long-term financial assets	3,676	1,674	2,002
Loans	*3,676*	*1,674*	*2,002*
Related receivables	*-*	*-*	*-*
TOTAL AT 31/12/2012	**12,891**	**10,771**	**2,120**

Note 4 – Receivables: statement of maturity dates

FOR CURRENT ASSETS	Au 31/12/2012	À 1 an au plus	À plus d'1 an et 5 ans au plus
Finance lease doubtful receivables	*401*	*401*	-
Investment property doubtful receivables	*1,647*	*1,647*	-
Finance lease receivable income	*13*	*13*	-
Investment property receivable income	*2,354*	*2,354*	-
Other finance lease trade receivables	*38*	*38*	-
Other investment property trade receivables	*1,144*	*1,144*	-
Trade receivables and other accounts	5,598	5,598	-
Prepayments and interim payments made	*324*	*324*	-
Employee and related payables	-	-	-
Social security and other social agencies		-	-
State - Income tax	*90*	*90*	-
State - Value added tax	*139*	*139*	-
State - Other taxes, duties and related payables	*41*	*41*	-
Amount receivable on property sales	-	-	-
Working capital and paid calls for condominium charges	*5,341*	*5,341*	-
Group and associated companies	*83,528*	*83,528*	-
Other payables	*171*	*171*	-
Other receivables	89,633	89,633	-
Prepaid expenses	**689**	**689**	**-**
TOTAL	**95,920**	**95,920**	**-**

IMPAIRMENT OF CURRENT ASSETS

(In thousands of euros)	Amount at the beginning of period	Increases, allowances	Change in scope of consolidation	Decreases, reversals	Amount at end of period
Impairments on inventories and in progress	-	-	-	-	-
Impairments on finance lease trade receivables	338	0	-	1	337
Impairments on investment property trade receivables	624	420	234	440	837
Other impairments	5,934	4,690	191	0	10,816
TOTAL IMPAIRMENTS	**6,896**	**5,110**	**425**	**441**	**11,990**

REVENUE ACCRUALS

(In thousands of euros)	Au 31/12/2012	Au 31/12/2011
Long-term financial assets	-	-
Receivables	3,298	2,087
Trade receivables and other accounts	*2,367*	*2,087*
Subsidiary earnings	*931*	-
Investment securities	-	-
Cash on hand	-	-
TOTAL	**3,298**	**2,087**

Note 5 – Breakdown of investment securities and cash on hand

(In thousands of euros)	At 31/12/2012	At 31/12/2011
Investment securities	-	-
SICAV	2,984	-
Treasury stock	571	4,952
TOTAL	**3,555**	**4,952**

IMPAIRMENTS OF INVESTMENT SECURITIES

(In thousands of euros)	Amount at the beginning of period	Increases, allowances	Decreases, reversals	Amount at end of period
Impairments on SICAV				
Treasury stock impairments	788	-	788	-
TOTAL IMPAIRMENTS	**788**	**-**	**788**	**-**

CASH ON HAND

(In thousands of euros)	At 31/12/2012	At 31/12/2011
Cash on hand		
Cash	2	2
Banque de France account	-	113
Bank accounts	6,733	5,121
Brokerage accounts	361	465
TOTAL	**7,095**	**5,701**

Note 6 – Prepaid expenses

(In thousands of euros)	At 31/12/2012	At 31/12/2011
Operating expenses	542	1,191
Financial expenses	147	208
TOTAL	**689**	**1,398**

Note 7 – Expenses deferred over several financial years

(In thousands of euros)	Net amount at beginning of period	allowances	Increase in new borrowings	Change in scope of consolidation	Decreases	Amount at end of period
Expenses deferred over several years	2,889	(2,548)	430	2,294	-	3,065

These deferred expenses concern the following borrowing costs:

(In thousands of euros)	Charges	Initial amortisation period
Crédit Agricole "Les Ulis" (€3,500K)	51	16 years
Crédit Agricole (€10,600K)	143	10 years
Landesbank Saar (€3,650 K)	47	10 years
Eurohypo Elancourt (€9,600K)	33	10 years
Landesbank Saar (€3,190K)	42	10 years
Crédit Agricole (€18,000K)	96	10 years
Hsbc (€14,000K)	69	10 years
CFF Bussy lettree (€8,650K)	94	10 years
CFF Facam (€7,000K)	39	10 years
SG Sofréavia (€8,400K)	83	10 years
Natixis Lille Europe (€15,505K)	126	10 years
Saarl B (€7,200K)	6	10 years
CFF Tremblay (€3,500K)	69	8 years
Saarl B Mulhouse (€5,400K)	20	10 years
HSBC Darblay (€13,360K)	155	7 years
SG (€15,400K)	182	7 years
SG le Rhodanien (€5,250K)	74	10 years
BECM (€6,000K)	109	5 years
CIC Lyonnaise de Banque (€7,350K)	60	10 years
Oséo Aulnay (€2,375K)	38	10 years
Oséo Nantes (€4,800K)	79	12 years
Oséo 3 actifs (€8,700K)	131	10 years
Crédit Agricole les Arpajons (€5,369K)	107	12 years
Caisse d'Epargne BFC (€1,750K)	30	12 years
Caisse d'Epargne NFE (€1,750K)	30	12 years
Crédit Agricole (Sipec) (€10,400K)	16	4 years
Allegemeine (€17,130K)	135	16 years
CFF (€450K)	2	12 years
CFF (€5,400K)	19	12,5 years
CFF Panhard (€10,500K)	34	12 years
CFF Limay (€6,845K)	28	12 years
CFF CBI (€12,000K)	30	5 years
BNP Paribas Fortis (€17,630K)	138	5 years
CBI Gennevilliers Plus (€18,796K)	148	12 years
BNP Réaumur (€6,200K)	69	10 years
Crédit Agricole Auber (€15,206K)	128	12 years
Société Générale Bercy (€33,600K)	196	10 years
Saarl Enghien (€5,300K)	76	10 years
Société Générale Bercy (€2,300K)	16	10 years
Société Générale emprunt obligataire (€5,000K)	118	6 years
TOTAL	**3,065**	

Note 8 – Equity and quasi-equity

STATEMENT OF CHANGES IN EQUITY

(In thousands of euros)	Share capital	Premiums	Regulated provisions	Reserves	Earnings for the period	Revaluation reserves	Total
At 31 December 2011	**53,100**	**38,489**	**6,340**	**70,303**	**(16,199)**	**9,267**	**161,300**
Net subsidies and excess tax depreciation		-	(967)	-	-	-	(967)
Free reserves on LS sales	-	-	-	1,737	-	(1,737)	-
Interim dividend on treasury stock	-	-	-	397	-	-	397
Treasury stock	(1,667)	(2,668)	-	-	-	-	(4,335)
Share capital round up	12	-	-	(12)	-	-	-
Affiparis merger	1,856	5,468	-	4	-	-	7,328
Appropriation to reserves	-	-	-	(16,199)	-	-	(16,199)
Distribution during the 2012 financial year	-	-	-	(10,802)	16,199	-	5,396
Share in earnings	-	-	-	-	(20,196)	-	(20,196)
AT 31 DECEMBER 2012 IN EUROS	**53,300**	**41,290**	**5,373**	**45,428**	**(20,196)**	**7,530**	**132,725**

PERPETUAL SUBORDINATED LOAN NOTES

(In thousands of euros)	Balance sheet items	from 0 to 3 months	3 months to 1 year	1 year to 5 years	over 5 years
fixed term	-	-	-	-	-
unlimited term	75,508	508	-	-	75,000
Accounts	*75,000*	*-*	*-*	*-*	*75,000*
Related debts	*508*	*508*	*-*	*-*	
TOTAL AT 31/12/2012	**75,508**	**508**	**-**	**-**	**75,000**

BREAKDOWN OF RESERVES

(In thousands of euros)	31/12/2012	31/12/2011
Legal reserve	4,806	4,806
Other reserves	56,419	65,496
TOTAL	**61,225**	**70,303**

STATEMENT OF CHANGES IN REVALUATION RESERVES

(In thousands of euros)	Revaluation difference generated on 01/01/2003	Value adjustment	Share transferred to a distributable reserve account		Revaluation reserve as at 31/12/2012
			On fixed assets sold	On amortisation of the revalued share	
LYON BRON	1,444	-	(459)	-	985
ISTRES	48	-	(48)	-	-
AGEN	106	(105)	(1)	-	0
ST QUENTIN FALLAVIER	995	-	-	(18)	978
NANTES LOT N°8	97	-	(97)	-	-
EVRY	319	-	-	-	319
BUC	254	(254)	-	-	-
NANTES LOT N° 9	112	-	(111)	(1)	(0)
ECULLY	(35)	35	-	-	-
DAGNEUX	435	-	(407)	(28)	(0)
ARNAGE	(2)	-	2	-	-
BRETIGNY SUR ORGE	214	-	-	-	214
VITROLLES	(19)	19	-	-	-
TRAPPES	1,218	(606)	(589)	(22)	(0)
ANTONY	386	(349)	(37)	-	0
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	-	(338)	(12)	(0)
NANTES	54	-	(54)	-	-
LE LARDIN ST LAZARE	20	-	(20)	-	-
FRONTIGNAN	(6)	6	-	-	-
BIARRITZ	143	-	-	-	143
MARSEILLE 16e	170	-	(170)	-	-
VENISSIEUX	222	-	(210)	(12)	-
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)	-	-
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)	0
L'ISLE D'ABEAU	477	-	(465)	(13)	(0)
CERGY PONTOISE	135	-	(135)	-	-
BRIGNAIS	182	-	(182)	-	-
RUEIL Passage St-Antoine	2,704		(2,645)	(58)	0

(In thousands of euros)	Revaluation difference generated on 01/01/2003	Value adjustment	Share transferred to a distributable reserve account		Revaluation reserve as at 31/12/2012
			On fixed assets sold	On amortisation of the revalued share	
CALUIRE	40		(40)		-
VERT ST DENIS	1,381	(32)	(1,273)	(75)	0
TRONCHET 2e	1,356	(47)	(1,295)	(14)	(0)
RUE CASTEJA	1,431	(1,098)	(333)		0
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)		(0)
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)		0
COUDRAY MONCEAU	87		(87)		-
SOPHIA ANTIPOLIS (Valbonne Rose)	1,257		(1,257)		0
SOPHIA ANTIPOLIS (Valbonne Rose)	74		(65)	(9)	(0)
CHAMPLAN	137		(65)	(72)	0
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)		(0)
SOPHIA ANTIPOLIS (Valbonne Beige)	126		(126)		0
SAVIGNY LE TEMPLE	2,971	(1,367)	(1,604)		-
VITROLLES	578	(185)			393
LOGNES-CROISSY BEAUBOURG	1,264	(321)	(943)		-
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)	0
AVIGNON	443		(443)		-
TREMBLAY EN France	134		(134)		-
IMMEUBLE A SEVRES	232		(230)	(2)	0
PARIS TOUR BERCY	8,947		(8,767)	(179)	0
TOTAL	**53,038**	**(7,459)**	**(37,459)**	**(590)**	**7,530**

PROVISIONS FOR RISKS AND CHARGES

(In thousands of euros)	Opening balance	Allowance for the year	Reversal for the year used	Reversal for the year not used	Change in consolidation	Closing balance
Provision for diverse risks (customer disputes)	114		93			21
Provision for subsidiary risk	1,250	-	893			357
Provision for pension costs	445	69				514
Provision for miscellaneous expenses	-	312			100	412
TOTAL AT 31/12/2012	**1,809**	**381**	**986**	**0**	**100**	**1,304**

Note 9 – Statements of debt maturity dates

(In thousands of euros)	At 31/12/2012	Within one year	Between one and five years	Over 5 years
Convertible bonds	-	-	-	-
Other bonds	5,000	-	5,000	-
Loans from credit institutions	254,745	25,439	143,889	85,416
Loans and borrowings	12,153	12,153	-	-
Prepayments and interim payments received	887	887	-	-
Trade payables and related payables	4,927	4,927	-	-
Employee and related payables	561	561	-	-
Social security and other agencies	354	354	-	-
Income tax	706	706	-	-
Value added tax	464	464	-	-
Fixed asset payables and related payables	56	56	-	-
Group and associated companies	1,388	1,388	-	-
Other debts	4,747	4,747	-	-
Deferred income	984	984	-	-
TOTAL	**286,972**	**52,667**	**148,889**	**85,416**

EXPENSES PAYABLE

(In thousands of euros)	At 31/12/2012	At 31/12/2011
Convertible bonds	-	-
Other bonds	-	-
Loans from credit institutions	960	842
Sundry financial borrowings and debts	0	7,023
Trade accounts payable and related accounts	4,730	1,647
Tax and social security debts	1362	1,179
Cash on hand, expenses payable	13	0
Other debts	-	-
TOTAL	**7,064**	**10,692**

Note 10 – Deferred income

(In thousands of euros)	At 31/12/2012	At 31/12/2011
Rents	984	1,130
TOTAL	**984**	**1,130**

20.3.9.2. Notes to the individual income statement

Note 11 - Operating revenue

PRODUCTION SOLD: REVENUES

(In thousands of euros)	At 31/12/2012	At 31/12/2011
Rents	*5,944*	*9,852*
Re-billed expenses	*1,484*	*2,531*
Finance leases	7,428	12,384
Rents	*38,377*	*27,865*
Re-billed expenses	*10,757*	*7,889*
Other revenues	*203*	*342*
Investment properties (1)	49,338	36,096
Revenue from related activities	*1,518*	*2,790*
Operating	1,518	2,790
TOTAL	**58,283**	**51,269**

(1) Including change in consolidation scope on rents (€9,892,000) and on rebilled expenses (€1,409,000).

PRIOR PERIOD ADJUSTMENTS AND TRANSFERS OF EXPENDITURES

(In thousands of euros)	At 31/12/2012	At 31/12/2011
Reversals of finance lease provisions	4,119	16,654
Reversals of investment property provisions	1,790	1,516
Transfers of expenditures	430	578
Reversals of operating provisions	986	59
TOTAL	**7,325**	**18,807**

Including change in consolidation scope of €971,000.

Note 12 – Operating expenses

General operating expenses

(In thousands of euros)	At 31/12/2012	At 31/12/2011
Other administrative costs	**(25,002)**	**(21,409)**
Taxes payable	(6,473)	(6,653)
Operating	*(44)*	*(333)*
Operating lease	*(5,368)*	*(4,131)*
Finance lease	*(1,062)*	*(2,189)*
Other purchases and external expenses	(18,529)	(14,756)
Operating	*(9,813)*	*(8,739)*
Operating lease	*(8,294)*	*(5,707)*
Finance lease	*(422)*	*(310)*
Personnel costs	**(4,794)**	**(4,873)**
TOTAL	**(29,796)**	**(26,282)**

Including change in consolidation scope: (€2,241,000).

DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSE

(In thousands of euros)	At 31/12/2012	At 31/12/2011
Depreciation expense on buildings	(17,084)	(14,350)
Amortisation allowance for intangible assets	*(38)*	*(52)*
Headquarters depreciation expense	*(69)*	*(67)*
Depreciation expense of finance-leased assets	*(3,823)*	*(5,992)*
Depreciation expense of investment property assets	*(10,606)*	*(7,403)*
Allowance for deferred expenses	*(2,548)*	*(836)*
Impairment expense on fixed assets	(1,722)	(2,164)
Impairments of finance leased assets	*(509)*	*(1,278)*
Impairments of investment property assets	*(1,213)*	*(885)*
Impairment expense on current assets	(420)	(165)
Impairments finance lease doubtful receivables	*(0)*	*(0)*
Impairments investment property doubtful receivables	*(420)*	*(165)*
Impairments other debtors		
Provisions for risks and charges	(381)	(1,307)
Impairments subsidiaries	*-*	*(1,250)*
Impairment pension	*(69)*	*(57)*
Impairment of exceptional risks and charge	*(312)*	*-*
TOTAL	**(19,607)**	**(17,986)**

Including change in scope of consolidation: (5,642 K€).

BREAKDOWN OF DEPRECIATIONS AND AMORTISATIONS FOR THE PERIOD

(In thousands of euros)	At 31/12/2012	At 31/12/2011
Intangible assets	(38)	(52)
Concessions, software programs	*(38)*	*(52)*
Property, plant and equipment	(14,498)	(13,462)
Buildings	*(14,429)*	*(13,395)*
Other property, plant and equipment	*(69)*	*(67)*
TOTAL	**(14,536)**	**(13,514)**

OTHER EXPENSES

(In thousands of euros)	At 31/12/2012	At 31/12/2011
Unrecoverable investment property receivables	(444)	(833)
Unrecoverable finance lease receivables	-	-
Directors' fees and compensation of the commitment committee	(159)	(122)
Other management expenses	-	(36)
TOTAL	**(603)**	**(990)**

Including expenses incurred by the change in consolidation scope: €46,000

Note 13 – Share of earnings from joint transactions

(In thousands of euros)	At 31/12/2012	At 31/12/2011
Profit allocated or loss transferred	**(1,054)**	**(7,058)**
Holdimmo	591	-
Brétigny	211	-
Parvis Lille	129	-
Ferrières	1	-
Atit earnings	(188)	(14)
Jardins des Quais earnings	(347)	(679)
Sci Nevers Colbert earnings	(767)	(5,246)
Arca ville d'Eté earnings	(677)	(1,085)
Capucines IV earnings	-	(11)
Capucines V earnings	-	(11)
Capucines VI earnings	-	(11)
Luce parc Leclerc earnings	(0)	-
Bercy Parkings earnings	(7)	
Sci Bucheres earnings	(0)	-

Note 14 – Financial income/expense

(In thousands of euros)	At 31/12/2012	At 31/12/2011
Interest on current account	*1,658*	*2,258*
Dividends	*5,926*	*3,027*
Interest income from equity investments	7,585	5,285
Other interest and similar income	1,289	246
Reversals of impairments on securities and current accounts	850	6,672
Net revenue from disposals of investment securities	0	174
Total financial revenue	**9,724**	**12,378**
Interest on current account	(181)	(293)
Interest on credit balances	(10)	(1)
Interest on loans	(8,371)	(6,150)
Expenses on caps, swaps and tunnels	(11,024)	(2,796)
Expenses on convertible bonds	(1,498)	(2,151)
Expenses on TSDI	(2,696)	(3,149)
Other	(48)	(338)
Impairment expense on securities and current accounts	(12,176)	(17,870)
Impairment expense on treasury stock	-	(788)
Net charges on sale of investment securities	(104)	-
Total financial charges	**(36,108)**	**(33,536)**
TOTAL FINANCIAL INCOME/LOSS	**(26,384)**	**(21,158)**

Including financial charges incurred by the change in consolidation scope: (€5,818,000).

Note 15 – Extraordinary earnings

(In thousands of euros)	At 31/12/2012	At 31/12/2011
On management transactions	161	216
Recovery on amortised receivables investment properties	*15*	*-*
Recovery on amortised receivables finance lease	*-*	*216*
Other ls revenues	*11*	*-*
Other exceptional revenues	*1*	*-*
Termination charges	*133*	
On capital transactions	127,096	25,492
Sale price of sold long-term financial assets	*4,378*	*1,633*
Sale price of sold finance lease assets	*3,866*	*10,752*
Sale price of sold investment property fixed assets	*118,711*	*13,077*
Other	*141*	*30*
Reversals on impairments, provisions and transfers of charges	19,162	54
Tax allowed excess depreciation	*1,950*	*28*
Long-term financial assets	*17,178*	*-*
Other	*34*	*26*
Total exceptional revenue	**146,418**	**25,762**
On management transactions	(468)	(9)
Other exceptional charges	*(468)*	*(9)*
On capital transactions	(153,295)	(37,390)
Carrying amounts of sold asset items LT financial assets	*(23,734)*	*(1,254)*
Carrying amounts of sold asset items finance lease	*(7,602)*	*(25,706)*
Carrying amounts of sold asset items investment property	*(120,139)*	*(9,726)*
Sale expenses on investment property	*(1,814)*	*(375)*
Other	*(5)*	*(328)*
Depreciation expense, impairments and provisions	(983)	(1,190)
Excess tax depreciation	*(983)*	*(1,190)*
Total exceptional charges	**(154,745)**	**(38,588)**
TOTAL EXTRAORDINARY EARNINGS	**(8,327)**	**(12,825)**

Disposals of finance-leased assets show a net expense of €3,736,000. This amount should be compared to the reversals of Art. 64 and 57 provisions found in current income for €4,118,000.

Including change in consolidation scope: (€7,909,000).

Note 16 – Income tax

(In thousands of euros)	Profit before tax	Tax	Net profit (loss)
Current income	(11,835)	-	(11,835)
Extraordinary earnings	(8,327)	34	(8,361)
Exit tax	-	-	
TOTAL	**(20,162)**	**34**	**(20,196)**

Note 17 – Items from several balance sheet & income statement items

ITEMS (in gross value) *(In thousands of euros)*	Amount concerning: Related companies	Amount concerning: Companies with which Affine has an equity investment connection	Amount of debts or receivables represented by commercial paper
Subscribed share capital not called up	-	-	-
Prepayments and interim payments on intangible assets	-	-	-
Shareholdings	34,799	70,013	-
Receivables related to equity investments	9,066	-	-
Loans	-	-	-
Other investment securities	-	-	-
Other long-term financial assets	-	-	-
Amounts paid on account	-	-	-
Trade receivables and other accounts	-	-	-
Other receivables	77,477	5,616	-
Subscribed share capital called up but not paid up	-	-	-
Investment securities	-	-	-
Cash on hand	-	-	-
Convertible bonds	-	-	-
Other bonds	-	-	-
Borrowings and debts from lending institutions	-	-	-
Sundry financial borrowings and debts	(1,388)	-	-
Amounts received on orders in progress	-	(707)	-
Trade accounts payable and related accounts	(1,985)	-	-
Fixed asset payables and related payables	-	-	-
Other purchases and external expenses	(360)	-	-
Revenues (Services)	1,011	507	-
Interest income from equity investments	4,408	1,518	-
Other interest and similar income	1,526	132	-
Interest and related expenses	(181)	-	-
Joint property development deals - expenses	(1,639)	(347)	-
Joint property development deals - revenue	931	1	-

20.3.9.3. Notes to the off-balance sheet statement

(In thousands of euros)	31/12/2012	31/12/2011
Commitments given		
Financing commitments	-	-
Commitments to lending institutions	-	-
Commitments to customers	-	-
Guarantee commitments	92,850	48,498
Commitments to lending institutions	-	-
Commitments to clients and subsidiaries	*92,850*	*48,498*
Commitments received		
Financing commitments	19,000	24,988
Commitments received from lending institutions	*19,000*	*24,988*
Commitments received from clients		
Guarantee commitments	7,911	11,951
Commitments received from lending institutions	*1,313*	*2,556*
Commitments received from clients	*6,598*	*9,396*

Note 18 – Other commitments not included in the publishable off-balance sheet statement

(In thousands of euros)	Balance sheet items	less than 1 month	from 1 to 3 months	3 months to 1 year	1 year to 2 years	2 years to 5 years	over 5 years
NON-CURRENT DEBTS							
Covered by guarantees	198,351	0	-	-	21,869	99,374	77,109
Covered by collateral	10,500	0	-	-	3,500	7,000	-
Neither collateral nor guarantees	14,192	0	-	-	3,621	6,158	4,412
	223,043	**0**	**0**	**0**	**28,990**	**112,532**	**81,521**
CURRENT DEBTS							
Covered by guarantees	20,249	1,861	2,633	9,493	347	2,019	3,895
Covered by collateral	3,500	-	-	3,500	-	-	-
Neither collateral nor guarantees	2,760	363	340	2,057	-	-	-
	26,508	**2,224**	**2,972**	**15,050**	**347**	**2,019**	**3,895**

Guarantees: these sureties include the registered mortgages.
Collateral: This concerns the collateral of borrowing companies' shares in favour of the banks.
When the loan is simultaneously guaranteed by a guarantee and collateral, the surety is classified as "guarantee".

MATURITY DATES OF INTEREST RATE INSTRUMENTS

(In thousands of euros)	Outstanding at 31/12/2012	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 + collars	120,601	1,037	6,972	69,134	43,458
Caps + floors	-	-	-	-	-
Caps + tunnel	114,531	3,632	10,043	93,976	6,879
TOTAL	**235,132**	**4,669**	**17,015**	**163,110**	**50,337**

A swap subscribed in 2011 became effective in 2012 for a notional amount of €9,800,000.

INTEREST RATE RISKS

Affine is exposed to the risk linked to interest rate fluctuations on floating rate debts, which it mostly hedges through market transactions (swaps, caps, collars and tunnels) contracted with leading banking institutions.
At 31 December 2012, the floating rate financial debt amounted to €238,384,000.

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 credit 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 2012, 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.

20.3.10. Statutory Auditors' fees reported in the income statement

	Cailliau Dedouit et Associés Amount		KPMG Audit Amount	
(In thousands of euros)	**2012**	**2011**	**2012**	**2011**
Statutory auditing, certification, review of financial statements	181	207	181	201
Other tasks services directly linked to the auditing engagement	0		12	0
Other services	0	0	0	0
TOTAL	**181**	**207**	**193**	**201**

20.4. Verification of historical annual financial information

20.4.1. Historical financial information verified by the auditors

Affine's consolidated statements and annual accounts, as well as the statutory auditors' report on the consolidated statements and on the annual accounts for 2012 can be found under sections 20.1 and 20.3 herein respectively.

Pursuant to article 28 of Commission regulation (EC) no. 809/2004, the information below is incorporated by reference in this reference document:

- Affine's consolidated statements and annual accounts and the statutory auditors' reports on the consolidated accounts and the annual accounts for 2011 can be found under sections 20.1 and 20.3 respectively of this reference document registered by the French Financial markets authority (AMF) on 17 April 2012, under number D.12-0360,
- Affine's consolidated statements and annual accounts and the statutory auditors' reports on the consolidated accounts and the annual accounts for 2010 can be found under sections 20.3.1 and 20.3.3 respectively of this reference document registered by the French Financial markets authority (AMF) on 26 April 2011, under number D.11-0364.

20.4.2. Other historical financial information verified by the auditors

All the historical financial information in this document has been verified.

20.4.3. Unverified historical financial information

All the historical financial information in this document has been verified.

20.5. Date of latest financial information

Affine's company statements and consolidated statements for 2012 have been audited and verified by the company's statutory auditors. Their reports can be found under sections 20.1, 20.2 and 20.3 below.

20.6. Interim financial information

Affine has not reported any interim revenues or earnings since 27 February 2012.

20.7. Dividend distribution policy

The dividend distribution policy is linked to the company's dual status as a former SICOMI and SIIC:

- 85% of the profits from real estate finance lease transactions exempted from corporate income tax (former SICOMI) have to be distributed in the following year; pursuant to article 36 of the bylaws, the distribution of capital gains from sales can be deferred over three years.
- 85% of profits from investment property rental transactions exempted from corporate income tax (SIIC) have to be distributed in the following year; however only 50% of capital gains from sales is required to be distributed and can be deferred over two years; while dividends from subsidiaries covered by the SIIC status have to be entirely distributed during the following year.

This obligation applies to distributable earnings. A 20% withholding tax is levied by the State on dividends from profits exempted from corporate income tax from the SIIC sector when they are paid to non-residents holding at least 10% of the company's capital and benefiting from an advantageous tax regime.
The company can submit a motion to the General Shareholders' Meeting to offer shareholders the option of receiving their entire dividend in shares.

The Board of Directors can decide to pay an interim dividend for the current year.

Year	Dividends
2008	€1.00
2009	€1.78
2010	€2.43
2011	€1.20
2012	€1.20

The dividend amount of €1.20 per share for 2012 comes from:

- €0.00 of the exempted sector (SIIC) and,
- €1.20 of the taxed sector, with entitlement to the 40% discount but leading to the payment of the additional tax contribution of 3% on this amount.

In accordance with amendment 400 of the rectified finance law for 2012, the portion of the mandatory dividend from the SIIC status and paid in 2013 will be exempted from the additional contribution of 3% on the dividends created by the law of 16 August 2012.

20.8. Judicial and arbitration proceedings

During the last 12-month period, there was no government, judicial or arbitration proceedings (including a suspended procedure or which might be threatening the company) that may have or recently had a material impact on the financial situation or profitability of the company or Group.

20.9. Significant change in financial or commercial situation

There has been no significant change in the financial or commercial situation of the Group since the end of the last period for which the verified financial statements or interim financial statements have been published.

21.1. Share capital

21.1.1. Changes in capital

On the date of this reference document, Affine's share capital amounted to €53,300,000, divided into 9,033,959 common shares, of the same class without indication of par value and fully paid.

21.1.2. Non-equity shares

None.

21.1.3. Shares held by the issuer

As at 31 December 2012, Affine had 44,407 treasury shares, recognised at their historic cost and comprised exclusively of shares held for ensuring market liquidity. At the end of October, the company cancelled 282,659 treasury shares to limit the dilution resulting from the merger by absorption of AffiParis by Affine which led to the creation of 314,576 new shares.

21.1.4. Convertible transferrable securities

Convertible Bonds (ORA)

Issuance of 2003: 2,000 convertible bonds with a par 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.
The Affine general meeting held on 26 April 2007, decided to divide the number of Affine shares by three by issuing three new shares for every old share with effect from 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 dividend on 15 November corresponding to a fixed amount of €0.518 per underlying share multiplied by the exchange ratio (currently €323.23 per bond);
- 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 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 bond.

In the case of redemption of the entire 2003 convertible bond issue in shares (1,248,000 currently) and based on the number of existing shares to date (9,033,959), the total dilution of the capital would be 12.14%.

21.1.5. Information on the conditions for acquisition rights or bonds attached to the subscribed capital

None.

21.1.6. Existence of stock options on the capital

None.

21.1.7. History of the share capital

Dates	Capital increase transactions	Share capital prior to transaction	Share or merger premium	Number of securities created	Share capital after the transaction	Number of shares
01/01/1999					31,170,183	2,044,630
28/07/2000	Merger with Sovabail	31,170,183	22,073,310	89,354	35,000,000	2,133,984
22/05/2001	Contribution of Concerto Développement securities	35,000,000	3,979,168	138,507	37,271,653	2,272,491
22/05/2001	Capitalisation of "long-term capital gains" reserves of €2,728,346.70	37,271,653			40,000,000	2,272,491
10/09/2003	Contribution to Affine of Imaffine shares held by Prédica and BNP Immobilier	40,000,000	1,149,259	31,846	40,600,000	2,304,337
15/06/2004	Payment of part of the dividend in shares	40,600,000	945,804.94	23,422	41,012,671.06	2,327,759
26/05/2005	Payment of part of the dividend in shares	41,012,671.06	1,251,688.73	19,702	41,359,799.63	2,347,461
16/06/2005	Capital increase in cash	41,359,799.63	15,182,165.54	234,000	45,482,634.09	2,581,461
16/06/2005	Capital increase through capitalisation of reserves	45,482,634.09	-	-	45,485,000.00	2,581,461
23/11/2005	Allotment of bonus shares to shareholders	45,485,000.00	-	103,258	47,304,392.25	2,684,719
19/12/2005	Capital increase through capitalisation of reserves	47,304,392.25	-	-	47,305,000.00	2,684,719
06/06/2006	Payment of part of the dividend in shares	47,305,000.00	1,319,884.97	15,280	47,574,235.03	2,699,999
19/06/2006	Capital increase through capitalisation of reserves	47,574,235.03	-	-	47,600,000.00	2,699,999
01/06/2007	Payment of part of the dividend in shares	47,600,000.00	347,847.46	2,866	47,650,526.54	2,702,865
04/06/2007	Capital increase through capitalisation of reserves	47,650,526.54	-	-	47,700,000.00	2,702,865
02/07/2007	Division of the share's par value by three	47,700,000.00	-	-	47,700,000.00	8,108,595
03/06/2008	Payment of part of the dividend in shares	47,700,000.00	159,655.36	4,971	47,729,242.64	8,113,566
04/06/2008	Capital increase through capitalisation of reserves	47,729,242.64	-	-	47,800,000.00	8,113,566
13/04/2011	Conversion of ORA II into shares	47,800,000.00	7,803,472.00	374,400	50,005,728.04	8,487,966
08/06/2011	Payment of part of the dividend in shares	50,005,728.04	6,738,833.30	514,076	53,034,338.74	9,002,042
08/06/2011	Capital increase through capitalisation of reserves	53,034,338.74	-	-	53,100,000	9,002,042
26/10/2012	Reduction of share capital by cancelling treasury shares	53,100,000.00	-	-282,659	51,432,690.20	8,719,383
07/12/2012	Merger by absorption of AffiParis	51,432,690.20	5,952,830.44	314,576	53,288,267.59	9,033,959
13/12/2012	Capital increase through capitalisation of reserves	53,288,267.59	-	-	53,300,000.00	9,033,959

Changes in share capital distribution in the last five years

The main changes in share capital distribution and voting rights in the last five years and until today are as follows (shareholders with more than 2% of the capital):

	31/12/ 2008		31/12/ 2009		31/12/ 2010		31/12/ 2011		31/12/ 2012	
	Share capital	Voting rights	Share capital	Voting rights	Share capital	Voting rights	Share capital	Voting rights	Share capital	Voting rights
Holdaffine BV	35.7%	51.3%	35.7%	53.7%	35.7%	52.2%	35.4%	50.3%	35.3%	50.3%
Penthièvre Holding	12.4%	8.9%								
Mainz Holdings LLC			12.2%	9.2%	12.2%	9.0%				
Shy LLC							8.1%	6.0%		
La Tricogne									6.6%	5.0%
AXA Aedificandi and other Axa funds	4.5%	6.4%	4.4%	5.9%	3.5%	5.0%	2.1%	3.1%		
JDJ Two & Ariel Lahmi	6.8%	5.7%	7.0%	6.1%	7.0%	5.9%	2.4%	3.6%	1.0%	1.4%
Other float	40.6%	27.7%	40.7%	25.1%	41.6%	27.9%	52.0%	37.0%	57.1%	43.3%
TOTAL	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

21.2. Memorandum of incorporation and bylaws

21.2.1. Corporate purpose

The company's corporate purpose is the acquisition, sale, rental of buildings and businesses and investment in any financial, real estate industrial or commercial corporations.
The corporate purpose is stated in article 2 of the bylaws.

Due to the withdrawal of the financial institution licence (financial corporation), the General Shareholders' Meeting of 27 April 2012 modified article 2 of the bylaws. All references to the finance lease activity and financial company have been deleted.

21.2.2. Provisions describing the board of directors

Article 10 of the bylaws determines the conditions required to be appointed as director as well as the composition of the Board. The director may be a natural person or legal entity and in this case, it appoints a permanent representative.
The board must comprise a minimum of three directors and a maximum of 15 directors. Directors are appointed for a term of three years renewable. To facilitate the introduction of a staggered renewal of directorships, the General Shareholders' Meeting of 27 April 2012 amended article 10 to exceptionally allow the Meeting to set the term of the directorship at one, two, or three years.
Article 11 of the company's bylaws states that each director must hold at least one registered share during the entire term of his or her directorship.

Article 14, pursuant to the provisions of article L.225-51-1 of the French Commercial Code, allows the Board to choose to vest its General Management either in the Chairman of the Board of Directors, or in another natural person appointed by the Board of Directors and bearing the title of Chief Executive Officer. Regardless of the type of General Management (double or single body) chosen by the Board, the Chief Executive Officer is vested with extensive powers within the limits of the corporate purpose and subject to the powers attributed by law to shareholders. He or she may act at any time on behalf of the company.
The company's Board of Directors has chosen to combine the functions of Chairman of the Board of Directors and Chief Executive Officer and has appointed a deputy Chief Executive Officer whose functions are identical to those of the Chief Executive Officer.

21.2.3. Characteristics of shares and rights and restrictions attached to each share class

Fully paid shares are either registered or in bearer form, at the shareholder's discretion.
The voting rights attached to shares are proportional to the capital that they represent. However, under article 29 of the bylaws, a double voting right, depending on the percentage of share capital that they represent, shall be granted to:
a) all fully paid shares for which the holder can prove registration for at least two continuous years in the name of the same shareholder.

b) registered shares allocated free of charge to a shareholder in the event of a capital increase through capitalisation of reserves, profits or share premium on the basis of former shares that were entitled to this right.

The double voting right will automatically cease for every share converted into bearer form or transferred into ownership except in case of transfer through inheritance, liquidation of community property between spouses or inter-vivo donation for a spouse or relative likely to inherit.
The voting right, and a fortiori the double voting right, shall be cancelled for any shareholder who may directly or indirectly hold a number of shares or voting rights representing 2% of the company's capital or voting rights and fails to inform the company within 15 days after crossing the threshold. This obligation to disclose is also mandatory if a shareholders' capital or voting rights fall(s) below the 2% threshold.

This sanction must be requested by one or several shareholders holding together or separately at least 2% of the company's capital or voting rights. A shareholder who fails to comply with his disclosure obligation shall be stripped of his voting rights at any Shareholders' Meetings which will be held until the expiry of a period of two years following the date on which the notification was duly made.
The foregoing provisions are stated in article 9 of the company's bylaws.
The statutory clauses relating to profits are stated in article 36. Giving the company's SIIC status, it is indicated that a dividend shall be paid to shareholders, in proportion to the nominal amount of their shares that are actually paid up at least six months before the end of the year and not amortised. The total dividend shall be equal to at least eighty-five per cent (85%) of the net profits obtained from tax-exempted transactions and calculated in the same way as corporate income tax. However, if the amount of the sums to be distributed is lower than one per cent (1%) of the share capital, the General Shareholders' Meeting may decide to transfer the amount into retained earnings.

Notwithstanding the foregoing paragraph, only at least one third of the net amount of any capital gain from the early sale of a finance-leased building earned during the year may be included in the profit subject to the distribution obligation defined above. The remainder will be added back to the calculation basis of the distributable profit for the year or the next two years, provided that the total amount of the shares in the capital gain included in the distributable profit for the year during which it was earned and the following year is not less than two thirds of the total amount of the said capital gain.
Article 36 of the bylaws allows the General Shareholders' Meeting to give shareholders the option of choosing between payment of the dividend in cash or in shares.

Interim dividends may be paid to shareholders, based on a decision by the General Shareholders' Meeting, in accordance with legal or regulatory provisions in force.
Article 36 also states that any shareholder other than a natural person who may hold directly or through the intermediary of entities that it controls as defined by article L.233-3 of the French Commercial Code, a percentage of the company's dividend rights at least equal to the percentage defined in article 208-C-II-ter of the French General Tax Code, and whose own situation, or that of its partners, might make the company liable for the withholding tax defined in article 208-C-II-ter of the French General Tax Code, is required to justify to the company, no later than five business days before the payment of any dividend, reserve, premium or income considered as distributed within the meaning of the French General Tax Code in its favour, that this distribution does not make the company liable for payment of the withholding tax.

Failing a justification within the allotted time frame, the amount debited from the company's profits and exempted from corporate income tax in application of article 208-C-II of the French General Tax Code which, for each share held by the said shareholder, is to be paid to the latter in application of a distribution decision, will be reduced in proportion to the amount of the withholding owed by the company for the distribution of these sums.
If the distribution is paid in shares, the shareholder will only receive a portion of the sums approved for payment into its account in the form of shares, on the understanding that no fractional shares will be created, as the balance is assigned by the company to the payment of the withholding by allocation as specified above.

Should it turn out, after a distribution, that a shareholder was in a situation that should have led to the withholding on the date of the payment of said sums, the shareholder shall be required to pay to the company, as compensation for its prejudice, a sum equal to the withholding which the company should have paid for the shares held by the shareholder on the payment date, increased by an additional compensation equal to the late interests, penalties or any kind of charge which the company may have borne due to this fact.
As applicable, the company will be entitled to deduct the debt owed by the shareholder from any sum that might be authorised for future payment into the shareholder's account, until the said debt is fully paid off.

21.2.4. Modification of shareholders' rights

Aside from the voting rights and double voting rights whose suspension procedures in the events set out in articles 9 and 20 of the bylaws are recalled under section 21.2.3, the rights of shareholders may only be changed through statutory amendments adopted by the company's extraordinary General Shareholders' Meeting, under the conditions set out by the applicable regulation.

21.2.5. Provisions regarding summons and admissions to general shareholders' meetings

Article 23 of the bylaws mentions the conditions for convening the company's General Shareholders' Meetings.
Meetings are convened by the Board of Directors. Otherwise, they can be convened by:
• The Statutory Auditor(s);

- By a proxy appointed in court at the request, either of any interested party in case of emergency, or by one or several shareholders representing at least one twentieth of the share capital or one twentieth of the shares of the interested category, for Special Meetings;
- By the receiver or receivers in case of dissolution of the Company and during the liquidation period.

General Shareholders' Meetings are summoned through a notice published in a newspaper authorised to receive legal announcements in the department of the registered office at least fifteen clear days before the date of the Meeting. However, if all the shares are registered shares, this insertion may be replaced by a summons made, at the expense of the Company, through registered letters addressed individually to shareholders.
Electronic telecommunication devices may also be used to summon shareholders after the prior written agreement of said shareholders. Shareholders, holders of registered shares for one month at least on the date of the publication of the notice to meet, are additionally summoned to any Meeting by ordinary letter or at their request and expense, by registered letter.

When a Meeting is unable to carry out valid business due to the lack of the required quorum, the second postponed Meeting shall be summoned at least six clear days in advance in the same procedure as the first. Notices and letters to attend this second Meeting shall reproduce the date and agenda of the first Meeting.
General Meetings may be summoned by word of mouth and without delay if all the shareholders are present or represented.
Article 24 of the bylaws states the conditions for admitting shareholders to the company's General Shareholders' Meetings. All shareholders are entitled to attend General Shareholders' Meetings and participate in discussions, personally or through a proxy, regardless of the number of shares that they own, if they can prove, within the legal conditions, the accounting registration of their securities in their name or that of an intermediary registered on their behalf pursuant to the seventh paragraph of article L.228-1 of the French Commercial Code, on the third business day preceding the Meeting at midnight, Paris time, or in the registered securities accounts held by the Company, or in the bearer securities accounts held by the qualified intermediary.

Any shareholder not stripped of his voting right may act as proxy for another shareholder at a General Meeting, without any other restrictions than those arising from the provisions of article 29 of the bylaws setting the maximum number of votes which one person can have both in his own name and in their capacity as proxy.
The legal representatives of shareholders considered legally incompetent and natural persons representing legal entity shareholders participate in Meetings, whether they are personally shareholders or not.

Co-owners of shares are required to appoint one person from amongst them or a single proxy to represent them in their dealings with the Company and at General Shareholders' Meetings. This person shall be considered by the company as the sole owner and in the event of disagreement, the single proxy may be appointed by the court at the request of the first co-owner to take action.

Barring an agreement to the contrary notified to the company, Affine considers life tenants of shares as valid representatives of the bare owners; however, the voting right belongs to the life tenant in Ordinary General Shareholders' Meetings and to the bare owner in extraordinary or special General Shareholders' Meetings.

21.2.6. Change of control

With the exception of the provisions recalled under section 21.2.3 concerning the allotment of double voting rights, no other statutory provision, charter or regulation of the company can result in delaying, deferring or preventing a change of control of the company.

21.2.7. Obligation to disclose in the event of threshold crossing

Article 9 of the bylaws states that any shareholder who comes to hold directly or indirectly a number of shares or voting rights representing two per cent of the company's capital or voting rights must inform the company within fifteen days of the threshold crossing. This obligation to disclose is also mandatory if a shareholders' capital or voting rights fall(s) below the 2% threshold

21.2.8. Modification of the share capital

The conditions under which the company's share capital may be modified as set out in the bylaws are not stricter than the legal conditions.

Shareholders' agreement with Banimmo

A shareholders' agreement was signed on 1 September 2006, amended on 24 May 2007 and 26 March 2010, between Affine and the six members of the Banimmo management committee representing the company's management. This agreement will remain valid until 28 February 2016, unless it is renewed.
First refusal mechanisms have been put in place in case the two groups decide to sell their shares.
The Management of Banimmo, signatory of this agreement, holds the entirety of the B class shares of Banimmo which gives the right to a privileged dividend, distributed before the ordinary dividend and determined on the basis of a level of economic profitability over economic equity as required by article 39 of the Banimmo's bylaws. This right to a privileged dividend will cease in 2017, after the distribution of the dividend for 2016. These shares lose their privileged nature in the event of the exit of Management or of one of its members, unless they are taken over by another member of Management. By rider on 26 March 2010, the B class shares can now be held by any natural person or company linked to Banimmo and/or its subsidiaries through an employment or management contract provided they are approved by the Management of Banimmo and Affine.

23 INFORMATION FROM THIRD PARTIES, DECLARATIONS OF APPRAISERS AND DECLARATIONS OF INTERESTS

Since the end of 2005, the entire real estate assets of the Affine Group are appraised each year on 30 June and on 31 December.
The company's real estate assets primarily comprise offices, retail premises and warehouses. To prepare its consolidated statements, the company has opted for a valuation of its buildings at fair value in accordance with IAS 40 as explained in section 20.1.7.1.7. This standard implies that the fair value change of the buildings on each accounting period is posted as income.
At the end of December 2012, the Group valued its rental properties by updating external appraisals for 95% of its value and internal appraisals for the remaining small assets or those being sold (particularly including assets with a preliminary contract for sale).

The methodology used by the appraiser is described in section 20.1.7.1.8. The capitalisation rate method was used for assets valued internally.
The valuations are based on rental statements, planned investments and the status of on-going negotiations (expected departures and arrivals) supplied by Affine.

The indexing adopted for rents depends on the type of asset and the tenant's activity. As an operator in the three major sectors of commercial real estate (offices, retail properties and warehouses), Affine primarily uses the two indices of the CCI (construction cost index) and TARI (tertiary activity rental index) in 66% and 20% of cases respectively. More specifically, Affine also uses the commercial rents index, the cost of construction index and the commercial rents index of the FFB (Fédération Française du Bâtiment) and a fixed rate.

All the assumptions used for the valuation of assets are reviewed and verified by the statutory auditors. This verification primarily seeks to check the relevance of these elements, whose main variables are listed in section 20.1.7.1.5.
The valuations correspond to market values excluding transfer taxes (ex-TT), i.e. after deduction of registration taxes and/or notary fees (if the property was sold under the real estate VAT regime) on the basis of 6.20% of the "excluding transfer taxes" value and 1.80% for buildings with VAT. In the case of Affine, the transition from fair value excluding transfer taxes to fair value including transfer taxes (inc-TT) is made on the basis of 6.20%.
The gross capitalisation rate is determined as the ratio of annual gross rents over appraisal values excluding transfer taxes. The yield rate is calculated in relation to the appraisals including transfer taxes.
The appraiser's fees are defined at the start of the assignment on the basis of a flat fee per asset, according to criteria based on typology, size, complexity and location.

Information on fair value changes, on reconciliations between the values reported in the statement of financial situation and the values appraised by independent appraisers, and on the sensitivity of the asset valuation are presented in section 20.1.7.5.1 note 1 and in a more detailed manner in section 8.1.2 Value of buildings.
Pursuant to the principles established by the code of ethics of SIIC companies, Affine implements a turnover of appraisers to prevent one appraiser for working for more than two consecutive four-year terms on the same assets and to ensure that at the end of seven years the in-house teams in charge of appraisals have changed.

The results of these appraisals, their related yields and occupancy rates are illustrated below by activity segment:

(€m) as at 31 Dec. 2012	Fair value excl.TT	Fair value incl. TT	Market yield	Headline yield	Potential yield	Occupancy rate
Paris (Offices)	91.0	96.6	5.6%	5.2%	5.3%	98.7%
Offices (excluding Paris)	235.2	249.8	7.6%	7.3%	8.2%	87.6%
Retail	75.1	77.1	7.1%	5.7%	7.8%	73.2%
Warehouses and industrial premises industrial premises	144.7	153.5	8.7%	8.3%	9.2%	90.1%
Other	3.3	3.5	10.1%	17.4%	17.4%	100.0%
PROPERTY	**549.3**	**580.4**	**7.5%**	**7.0%**	**8.0%**	**87.8%**

Market, headline and potential yields correspond respectively to market, headline and potential rents divided by the market value including transfer taxes of buildings in the rental portfolio on the closing date.

Market rents correspond to the rents that would have been achieved if the premises had been re-let on the closing date.

Headline rents correspond to the rents agreed upon in the lease, to which successive indexing set out by contract in the lease have been applied, excluding advantages granted by the lessor to the tenant (charges not rebilled contractually considered as such, arrangement of stepped rents, etc.).

Potential rents correspond to the sum of headline rents and market rents for vacant premises.

The financial occupancy rate is equal to the market rents of occupied surface areas divided by the market rents of the total surface area.

Letter from appraisers - General framework

In order to update the value of its portfolio of real estate assets, Affine contacted the appraisers listed below in the given proportions:

(€m) as at 31 December 2012	Typology	Number of assets	Market value excluding transfer taxes	Fair value including transfer taxes	Assignment as % of the appraisers revenue
BNPP Real Estate Valuation	Offices	13	140.7	149.5	0.24%
	Warehouses & industrial premises	3	15.7	16.7	
Cushman & Wakefield, Expertise	Offices	7	131.2	139.4	0.65%
	Retail	6	72.4	73.8	
	Warehouses & industrial premises	12	101.1	107.9	
Crédit Foncier Expertise	Offices	10	51.9	55.1	0.21%
	Retail	1	3.1	3.3	
	Warehouses & industrial premises	1	19.3	20.5	
Assets not subject to appraisal		10	14.1	14.4	
PROPERTY		**63**	**549.9**	**580.4**	

Following the instructions given by Affine, the property appraisers drafted appraisal reports and determined the requested values, objective value as at 31 December 2012.
No conflict of interest was observed.
This assignment was conducted for the purpose of meeting AMF recommendations on the presentation of valuation elements and the risks of the real estate assets of listed companies, published on 8 February 2012 and updated on 1 August 2012.

Accordingly, the appraisals were carried out on the basis of the fair value of the assets according to the terms of the leases in force and according to IFRS (especially IFRS/IAS 40). In accordance with Affine's status as a listed real estate company, fair value is defined by IFRS/IAS 40 as "the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction".
It is accepted by professional bodies that fair value is identical to market value for investment properties as defined by the Royal Institution of Chartered Surveyors (RICS) and the French *Charte de l'Expertise en Évaluation Immobilière*.

According to the above Charter, market value is the "the estimated amount for which a building should be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The appraisers confirm that the buildings were measured "line by line" in an attempt to define individual values as opposed to a portfolio value.

Skills and independence

We conducted this assignment as external appraisers for your company.
We observed no conflict of interest for this assignment, neither in relation to the parties concerned nor in relation to the real estate assets and rights studied.
We also confirm that the team set up for this assignment had the necessary skills and market knowledge required to estimate the value of the appraised assets.

Assignment

All the real estate assets concerned have been inspected by the team of appraisers in the last five years.
To perform this appraisal, no request was made for a technical, legal, environmental, or administrative audit. The valuation is based on the documents communicated by the principal, which mainly included:
- leases
- descriptive pages of acquisition deeds
- details of invoices
- details of taxation and certain charges

The real assets concerned depend on a portfolio of real estate assets, estimated periodically on 30 June and 31 December, fully or partially, by the appraisers.

Conditions of the assignment

This assignment was conducted on the basis of the documents and information communicated to us, such as rental statements and planned upgrades, which were presumed to be accurate and corresponding to all the information and documents in the principal's possession or to its knowledge, could have an impact on the market value of the building.

Our remit did not include assessing or calculating the impact of risks linked to the contamination of soils, buildings, pollution of lands and more generally any issues related to the environment.

Barring any information to the contrary, we considered the plots of land as free of pollution and the premises to be free of asbestos, wood-eating insects (termites, etc.), lead, radon or any other toxic products.

The required appraisal and valuation procedures were carried out in accordance with:

- the recommendations of the Barthès de Ruyter report on valuing the real estate assets of listed companies which make public offerings, published in February 2000,
- the French *Charte de l'Expertise en Évaluation Immobilière,*
- the "European Valuation Standards", published by The European Group of Valuers' Associations (TEGoVA)
- the "Appraisal and Valuation Manual" of the Royal Institution of Chartered Surveyors (RICS)
- the "International Valuation Standards" of the International Valuation Standard Committee.

The following approaches were used to determine the market value of the assets:

- Sales comparison approach
- Income approach
- Cost approach to value

The valuation methodology is summarised in Note 20.1.7.1.8 of this Reference Document.

This value is subject to market stability and absence of significant changes to the buildings between the date of which the appraisals presented in this report were made and the value date.

Concerning the assets and real property rights covered by a finance lease, we exclusively valued the underlying assets and real property rights instead of the sale value of the finance lease agreement.

Similarly, we did consider the special financing methods that may have been concluded by proprietary structures to be relevant.

Observation

The value presented above is net, after deduction of registration taxes and/or notary fees (if the property was sold under the real estate VAT regime) on the basis of 6.20% of the "excluding transfer taxes" value and 1.8 % for buildings with VAT.

The quoted values do not reflect the costs of marketing if any, nor the related taxes and duties.

We confirm that our appraisals are confidential and strictly reserved for the use of your company and your professional advisers in the context of the defined assignment.

Each of the appraisers declares that they are independent and have no interest in Affine. They confirm the values of the real assets which they valued themselves, without accepting responsibility for those performed by the other firms and agree to the inclusion of this condensed report in Affine's Reference Document.

BNPP Real Estate Valuation	Cushman & Wakefield Expertise	Crédit Foncier Expertise

DOCUMENTS ACCESSIBLE TO THE PUBLIC 24

The documents and information comprising the regulated information are available on the website www.affine.fr.

The documents below can be found on the company's website and they can be viewed on the website throughout the validity period of this reference document:

- Annual reports since 2001
- Half-year financial reports since 2006
- Quarterly financial information
- The Chairman's report on corporate governance and internal control
- The reference documents approved by the COB then the AMF since 2002.
- This 2012 reference document
- Financial opinions published by the company
- Roadshows organised for analysts

Affine's bylaws can be obtained by forwarding a request to the company's head office: 5 rue Saint-Georges, 75009 Paris.

25 INFORMATION ON EQUITY INVESTMENTS

During the year, the following changes occurred to Affine's equity investments and the companies included in the scope of consolidation:

- AffiParis was the subject of a merger-absorption by Affine.

- SCI Numéro 2, Goussinvest, SCI du Beffroi, SCI Cosmo Lille, SCI Cosmo Toulouse, SCI Cosmo Marseille and Sipec transferred all their assets and liabilities to their single shareholder. Cosmo, Chavornay Parc SA à Lausanne, and Concerto Logistic Park Mer were liquidated.

- Affine's equity investment in Concerto Développement (99.9% of the capital) as sold to Promaffine (wholly owned by Affine).

- Newly created companies: SCI Parvis Lille, SCI Concerto Buchères and Concerto Ferrières-en-Brie, wholly owned directly or indirectly by Affine.

Information on entities in which the company holds a fraction of the capital is provided in the notes to the consolidated statements under section 20.1.7.4 Scope of consolidation.

Corporate Social Responsibility (CSR) includes all information pertaining to the social, environmental, societal and economic aspects of the company's operations and interactions with its stakeholders, as defined by the decree of 24 April 2012 regarding corporate social and environmental transparency requirements.

Three levels of reporting are used, which are those recommended by France GBC in its CSR Reporting guide:

Corporate level: limited to buildings used by the company for its own use (head office).

Operational level: limited to buildings associated with revenues, with three areas of scope:
1) No available information
2) Information available only for managed common parts
3) Information available for the entire building

Stakeholder level: incorporating the environmental impact of programmes in their entirety, from construction to use.

In keeping with the consolidation method of accounting, the above three levels apply to Affine and its fully consolidated subsidiaries (therefore excluding Banimmo and Jardin des Quais).

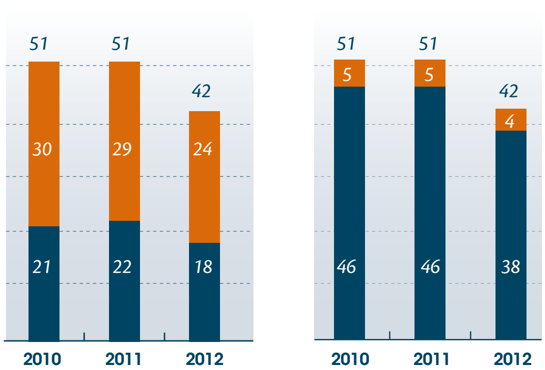
26.1. Social information

Employment

➢ Total workforce and breakdown of employees by gender, age and geographical area

At 31 December 2012, the Group had 42 employees, broken down as follows: 7 employees, 32 managers and 3 executives. The male/female breakdown is as follows: 24 women (5 employees, 18 managers and 1 executive) and 18 men (2 employees, 14 managers and 2 executive).

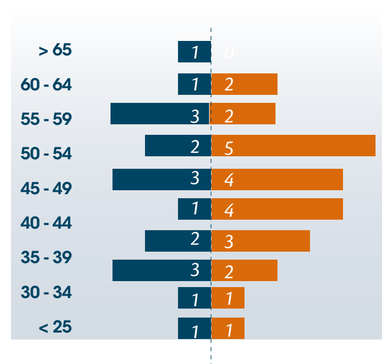
WORKFORCE BREAKDOWN
BY GENDER AND LOCATION



Women
Men

Sites (Regions)
Headquarter (Paris)

AGE PYRAMID



Women
Men

➢ Recruitment and redundancies

The Group recruited 1 employee during the period on permanent contract; 9 people left the company (due to retirement, resignation or lay-off).
The Group has no plans to downsize.

➢ Salaries and changes

At least once a year, managers meet their employees for an individual assessment. This is an opportunity to take stock of achievements, review performance targets and career development prospects, and identify any training needs. The appraisal process also enables employees to receive a full yearly appraisal of their skills and areas for development.
In 2012 employee gross salaries totalled €3.5m, up 1.3% per employee compared with the previous financial year. Social Security contributions for the employers accounted for 54% of gross salary.
Unlike in previous financial years, no amount was paid out in 2012 in respect of 2011 profit sharing. A new profit-sharing agreement was signed as stated below under "Collective bargaining agreements".
At 31 December 2012, employees of the Affine Group had no holdings in the company's share capital through a mutual fund or company savings plan (Article L.225-102 of the French Commercial Code).

Organisation of labour

➢ Organisation of working hours

Full-time employees work 1,607 hours per year. There is one part-time employee.
In December 2001, Affine signed an agreement to reduce working hours and introduce flexible working time with an annual workload of 1,600 hours. The "Solidarity Day" instituted by the Law of 30 June 2004 was allocated to the number of legal leisure days.

➢ Absenteeism

An total of 212 days were lost in 2012 compared with 273 in 2011, i.e. 4,6 days per employee compared to 5,4 in 2011. Causes of absenteeism in the company were mainly illness and maternity leave.

Employee and management relations

➢ Dialogue organised between management and employees, especially procedures for providing information to employees and the consulting and negotiation process

Affine employees are represented by delegated staff members who take charge of gathering questions and remarks that the employees want to present to management, to discuss about it and if necessary to seek an agreement that suits all parties; decisions taken during those meetings are brought in record to the attention of for all employees.
Staff questions are expressed through discussion, by email or via a mailbox available to staff.
Decisions made at weekly managers' meetings are released to all staff.
General information meetings are held by general management throughout the year to present annual and half-yearly results to staff or to discuss important issues relating to the company's organisation or functioning.
All mandatory notices are posted on company premises, as are the Group's press releases. The latter are also emailed to employees at the same time as they are sent to board members, investors and journalists.

➢ Collective bargaining agreements

The following collective agreements were signed in 2012:

CHANGE IN THE COLLECTIVE LABOUR AGREEMENT:
The withdrawal of the credit institution status obtained by Affine in December 2011 led to a change in the collective labour agreement. Accordingly, Affine is not anymore associated to the financial companies collective labour agreement but to the property sector agreement, which by law applies to companies in the property sector, with which Affine is now associated.
However, the financial companies agreement will continue to apply for a transition period expiring theoretically on 19 March 2013, brought back to 1 January 2013 with employees agreement.
The terms for applying the new collective labour agreement were negotiated with staff representatives and the corresponding employment contract amendments were signed by employees.

NEW PROFIT-SHARING AGREEMENT:
In parallel with the early termination of the profit-sharing agreement expiring on 31 December 2012, a new agreement was signed on 8 June 2012 by all staff for application in respect of the 2012 financial year, with profit-sharing premiums based on consolidated operating income (before fair value adjustments) less borrowing costs.

AGREEMENT TO ADJUST WORKING HOURS:
The company's change in activity did not affect the application of the collective agreement of 21 December 2011 regarding the adjustment of working hours. However, some clauses were clarified and updated to reflect changes in the company's operations and in legislation.

Health and safety

➢ Health and safety in the workplace

Since 2010, employees are in new premises: this new environment aims to improve information sharing among employees and enhance the quality of their work by providing a new and more convivial work space equipped with the latest technology in terms of visual comfort (lighting system) and ergonomics.

The Group also ensures the wellbeing of its employees, for instance by offering access either to a staff canteen or to lunch vouchers, and by organising festive events for the end-of-year party or to celebrate special occasions such as the arrival or departure of an employee, a marriage or a birth. These kinds of close-knit events are possible because of the company's small size.
The Group has also organised seasonal flu vaccination campaigns since 2000.
In accordance with applicable regulations, an assessment was made of risks within the company. The results of this assessment were reported in the special document on safety and security.

➢ Workplace health and safety agreements signed with trade unions or employee representatives

The Group did not sign any specific agreements regarding health and safety in the workplace.

➢ Workplace accidents, particularly frequency and seriousness, and occupational illnesses

The company recorded no workplace accident or occupational illness.

Training

➢ Implemented training policies

Potential training needs are assessed during yearly individual appraisals. The Group's training policy is designed to ensure that employees have, or can acquire, the skills and autonomy required to make decisions in line with their responsibilities.
Staff training focuses on two main areas: technical and linguistic. Affine's training budget accounts for 0.92% of payroll (legal minimum of 0.9%); 28 employees benefited from training in 2012.
English lessons are given twice a week in the company's offices.
When a new information system was implemented, all employees received training to understand the issues of this new tool and to master its use.

➢ Total number of training hours

The total number of training hours in 2012 was 1,154.

Equal treatment

➢ Measures taken to promote equality between men and women

The company offers the same opportunities for career advancement within the Group to men and women. In 2012 the company had two female and two male senior managers.

➢ Measures taken to promote the employment and integration of people with disabilities

The company works whenever it can with contractors who employ disabled people.
In 2012, Affine contributed €7,369 to France's Fund Management Organisation for the Professional Integration of People with Disabilities (AGEFIPH), which supports the integration of disabled people into the workforce.

➢ Anti-discrimination policy

The Group is aware of discrimination issues and strives to avoid any discrimination when hiring new staff and in career development or evolution of remuneration.
In accordance with the law, Affine and its associated companies, as defined in Article L 2331-1 of the French Labour Code, introduced a plan in 2009 to promote jobs for seniors applicable to employees of the Group. The plan was valid until the end of 2012 and included provisions for anticipating career changes, developing skills, promoting access to training for employees over the age of 50, and helping employees transition into retirement. The plan is under an renewal process.

Promoting and upholding the fundamental conventions of the International Labour Organisation

The Group's business is limited to the European Community, which requires, in particular, compliance with stipulations regarding:
- freedom of association and the right to collective bargaining,
- elimination of discrimination in respect of employment and occupation,
- elimination of all forms of forced or compulsory labour and child labour.

26.2. Environmental information

General environmental policy

➢ Organisation of the company to take into account environmental issues and, where appropriate, processes for environmental assessment or certification

Affine initiated a sustainable development review that considered the impact of its property business on the environment. This process is geared towards making an environmental diagnosis of the Group's assets and raising tenants' awareness of environmental issues. Affine believes that reducing the ecological footprint starts with a process of reflection conducted jointly with tenants on the use of the premises, installing systems that use natural resources sparingly, measuring the impact on energy, water, waste and carbon, and evaluating investments to upgrade the portfolio's less energy efficient buildings and ensure their compliance with standards. The signing of green leases and efforts to obtain environmental certifications, especially BREEAM Refurbishment for existing assets and HQE for development programmes, led in particular by Concerto, are examples of how these principles are being applied to Affine's operating activities.

Beyond this awareness campaign, Affine believes that the consideration given by the property sector to sustainable development issues in its business activities still needs to be standardised and clarified. It is therefore actively involved in discussing best practices and sharing its experiences within the Green Valuation Commission of France's Grenelle de l'Environnement, a multi-party environmental initiative, and within the "Pôle Finance Innovation – Immobilier Durable", the finance, innovation and sustainable real estate division of Paris Europlace.

This approach is in line with the Group's objective of social responsibility and preserving the value of its properties. This environmental forum has led Affine to rethink its property strategy in order to make environmental performance a significant criterion in its investment and disposal policy. Affine aims to focus on the acquisition of buildings which already comply with the most advanced environmental performance criteria, or which could achieve such compliance with limited investment. Similarly, the Group is disposing of assets that cannot be readily adapted to environmental criteria.
The process for reporting environmental data is to be revised to take account of regulatory changes under what is known as the "Grenelle II" Act. The areas identified for improvement include establishing a process to collect environmental data, defining the most relevant and suitable indicators, and consolidating aggregates to facilitate data analysis.

At the corporate level, when the company moved headquarters, it invested in a presence detection lighting system in conference rooms and corridors to reduce energy consumption.

At the operational level, when refurbishing its buildings the company looks for the best compromise between improving existing assets in terms of utility consumption, and improving performance in the medium term.

The company has signed 5 green leases since 2011.

➢ Employee training and information on environmental protection

As a property company, Affine is aware that beyond a building's environment-related technical qualities, user behaviour plays a key role in the use of any kind of utility.

As part of its asset manager training, the Group organised an information day focusing on the energy performance of buildings and addressing, among other issues, current performance levels, regulations, potential technology and new initiatives to be implemented.
On an operational level, a plan has been introduced to raise awareness among tenants and users.

➢ Means employed to prevent environmental risks and pollution

The nature of Affine's business does not pose any particular danger to the environment.
Excluding offices and retail complexes, warehouses could, depending on the tenants, present environmental risks of varying degrees of severity.

Logistics sites requiring an operating licence have containment ponds with sufficient volume of water for fire extinguishing. The amount of water to be held in these ponds is estimated based on a hazard analysis and takes into account the water that would be needed by fire crews, the water supply required for protection purposes (sprinklers, for example), the volume of water related to heavy rains, the speed of emergency responses and the nature of the materials being stored. Water recuperated from these ponds is potentially polluted and kept separate from the rainwater network by a valve operated manually or automatically.

➢ Amount of provisions and guarantees for environmental risk, (except in cases where such information is likely to cause serious damage to the company in an ongoing dispute)

With regard to Affine's operations posing no risk, no provision or guarantee for environmental risk has been made.

Pollution and waste management

➢ Measures to prevent, reduce or repair air, water and soil emissions that seriously impact the environment

Apart from the steps taken regarding the establishment of a containment pond for fire extinguishing purposes, no other type of pollution risk has been identified and thus considered.

➢ Measures to prevent, recycle and dispose of waste

An effective waste management policy must be based on active cooperation with tenants, who are regularly informed about the site's waste management systems and sorting equipment. Leases or "green leases", where applicable, may stipulate minimum requirements in terms of waste recycling and sorting.

At warehouses, tenants have to separate ordinary industrial waste from contaminated industrial waste.

➢ Consideration of noise pollution and, where applicable, any other form of pollution specific to an activity

A maximum sound intensity has been established for logistics sites. Every two years, local authorities may request a study to check compliance with these limits.

Sustainable use of resources

➢ Water consumption and supply based on local requirements

The Group relies on close cooperation with its customers and tenants to reduce water consumption in its existing buildings. "Green" leases, sustainable development committees organised with tenants, and specific water-related studies help educate the various stakeholders about the challenge of conserving water resources.

For development, refurbishment and extension programmes, the effectiveness of installed equipment is a decisive factor when it comes to making technical choices (toilets, extinguishers, water-based fire extinguishing systems, air-conditioning systems, etc.) and is part of the drive to reduce water consumption.
At the corporate level, water consumption was 271 m^3 in 2012.

➢ Consumption of raw materials and measures taken to improve the efficiency of their use

For refurbishment or new projects, the Group studies the possibility of re-using existing structures and materials. Preference is given to materials with low environmental impact and recycled products or materials.

The company collects all the used cartridges and give them to an association specialized in this kind of recycling.

➢ Energy consumption, measures taken to improve energy efficiency and use of renewable energies

Affine's property strategy, characterised for the most part by multi-tenanted buildings with an average size close to €10 million, does not allow the Group at present to envisage implementing a specific policy regarding negotiations to purchase power for all its properties as a means of promoting a "greener" energy production source.

➢ Use of soil

The due diligence process for acquisitions and investments comprises an assessment of technical, regulatory, environmental, and safety and security risks, including risks such as soil pollution.

In the specific case of pollution risk by one of the Group's customers, the company works in cooperation with that customer to ensure compliance with all safety measures.

Climate change

➢ Greenhouse gas emissions

The Group's reporting combines the greenhouse gas emissions (GHGE) linked to a building's energy consumption, converted into units of CO_2 equivalent (CO_2e).
At the corporate level, the company's energy expenditure was 255,020 kWh, corresponding to a greenhouse gas consumption of 15.3 tonnes.

➢ Adapting to the consequences of climate change

To reduce its CO_2 emissions and limit the impact of its operations on the climate, the Group strives to reduce the energy consumption of its buildings at the time of refurbishment. At present, no general monitoring process has been set up to identify the positive results of this investment. A programme to record information and tracking tables is expected to be developed in 2013.

Biodiversity protection

➢ Measures taken to safeguard or develop biodiversity

The Group's pragmatic approach to promoting biodiversity and ecology at its existing sites involves making the most of green spaces, even though the very heavy urban density at most sites limit the ability to develop this initiative. The company also ensures that new projects take account of safeguarding a site's existing fauna.

26.3. Societal information

Regional, economic and social impact of the company's activities

➢ Impact on employment and regional development

Affine intervenes in close relationship with regional capitals and moderate size towns with strong development potential. By investing either in its existing assets through refurbishment or in new projects, the company generates jobs directly related to the work being undertaken. In addition, the availability of office, retail and warehouse space leads to the development of a variety of businesses, which generate further jobs.

➢ Impact on local and neighboring populations

By helping to revitalise towns and cities, Affine is boosting the development of the economic environment and urban fabric of these locations.

Relationships with persons or organisations interested in the company's business activities

➢ Conditions for interacting with the above (non-profit organisations focusing on workplace integration and environmental protection, and associations for consumers and neighbouring populations)

The company is very much involved in the property sector and is a sponsor of the Palladio Foundation.
The Palladio Foundation sprang from an original initiative on the part of property sector stakeholders and is dedicated to training, research and the promotion of the property industry. It operates under the aegis of the Fondation de France.

With the support of its founding members and sponsors (including Affine), the Palladio Foundation brings together businesses, professional organisations, communities, local authorities and public figures from all backgrounds who wish to give young people the means and tools to come up with ideas and become involved in the property field.

➢ Partnership or sponsorship initiatives

In addition to its commitment to its industry sector, Affine diversifies its partnership and sponsorship initiatives.
Since 2001, Affine has supported Pro Musicis, a non-profit association dedicated to enhancing the careers of young musicians. It organises public concerts for these musicians in exchange for "community outreach concerts" performed for people who are isolated or suffering from illness or poverty (the elderly, people with disabilities or living in rehabilitation centres, the homeless, prisoners, etc.).
Affine also supports the initiatives of Proxité. The primary goal of this non-profit association is to establish a system whereby working individuals mentor disadvantaged youth, either in their schooling or their search for employment. Two Affine managers have each supported a young person in their efforts to enter the workforce.

The Affine Group (through MAB Finance) has been a supporter of the Agence du Don en Nature (ADN) association since its creation. ADN's goal is to foster and step up product philanthropy by establishing financial and skills-based partnerships with companies so that the most disadvantaged members of society can have access to everyday non-food products. Its approach consists of collecting unused products intended for destruction and redistributing them. ADN handles the logistical interface.

Sub-contractors and suppliers

➢ Social and environmental challenges incorporated into the Group's purchasing policy

Given the low volume and nature of purchased products, the possibility of monitoring information, such as the weight or origin of materials used in the Group's programmes, was considered too complex and irrelevant.

➢ Importance of sub-contracting and taking into account the social and environmental responsibility of suppliers and sub-contractors

The group favours local subcontracting agreements which promote regional economic development and limit the carbon footprint of the project.

In the same logic, Concerto European Developer, a subsidiary specialized in logistics development operations, offers systematically to its customers' buildings with LEED certification. Considered as being the most relevant in the real estate industry owing to its visibility and understanding at the international level, it assesses the environmental impact of the building, water consumption, energy efficiency of buildings, the choice of the materials used, the environmental quality of the interiors and innovation.

Maintaining best practices

➤ Anti-corruption initiatives

Procedures are in place to oversee programmes considered sensitive, such as company or building sales, or significant construction project or renovation work. Calls for tenders include knowing the intermediaries involved, who are subject to special vigilance as soon as a business relationship is established.
As required by texts related to the money-laundering, the company declares, when making an acquisition, that committed capital does not come from suspect origin.

➤ Measures taken regarding consumer health and safety

All of the Group's buildings meet regulatory standards in this regard.

➤ Other initiatives undertaken to promote human rights

No specific initiatives were undertaken in this regard.

CROSS-REFERENCE TABLE

Management report

This registration document includes the items of the management report as required by Articles L.225-100 *et seq.* and L.232-1 II *et seq.* of the French Commercial Code.

Information	Section
Situation and activity of the company and the Group during the past year	3 / 5.2 / 6 / 9
Earnings	3 / 9
Progress made or difficulties encountered	3 / 9
Forecast prospects and outlook	12
Important events occurring between the year-end date and the date of drafting this document	20.9
Objective and comprehensive analysis of the development of the business, earnings and financial situation of the company, especially its debt position and non-financial performance indicators (particularly concerning the environment and the employees)	4.2.4 / 9 / 10.3 / 17 /26
Research and development activities	N/A
Description of principal risks and uncertainties	4
List of appointments or functions exercised in any other company by each of the directors	14
Remuneration and benefits of any kind to the directors	15
Activities of the company's subsidiaries	6.1
Significant stakeholdings in companies headquartered in France	25
Environmental information	4.1.8 / 8.2 / 26
Information on the ownership structure of the capital	18 / 21.1
Total dividends distributed in the last three years	20.7
Changes made to the method of presenting the annual statements	20.1 / 20.3
Disclosures specified in Article L.225-211 of the French Commercial Code concerning transactions by the company on its own shares	20.1
Directors' share dealings	18.5
Information specified in Article L.225-100-3 of the French Commercial Code that could have an impact in the event of a public offer	4.2.1 / 14.2 18 / 21.2
Transactions performed by the company in connection with the allotment of bonus shares	15.1 / 17.2

Annual financial report

This registration document includes the items of the financial report mentioned in Articles L.451-1-2 of the French Monetary and Financial Code and 222-3 of the AMF General Regulations.

Information	Section
Group consolidated statements	20.1
Statutory auditors' report on the consolidated statements	20.1
Annual accounts of the company	20.3
Statutory auditors' report on the annual accounts	20.3
Management report	See table above
Declaration by the person responsible for the annual financial report	1.2

ANNEXES COMBINED GENERAL SHAREHOLDERS' MEETING OF 24 APRIL 2013

A

Draft resolutions presented to the Combined General Shareholders' Meeting of 24 April 2013

Ordinary resolutions:

➢ FIRST RESOLUTION (Approval of the annual accounts for the year ended on 31 December 2012)

The General Shareholders' Meeting, ruling under conditions of a quorum with the majority required for ordinary general meetings, having reviewed the reports of the Board of Directors, and the Statutory Auditors, approved the consolidated statements for the year ending 31 December 2012, as they were presented, showing a net loss of €20,196,143.28.

➢ SECOND RESOLUTION (Approval of the consolidated statements for the year ending on 31 December 2012)

The General Shareholders' Meeting, ruling under conditions of a quorum with the majority required for ordinary general meetings, having reviewed the reports of the Board of Directors, and the Statutory Auditors, approved the consolidated statements for the year ending 31 December 2012, as they were presented, showing a net profit of €4,712,091.

➢ THIRD RESOLUTION (Discharge for directors)

The General Shareholders' Meeting, ruling under the conditions of quorum with the majority required for ordinary general meetings, granted the directors full discharge for their management for the year ended on 31 December 2012.

➢ FOURTH RESOLUTION (Appropriation of income and distribution of ordinary reserves)

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

Earnings for the period .... - €20,196,143.28
To retained earnings

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

Year	Dividends
2009	€1.78
2010	€2.43
2011	€1.20

The General Shareholders' Meeting resolved to distribute a dividend of €10,840,750.80 by debiting the ordinary reserves.
Consequently, a dividend of €1.20 is due to each of the 9,033,959 shares comprising the share capital, which will be paid on or after 6 May 2013.
The portion of the dividend paid from the company's taxable income, i.e. €0.60, is eligible for 40% tax relief benefiting individuals resident in France for tax purposes, as provided for in Article 158-3-2 of the French General Tax Code. The balance of €0.60, paid from exempt income from the operations referred to in Article 208C of the French General Tax Code, is not eligible for this tax relief (Article 158-3-3°b bis of the French General Tax Code).
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.

➢ FIFTH RESOLUTION (Regulated agreements and commitments)

The General Shareholders' Meeting, 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 French Commercial Code, took note of the conclusions of this report and approved the relevant agreements and commitments.

➢ SIXTH RESOLUTION (Commitments under Article L.225-42-1 of the French Commercial Code: compensation that may be owed in the event of termination of the functions of chief executive officer)

The General Shareholders' Meeting, 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 commitments addressed in Article L.225-42-1 of the French Commercial Code, took note of the conclusions of this report and approved the commitments cited therein concerning Mr Alain Chaussard, Deputy Chief Executive Officer, whose functions were renewed by the Board Meeting of 27 April 2012.

➢ SEVENTH RESOLUTION (Authorisation to the Board of Directors to purchase company shares)

The General Shareholders' Meeting, ruling under conditions of a quorum with the majority required for ordinary general meetings, authorised the Board of Directors to purchase the company's shares in accordance with the provisions of Articles L.225-209 et seq. of the French 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,
- the allocation of shares to employees insofar as this is permitted by law,
- the purchase for retention and exchange or as payment within the context of possible external growth operations,
- cancellation of shares, as authorised by the 19th 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. 903,395 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. 451,697 shares; the purchase price shall not exceed €30 per share;
- the maximum amount of funds used for this share repurchase programme will be €27,101,850;
- 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 split 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 Shareholders' Meeting gave full powers to the Board of Directors, with authority to delegate, to issue stock market orders, enter into any agreements, perform any formalities and declarations, and, more generally, do everything necessary to complete the transactions carried out in application of this resolution.

This authorisation replaces the authorisation given by the Combined General Shareholders' Meeting on 27 April 2012, subject to the initiation of a share repurchase program by the Board of Directors.

➢ EIGHTH RESOLUTION (Renewal of the directorship of Mab-Finances)

The General Shareholders' Meeting, ruling under conditions of a quorum with the majority required for ordinary general meetings, resolved to renew the directorship of Mab-Finances represented by Mr Alain Chaussard, for a period of three years, to expire at the conclusion of the Meeting convened to approve the accounts for the year ending in 2015.

➢ NINTH RESOLUTION (Renewal of the directorship of Mr Arnaud de Bresson)

The General Shareholders' Meeting, ruling under conditions of a quorum with the majority required for ordinary general meetings, resolved to renew the directorship of Arnaud de Bresson for a period of three years, to expire at the conclusion of the Meeting convened to approve the accounts for the year ending in 2015.

➢ TENTH RESOLUTION (Renewal of the directorship of Ms Joëlle Chauvin)

The General Shareholders' Meeting, ruling under conditions of a quorum with the majority required for ordinary general meetings, decided to renew the directorship of Ms Joëlle Chauvin for a period of three years, to expire at the conclusion of the Meeting convened to approve the accounts for the year ending in 2015.

➢ ELEVENTH RESOLUTION (Setting directors' fees)

The General Shareholders' Meeting, ruling under conditions of a quorum with the majority required for ordinary general meetings, decided to continue paying directors' fees of €105,000 for the current financial year for directors' participation in the work of the Board of Directors and the three special committees.

➢ TWELFTH RESOLUTION (Permanent Statutory auditor)

The General Shareholders' Meeting, ruling under conditions of a quorum with the majority required for ordinary general meetings, after duly noting that the term of the permanent Statutory auditor KPMG SA would expire at this Meeting, resolved to renew its term for six years set to expire at the conclusion of the Meeting convened to approve the accounts for the year ending in 2018.

➢ THIRTEENTH RESOLUTION (Alternate Statutory auditor)

The General Shareholders' Meeting, ruling under conditions of a quorum with the majority required for ordinary general meetings, after duly noting that the term of the alternate Statutory auditor Mr Michel Savioz would expire at this Meeting, resolved to appoint KPMG Audit FS II as the new alternate statutory auditor for six years set to expire at the conclusion of the Meeting convened to approve the accounts for the year ending in 2018.

Extraordinary decisions:

➤ FOURTEENTH RESOLUTION (Delegation of authority to the Board of Directors to increase the share capital through a rights offering)

The General Shareholders' Meeting, 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, and in accordance with the provisions of Articles L.225-129-2, L.228-92 and L.228-93 of the Commercial Code:

1° Delegated to the Board of Directors, with the power of delegation and sub-delegation within the limits of the law, the authority to decide on one or more capital increases by the issuance, within or outside France, in euros, of ordinary company shares or any securities giving access by any means, immediately or in the future, to the ordinary shares of the company or of any company in which it directly or indirectly owns over half the capital; these securities may also be denominated in foreign currency or any other monetary unit established by reference to several currencies.
The delegation, thus, granted to the Board of Directors is valid for 18 months beginning on the date of this Meeting.

2° Decided that the total amount of the capital increases that may be carried out immediately or in the future may not exceed in par value half the share capital, namely €26,650,000 based on current share capital; if applicable, this amount, together with the value of any additional shares issued to preserve the rights of holders of transferable securities entitled thereto as legally required, will be included in the ceiling set in the following resolution.

3° Resolved that the shareholders have, in proportion to the total amount of their shares, rights to the securities issued by virtue of this resolution, as well as, if applicable, a right to excess shares if the Board of Directors so decides.

4° Decided that the issue price of the shares to issue, as well as those to be issued by exercising securities, will be set by the Board of Directors and will be at least equal to the minimum authorised by the applicable legislation.

5° Took note of the principle that, in case this delegation of authority is used, the decision to issue securities giving access to the share capital will entail, to the benefit of the holders of issued securities, the shareholders' express renunciation of their rights issue with regard to the shares of capital to which the securities issued will grant right.

6° Resolved that the Board of Directors shall have at its disposal, within the limits set above, necessary powers primarily to set the terms of the issue or issues, and particularly to set the share issue price, to provide for the possibility of paying up the subscription in cash or by compensation with due debt liquid payables or a combination of these two means, to certify the execution of the resulting capital increases and make the relevant amendments to the bylaws, to allocate, on its sole initiative, the expenses generated by the capital increases to the total amount of the related premiums and to deduct from this total amount the sums required to raise the legal reserve to one tenth of the new capital after each increase and, more generally, to do what may be necessary in such matters.

7° Noted that this delegation renders null and void the delegation granted by the Combined General Shareholders' Meeting on 27 April 2012.

➤ FIFTEENTH RESOLUTION (Delegation of authority to the Board of Directors to increase the share capital without a rights offering)

The General Shareholders' Meeting, 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 reports of the Statutory Auditors, and in accordance with the provisions of Articles L.225-129-2, L.225-135, L.228-92 and L.228-93 of the Commercial Code:

1° Delegated to the Board of Directors, with the power of delegation and sub-delegation within the limits of the law, the authority to decide on one or more capital increases by the issuance, within or outside France, in euros, of ordinary company shares or any securities giving access by any means, immediately or in the future, to the ordinary shares of the company or of any company in which it directly or indirectly owns over half the capital; these securities may also be denominated in foreign currency or any other monetary unit established by reference to several currencies.
The delegation thus granted to the Board of Directors is valid for 18 months beginning on the date of this Meeting.

2° Decided that the total amount of the capital increases that may be carried out immediately or in the future may not exceed in par value half the share capital, namely €26,650,000 based on current share capital; if applicable, this amount, together with the value of any additional shares issued to preserve the rights of holders of transferable securities entitled thereto as legally required, will be included in the ceiling set in the previous resolution.

3° Resolved to cancel the rights offering for shareholders for these securities, which will be issued in accordance with regulations, and to confer upon the Board of Directors the power to institute, if applicable, a priority right for shareholders to subscribe to these securities in application of the provisions of Article L.225-135 of the French Commercial Code.

4° Resolved that the issue price of the shares to issue, as well as those to be issued by exercising securities, will be set by the Board of Directors and will be at least equal to the minimum authorised by the applicable legislation.

5° Resolved that if the subscriptions do not absorb the entire issue, the Board of Directors may limit the total amount of the transaction to the subscribed total, provided that the said total reaches at least three quarters of the issue executed.

6° Took note of the principle that, in case this delegation of authority is used, the decision to issue securities giving access to the share capital will entail, to the benefit of the holders of issued securities, the shareholders' express renunciation of their rights issue with regard to the shares of capital to which the securities issued will grant right.

7° Resolved that the Board of Directors shall have at its disposal, within the limits set above, necessary powers primarily to set the terms of the issue or issues, to provide for the possibility of paying up the subscription in cash or by compensation with due debt liquid payables or a combination of these two means, to certify the execution of the resulting capital increases and make the relevant amendments to the bylaws, to allocate, on its sole initiative, the expenses generated by the capital increases to the total amount of the related premiums and to deduct from this total amount the sums required to raise the legal reserve to one tenth of the new capital after each increase and, more generally, to do what may be necessary in such matters.

8° Noted that this delegation renders null and void the delegation granted by the Combined General Shareholders' Meeting of 27 April 2012.

➤ SIXTEENTH RESOLUTION (Delegation of authority to the Board of Directors to increase capital by incorporating reserves, profits or premiums)

The Extraordinary General Shareholders' Meeting, 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 in accordance with the provisions of Articles L.225-129 to L.225-6 and L.225-130 of the French Commercial Code:

1° Delegated to the Board of Directors, with the power of delegation and sub-delegation within the limits of the law, for a period of 18 months, the authority to decide on one or more capital increases by the capitalisation of premiums, reserves, profits or other sums for which capitalisation is permitted under laws and regulations, and by means of bonus share grants or increases in the par value of existing shares; and resolved that the total amount of capital increases that may thus be carried out, increased by the amount necessary to preserve, in accordance with the law, the rights of owners of securities giving the right to shares, and independently of the ceiling set in 14th resolution above, may not exceed the amount of reserves, premiums or income cited above that existed at the time of the capital increase.; and decided that the rights forming fractional shares shall not be negotiable and the corresponding shares shall be sold.

2° Resolved that the Board of Directors will have, within the limits set above, the powers needed primarily to define the terms and conditions of the authorised transactions and to establish the amount and nature of the reserves and premiums to incorporate into the capital, to determine the number of shares to issue or the total amount by which the par value of the existing shares comprising the capital will be increased, to decide the date, which may be retroactive, from which the new shares will be entitled to dividends or the date from which the increase of the par value will take effect, to certify the execution of the resulting capital increase, to make the concomitant amendments to the bylaws, and, more generally, to do what is required in such matters.

3° Noted that this delegation renders null and void the delegation granted by the Combined General Shareholders' Meeting of 27 April 2012.

➤ SEVENTEENTH RESOLUTION (Delegation of authority to the Board of Directors to increase the share capital without a rights offering via a private placement)

The General Shareholders' Meeting, 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 reports of the Statutory Auditors, and in accordance with the provisions of Articles L.225-129-2, L.225-135, L.225-136, L.228-92 and L.228-93 of the French Commercial Code:

1° Delegated to the Board of Directors, with the power of delegation and sub-delegation within the limits of the law, the authority to decide on one or more capital increases by the issuance, within or outside France, in euros, of ordinary company shares or any securities giving access by any means, immediately or in the future, to the ordinary shares of the company or of any company in which it directly or indirectly owns over half the capital; these securities may also be denominated in foreign currency or any other monetary unit established by reference to several currencies.
The delegation, thus, granted to the Board of Directors is valid for 18 months beginning on the date of this Meeting.

2° Resolved that the issue of capital shares will be executed without the rights issue through an offer cited in Section II of article L.411-2 of the French Monetary and Financial Code, and accordingly decided to eliminate the rights offering for shareholders to shares and securities to be issued in compliance with the applicable legislation.

3° Resolved that the issuance of capital securities carried out by an offering as described in Section II of Article L.411-2 of the Monetary and Financial Code will be limited to 10% of the capital per year. This limit will be assessed on the date on which the Board of Directors uses this authority, and this amount will be charged against the total ceiling set in resolution 14 above.

4° Decided that the share issue price will be determined by the Board of Directors as follows: it will be equal to an amount ranging between 80% and 120% of the average closing prices on the twenty last trading days preceding the date that the issue price is set.

5° Resolved that if the subscriptions do not absorb the entire issue, the Board of Directors may limit the total amount of the transaction to the subscribed total, provided that the said total reaches at least three quarters of the issue executed.

6° Took note of the principle that, in case this delegation of authority is used, the decision to issue securities giving access to the share capital will entail, to the benefit of the holders of issued securities, the shareholders' express renunciation of their rights issue with regard to the shares of capital to which the securities issued will grant right.

7° Decided that the Board of Directors shall have at its disposal, within the limits set above, necessary powers primarily to set the terms of the issue or issues, to provide for the possibility of paying up the subscription in cash or by offset against the company's due liquid payables or a combination of these two means, to certify the execution of the resulting capital increases and make relevant changes to the Articles of Association, to post, on its sole initiative, expenses arising from the capital increases against the total related share premiums and to deduct from this total amount the sums required to raise the legal reserve to one tenth of the new share capital after each increase and, more generally, to do what may be necessary in such matters.

8° Noted that this delegation renders null and void the delegation granted by the Combined General Shareholders' Meeting of 27 April 2012.

➤ EIGHTEENTH RESOLUTION (Capital increase reserved for employees)

The General Shareholders' Meeting, ruling under conditions of a quorum with the majority required for Extraordinary General Meetings, having noted the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with the provisions of Articles L.225-129-6 and L.225-138-1 of the French Commercial Code and Article L.3332-18 et seq. of the Labour Code:

1° Delegated to the Board of Directors the necessary authority to increase, on one or more occasions, the share capital, within a maximum period of 18 months calculated from the date of this Meeting, up to a limit of 3% of the share capital existing on the date of the Board of Directors' meeting, by the issue of ordinary shares reserved, directly or via the intermediary of a company mutual fund, to employees of the company or of companies that are related in the sense of Article L.225-180 of the French Commercial Code, who are enrolled in the company's savings plan;

2° Resolved, therefore, to cancel the rights offering given to shareholders in Article L.225-132 of the French Commercial Code and to reserve the subscription of these shares to employees of the Group;

3° Resolved that the maximum amount of share capital that may be issued by virtue of this delegation will be charged against the ceiling for the capital increases that the Board of Directors is authorised to carry out by virtue of the delegations cited in the resolutions and above;

4. Resolved that the issue price of a share will be determined by the Board of Directors and shall not be lower than the average price quoted over the twenty stock exchange trading days preceding the date of the Board of Directors' decision setting the opening date of the subscription period, decreased by the maximum discount permitted by law as of the date of the Board of Directors' decision.

➤ NINETEENTH RESOLUTION (Authorisation to cancel the shares purchased in connection with the company's purchase of its own shares)

The General Shareholders' Meeting, 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 sub-delegate subject to conditions set by the law) for a period of 18 months:

- to cancel, on one or more occasions, the company shares purchased in connection with the implementation of the authorisation to buy its own shares given in the 7th Resolution above, within the limit of 10% of the capital in accordance with article L.225-209 of the French Commercial Code;
- to correspondingly reduce the authorised share capital.

➤ TWENTIETH 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.

Table of earnings in the last five years

(In thousands of euros)	2008	2009	2010	2011	2012
1. FINANCIAL SITUATION AT END OF PERIOD					
a) Share capital at end of period	47,800	47,800	47,800	53,100	53,300
b) Number of existing shares at 31 December	8,113,566	8,113,566	8,113,566	9,002,042	9,033,959
c) Weighted average number of shares for the period	7,952,899	8,113,566	8,113,566	8,349,497	8,696,290
2. COMPREHENSIVE EARNINGS FROM OPERATIONS					
a) Pre-tax revenue	89,843	82,898	70,416	51,269	58,283
b) EBITDA	37,587	42,419	12,619	-2,750	-14,270
c) Corporate income tax	10	-4,564	-24	-24	34
d) Earnings after tax, depreciation and amortisation	12,566	10,895	6,475	-16,199	-20,196
e) Amount of distributed earnings	8,114	14,442	19,716	10,802	10,841
3. EARNINGS FROM TRANSACTIONS REDUCED TO A SINGLE SHARE					
a) Earnings after tax, but before depreciation and amortisation	4.72	5.79	1.56	-0.33	-1.64
b) Earnings after tax, depreciation and amortisation	1.58	1.34	0.80	-1.94	-2.32
c) Dividend paid for each share	1.00	1.78	2.43	1.20	1.20
4. STAFF					
a) Number of employees	44	44	43	45	37
b) Amount of payroll	2,906	3,033	3,358	3,249	3,247
c) Amount of sums paid for social benefits (Social Security, charitable works...)	1,675	1,356	1,600	1,625	1,547

Statutory Auditors' special report on regulated agreements and commitments

To the Shareholders,

In our capacity as your company's statutory auditors, we submit to you our report on related-party agreements and commitments. It is our responsibility to report to you, based on the information given to us, the basic features and terms of the agreements and commitments of which we have been advised or which we may have discovered during our engagement, without having to issue an opinion on their usefulness and their merits or find whether other agreements and commitments existed. It is your responsibility, under the terms of Article R.225-31 of the French Commercial Code, to assess the interest attached to entering into these agreements and commitments with a view to their approval.
Moreover, it is our responsibility, when necessary, to report to you the information mentioned in Article R.225-31 of the French Commercial Code pertaining to the performance, during the preceding year, of the agreements and commitments already approved by the General Shareholders' Meeting.
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 underlying original documents.

Agreements and commitments subject to the approval of the general shareholders' meeting

Agreements and commitments authorised during the preceding year

We inform you that we were not notified of any agreement or commitment entered into during the preceding year that requires submission to the approval of the General Shareholders' Meeting in accordance with Article L.225-38 of the French Commercial Code.

Agreements and commitments without prior approval

Pursuant to Articles L.225-42 and L.823-12 of the French Commercial Code, we notify you that the following agreements and commitments did not receive the prior approval of your Board of Directors.
It is our responsibility to report to you the circumstances under which the authorisation procedure was not followed.

➤ With Concerto Développement SAS, Parvis Lille SCI, Numéro 1 SCI, Holdimmo SC, SCI 36, Bercy Parkings SCI, Cosmo Montpellier SCI

The directors concerned are MAB Finances (represented by Alain Chaussard), Maryse Aulagnon and Alain Chaussard.

NATURE AND PURPOSE:
Affine R.E. and 14 of its subsidiaries signed on 22 December 2011 (with effect from 1 January 2012 for an indefinite term) an agreement on centralised cash management and intra-group advances, pursuant to which Affine R.E. undertakes to ensure the optimisation of the financing of these companies through the centralised management of their general financing needs and surpluses. This agreement was authorised prior to the Board of Directors' meeting of 14 December 2011.

Other group companies later expressed their desire to join this agreement:
- on 11 June 2012: Concerto Développement SAS (with effect from 1 January 2012) and Parvis Lille SCI (with effect from 28 March 2012);
- on 28 November 2012: SCI Numéro 1, Holdimmo SC, SCI 36, Bercy Parkings SCI and Cosmo Montpellier SCI (with effect from 7 December 2012).

TERMS:
The agreement provides for the remuneration of advances through the payment of interests calculated on a pro-rata basis at the EONIA rate plus 200 base points, and invoiced quarterly on the basis of cash advances granted during the previous quarter.
For the year ended 31 December 2012, the amount of interests remuneration for this agreement is a financial income net of financial charges of €176,261.72.
The agreement further provides that the compensation for management activity shall be included in the compensation paid by the companies listed above, to Affine R.E. under the service provision agreements (including administrative services and, in particular, cash management). The compensation paid for administrative services is considered to correspond to up to 5% of the cash management.

For the year ended 31 December 2012, the amount of the compensation for this agreement, integrated in the compensation paid under the services agreements, is an income of €8,074.04 (corresponding to 5% of the compensation paid for administrative services, i.e., €161,480.75).
The addenda on membership to the centralised cash management and intra-group advances agreement did not receive prior authorisation due to time constraints. Please note that at its meeting on 26 February 2013, your Board of Directors decided to authorise these new memberships retroactively.

➢ With MAB Finances SAS

The directors concerned are MAB Finances (represented by Alain Chaussard) and Maryse Aulagnon.

Affine R.E.'s accounts as at 31 December 2012 show a total expense of €359,999.64 excluding tax in accordance with the contract for providing administrative, financial and operational development services signed with MAB Finances.

This agreement was authorised by the Board Meetings of 21 March 2005, 14 February 2007 and 4 March 2009 and approved by the Combined General Shareholders' Meetings of 21 April 2006, 26 April 2007, 9 April 2008, 29 April 2009, 23 April 2010, 28 April 2011 and 27 April 2012.

The renewal of this agreement for a term of two years did not receive prior authorisation due to time constraints. Please note that at its meeting of 26 February 2013, your Board of Directors decided to retroactively authorise this renewal under the same terms and conditions as previously.

Agreements and commitments already approved by the general shareholders' meeting

Agreements and commitments approved in prior years

a) Whose performance continued during the year ended

Pursuant to Article R.225-30 of the French Commercial Code, we were informed that the performance of the following agreements and commitments approved by the General Shareholders' Meeting in prior years continued into the year just ended.

➢ With AffiParis SA (until 7 December 2012), Atit SC, Gesfimmo SAS, St Etienne Molina SAS, Cour des Capucines SAS, Sipec SAS (until 3 July 2012), Nevers Colbert SCI, Arca Ville d'Eté SCI, SCI 4/6 rue de Bourgogne – Brétigny s/ Orge, Target Real Estate SAS, Dorianvest SARL, Capucine Investissements SAS, Les 7 Collines SAS and Promaffine SAS

The directors concerned are MAB Finances (represented by Alain Chaussard), Maryse Aulagnon and Alain Chaussard.

NATURE AND PURPOSE:
Pursuant to this agreement signed on 22 December 2011 (with effect from 1 January 2012 for an indefinite period), Affine R.E. undertakes to ensure the optimisation of financing for the 14 companies listed above, through a centralised management of their general financing needs and surpluses.

TERMS:
The agreement provides for the remuneration of advances through the payment of interests calculated on a pro-rata basis at the EONIA rate plus 200 base points, and invoiced quarterly on the basis of cash advances granted during the previous quarter.
For the year ended 31 December 2012, the amount of interests' remuneration for this agreement is a financial income net of financial charges of €863,324.27.

The agreement further provides that the compensation for management activity shall be included in the compensation paid by the 14 companies listed above, to Affine R.E. under the service provision agreements (including administrative services and, in particular, cash management). The compensation paid for administrative services is considered to correspond to up to 5% of the cash management.

For the year ended 31 December 2012, the amount of the compensation for this agreement, integrated in the compensation paid under the services agreements, is an income of €14,831.98 (corresponding to 5% of the compensation paid for administrative services, i.e., €296,639.65).
This agreement was authorised by the Board Meeting of 14 December 2011.

➢ With AffiParis SA (until 7 December 2012)

The directors concerned are Maryse Aulagnon, Alain Chaussard and MAB Finances (represented by Alain Chaussard).

Administrative services agreement dated 21 December 2010 between Affine R.E. and AffiParis, effective retroactively to 1 July 2010

NATURE AND PURPOSE:
Under the terms of this agreement, Affine R.E. undertakes to provide AffiParis with services in the following areas: administration and finance, accounting and management, legal, IT and stock market auditing.

TERMS:
The agreement provides for compensation in the form of a half-yearly provision whose invoiced amount is based on the time spent by Affine R.E. in providing the aforesaid services.
For the period between 1 January and 7 December 2012, the accounts of Affine R.E. show an income of €231,606.89. As the merger by absorption of Affiparis by Affine R.E. was completed with a retroactive accounting effect to 1 January 2012, this income no longer appears in the accounts of Affine R.E.

This agreement was authorised by the Board Meeting of 3 March 2011, approved by the Combined General Shareholders' Meeting of 28 April 2011.

Property management authorisation dated 21 December 2010 between Affine R.E. and AffiParis regarding the real property of AffiParis and its subsidiaries, effective retroactively to 1 July 2010

NATURE AND PURPOSE:
Under the terms of this agreement, Affine R.E. undertakes to provide AffiParis with property management assistance.

TERMS:
The agreement provides for compensation equal to 3% of rent billed over the previous half-year by AffiParis and its subsidiaries for their buildings.
For the period between 1 January and 7 December 2012, the accounts of Affine R.E. show an income of €231,606.89. As the merger by absorption of Affiparis by Affine R.E. was completed with a retroactive accounting effect to 1 January 2012, this income no longer appears in the accounts of Affine R.E.
This agreement was authorised by the Board Meeting of 3 March 2011, approved by the Combined General Shareholders' Meeting of 28 April 2011.

Asset management services agreement dated 21 December 2010 between Affine R.E. and AffiParis regarding the buildings of AffiParis and its subsidiaries, effective retroactively to 1 July 2010

NATURE AND PURPOSE:
Under the terms of this agreement, Affine R.E. undertakes to provide AffiParis with asset management consulting and assistance for the buildings held by AffiParis and its subsidiaries.

TERMS:
The agreement provides for compensation equal to 0.3% of the restated value of the buildings at the end of the corresponding half-year.
For the period between 1 January and 7 December 2012, the accounts of Affine R.E. show an income of €584,307.49. As the merger by absorption of Affiparis by Affine R.E. was completed with a retroactive accounting effect to 1 January 2012, this income no longer appears in the accounts of Affine R.E.
This agreement was authorised by the Board Meeting of 3 March 2011, approved by the Combined General Shareholders' Meeting of 28 April 2011.

➢ With Holdaffine BV

The directors concerned are Holdaffine (represented by Jean-Louis Charon) and Maryse Aulagnon.

NATURE AND PURPOSE:
On 27 September 2011, a credit facility agreement was signed between Affine R.E. and Holdaffine for a maximum amount of €1,000,000.

TERMS:
The credit facility agreement provides for remuneration equal to the EURIBOR 3 months rate plus 150 basis points and is valid until 31 December 2013 with the possibility of extending it for an additional 12-month period.
As at 31 December 2012, the €535,000 advance drawn by Holdaffine in 2011 had been fully repaid.
Affine R.E.'s accounts at 31 December 2012 show a total income of €5,049.23 excluding tax for the remuneration of this advance.
This agreement was authorised by the Board Meeting of 21 February 2012, approved by the Combined General Shareholders' Meeting of 27 April 2012.

b) Not performed during the year ended

We have been further notified of the continuation of the following agreement, already approved by the General Shareholders' Meeting in previous years, which was not performed during the year ended.

➢ With the Deputy Chief Executive Officer of Affine R.E.

Pursuant to the motion submitted by the Compensation Committee on 7 March 2005, approved by the Board of Directors on 21 March 2005, Affine R.E. made a commitment to its Deputy Chief Executive Officer to set his entitled allowance, in the event of termination of his duties, at one year of the total gross compensation paid by all the group's companies. This allowance will not be paid in the event of proven gross negligence or serious misconduct.
Pursuant to the motion submitted by the Compensation Committee of 4 March 2009, authorised by the Board of Directors on 4 March 2009, approved by the Combined General Shareholders' Meeting of 29 April 2009 and in accordance with the provisions of Article L.225-42-1 of the French Commercial Code, this allowance is contingent on a performance clause linked to Affine R.E.'s earnings. The Combined General Shareholders' Meeting of 27 April 2012 approved the renewal of this allowance on the same terms.

The allowance would be contingent on the following performance condition:
- one year of total gross compensation if during the year preceding the dismissal due to change of control, the net profit in the company statements of Affine R.E. is at least equal to 3% of equity excluding subordinated debt,
- if this condition is not met, the performance may be assessed by the Compensation Committee based on the consolidated statements, excluding fair value effects.

In Paris La Défense and Paris, 8 March 2013

The Statutory Auditors

KPMG Audit Department of KPMG S.A.	Cailliau Dedouit et Associés
Isabelle Goalec Partner	Rémi Savournin Partner

The Chairman's report on corporate governance and internal control
(article L.225-37 of the French Commercial Code) for 2012

I - Corporate governance

The company has chosen to adopt the Middlenext code on corporate governance. The company's organisation, its Board of Directors and its work are compliant with all the recommendations of this Code.

The company pays particular attention to defining and supplementing the rules for the organisation and operation of its Board of Directors as well as limitations to the powers granted to General Management, and has instituted its own rules of procedure since 5 December 2002.

This document was recently revised to incorporate the provisions of the Middlenext Code, especially those regarding the criteria for the independence of directors.

1) Conditions governing the preparation and organisation of the work of the Board of Directors:

The rules of procedure adopted by the Board of Directors define and supplement the modes of operation stipulated in the bylaws.

At its meeting of 26 February 2013, the Board of Directors' updated its rules of procedure.

a) Composition of the Board:

As at 31 December 2012, the company's Board of Directors was composed of nine directors:
- Ms Maryse Aulagnon, Chairman of the Board of Directors
- The company Mab-Finances, represented by Mr Alain Chaussard, Vice-Chairman
- Mr Arnaud de Bresson, Managing Director of Paris-EUROPLACE
- Mr Stéphane Bureau, Partner – Managing Director Assets Management at Cushman & Wakefield
- Ms Joëlle Chauvin, Chairman of Aviva Investors Real Estate France SA
- Mr Bertrand de Feydeau, Chairman of Foncière Développement Logements
- The company Forum Partners represented by Mr Andrew Walker
- Mr Michel Garbolino, trustee of the Fondation Stern & managing director of CMIL - Luxembourg
- The company Holdaffine represented by Mr Jean-Louis Charon, Chairman of Citystar

The list of directorships can be found in the management report.

APPLICATION OF THE PRINCIPLE OF BALANCED REPRESENTATION OF MEN AND WOMEN:
The Combined General Shareholders' Meeting of 27 April 2012 appointed Ms Joëlle Chauvin as director. The Board now has two female members, in compliance with the goals of the law of 27 January 2011 on the balanced representation of men and women on boards.

INDEPENDENT DIRECTORS:
The principles of independence adopted by the rules of procedure were defined in accordance with the Middlenext Code, namely:
- must not be an employee or corporate officer of the company or a company of its Group and should not have been in the past three years,
- must not be a significant client, supplier or banker of the company or of its Group, or for which the company or its Group represents a significant portion of the activity,
- must not be a reference shareholder of the company,
- must not be a close family member of a corporate officer or a reference shareholder,
- must not have been an auditor of the company during the past three years.

In accordance with these principles, six members of the Board are considered to be independent directors: Mr Arnaud de Bresson, Mr Stéphane Bureau, Ms Joëlle Chauvin, Mr Bertrand de Feydeau, Forum Partners and Mr Michel Garbolino, i.e. 66% of Board members.

TERM OF OFFICE:
The term of directorships is set at three years. To allow the staggered renewal of terms the General Shareholders' Meeting of 27 April 2012 exceptionally set the term of renewed directorships at one, two or three years. Accordingly, since that date, one third of directors shall be renewed each year.

CHOICE OF DIRECTORS:
The appointment and renewal of each directorship are studied by the Remuneration and Appointment Committee then approved by the Board. The appointment of each director is covered by a specific resolution submitted to the General Shareholders' Meeting.

WARRANTY SHARE:
Article 11 of the bylaws specifies that each director must own at least one registered share of the company throughout his or her term of office.

DIRECTOR'S FEES:
Directors receive directors' fees. These fees are allocated by the General Shareholders' Meetings and distributed by the Board based on actual attendance of Board and Committee meetings.

ETHICS:
Each director is made aware of his/her responsibilities at the time of his/her appointment and is encouraged to observe the rules of ethics linked to his/her office: obey the legal rules regarding multiple offices, inform the Board of any conflict of interest occurring after obtaining the office, diligently attend Board meetings and General Shareholders' Meetings, ensure that he/she has all the information required on the Board's agenda before making any decision and comply with professional secrecy.

b) General management:

Pursuant to Article 14 of the bylaws, the Board of Directors of 27 April 2012 renewed the appointment of Maryse Aulagnon as Chairman of the Board of Directors and decided that she should continue as Chief Executive Officer of the company; the Board also renewed the appointment of Alain Chaussard as Deputy Chief Executive Officer.

NON ACCUMULATION OF EMPLOYMENT CONTRACT WITH A CORPORATE OFFICE:
The members of the General Management are not bound to the company or to a Group company through an employment contract.

REMUNERATIONS OF MANAGING CORPORATE OFFICERS:
The amounts of fixed and variable remunerations as well as the number of shares allotted free of charge are determined by the Board of Directors and are detailed in the 2012 management report, in a complete, balanced, coherent, clear and transparent manner.

The principles and rules defined by the Board of Directors to determine the remuneration and benefits of all kinds granted to the corporate officers, based on the proposals of the Remunerations Committee, are as follows:
- the fixed portion of the corporate officers' remuneration takes into account their continued presence in the company and their key role in ensuring the Group's development and sustainability;
- the variable portion is determined according to the company's performance and the realisation of exceptional transactions that have made a significant contribution to the company's value;
- the retirement package for the Deputy CEO was approved at the Combined General Shareholders' Meetings of 29 April 2009 and 27 April 2012.

The members of General Management do not receive any supplementary retirement linked to their corporate office.

c) Frequency of meetings:

The Board met nine times during the year: The directors' attendance rate averaged 81.37%.

d) Notices of meetings and information conveyed to the directors:

The rules of procedure stipulate that Board meetings may be convened orally or in writing by the Chairman of the Board of Directors (written notices of meetings may include e-mail provided a system is in place for authenticating the Chairman's signature).

Prior to all meetings, each director receives papers enabling him or her to give opinions in the meeting with full knowledge of the situation. Unless the meeting convened is urgent, the papers are sent to the director one week before the date of the Board meeting, but may subsequently be supplemented by any other document that may help the director take a decision.

Directors may participate in Board meetings through videoconference or telecommunication devices provided these communication devices transmit at least the participants' voices and meet the technical requirements for continuous simultaneous transmission of the deliberations.

However, videoconference and telecommunication devices cannot be used for the decisions below: the appointment, dismissal, or determining the remuneration of the Chairman & CEO or the Deputy CEO; the approval of the annual accounts and the company and Group management report.

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, at any time, for any document concerning the company.

It has been decided to institute a procedure to evaluate the work of the Board. Accordingly, the Chairman invites the members of the Board to give their opinion every year on the operation of the Board and the preparation of its work.

e) Specialised committees:

The Board of Directors has created three committees responsible for preparing its work.

The committees are composed of three to five members who are members of the Board of Directors. The members of the committee must have the technical competence to sit on the committee.

The committees report on their work to the Board of Directors after holding a meeting.

➢ 1) Appointments and Remuneration Committee:

The members of this committee are:
Mr Bertrand de Feydeau, Chairman
Ms Joëlle Chauvin,
Mr Michel Garbolino

The committee is composed entirely of independent directors.

The objective of this committee specifically includes the remuneration of the corporate officers, the award of bonus shares and the company's general remuneration policy.
It is also responsible for reviewing the applications of new directors and managing corporate officers in order to make a recommendation to the Board of Directors; furthermore, it evaluates their quality of independent directors.
Members of General Management may participate in the Remunerations Committee in order to present the company's overall remuneration policy, excluding remuneration and other benefits concerning them.
When the committee meets for the purpose of appointments, it includes the corporate officers when the purpose of the meeting is to select new directors and to examine the qualification of independent director.
The Remunerations Committee meets before the last Board of Directors' meeting of the year or prior to the Board meeting convened to prepare the annual accounts or whenever decisions within its competence need to be submitted to the Board.
The committee met twice in 2012 (attendance rate of 100%).

➤ 2) Commitments Approval Committee:

The members of this committee are:
Ms Maryse Aulagnon
Mr Alain Chaussard representing MAB-Finances
Ms Joëlle Chauvin
Mr Bertrand de Feydeau
Mr Michel Garbolino
Mr Jean-Louis Charon representing Holdaffine

The property director or the project proposer may be invited to the Commitment Approval Committee to present a transaction.
The Commitment Approval Committee may be convened urgently if necessary and by any means. The members of the committee may be consulted in writing and their opinions given by mail, e-mail or fax.
The competence of the Commitment Approval Committee extends to disposals and acquisitions of up to €10m per transaction; the next Board meeting is then informed of transactions accepted by the committee. The committee also provides the Board with a recommendation on transactions in excess of this amount.
The committee met once in 2012 (attendance rate of 80%).

➤ 3) Accounts Committee:

The members of this committee are:
Mr Jean-Louis Charon representing Holdaffine, chairman
Mr Arnaud de Bresson
Mr Stéphane Bureau

The following may also attend committee meetings in an advisory capacity:
Ms Maryse Aulagnon
Mr Alain Chaussard
in their capacity as chief executive officers of the company,
and the Accounts and management control director.
The company's statutory auditors are generally invited to meetings and attend meetings to review the annual and half-year accounts.
The committee meets at least twice a year, prior to the Board of Directors' meeting held to approve the annual and half-year accounts.
The committee may be convened if a particular event arises or if there is a specific regulation with an impact on its scope of operation.

The committee's role is to prepare the following for review by the Board:
- the accounting policies applied, and particularly any changes in policies compared to the preceding financial year;
- the accounts closing process;
- the draft accounts.

Only the Board of Directors is ultimately responsible for decisions regarding the accounts.
The committee also gives its opinion on the choice of statutory auditors for the company prior to their appointment by the General Shareholders' Meeting, as well as on their engagement and fees.
The accounts committee was convened three times in 2012 (attendance rate of 83% for the Committees that met on 1 and 20 February 2012).

f) Minutes of Board meetings:

The minutes of the Board of Directors' meetings are prepared after each meeting and are sent to the directors for their approval before the next meeting.

2) Limitations determined by the Board of Directors on the powers of the CEO and the Deputy-CEO

a) Chairman & Chief Executive Officer:

The Board of Directors decided to combine the functions of Chairman of the Board of Directors and Chief Executive Officer and, on 27 April 2012, reappointed Maryse Aulagnon in her post as Chairman & Chief Executive Officer. The Board defined her powers as follows:

"The Chief Executive Officer is vested with extensive powers to act under all circumstances on behalf of the company. The CEO exercises these powers within the limits of the corporate purpose and subject to the powers expressly granted by the law to shareholders' meetings and to the Board of Directors."

b) Deputy Chief Executive Officer:

During its meeting of 27 April 2012, the Board of Directors renewed Mr Alain Chaussard's duties as Deputy Chief Executive Officer. The Board defined his powers as follows:
"The Deputy CEO has all powers, under all circumstances, to act on behalf of the company, within the confines of its corporate purpose and subject to the powers that the law expressly grants to shareholders meetings and to the Board of Directors. He shall assist the Chairman with the organisation of the Board of Directors and management of the Board's work.
In the event of the incapacity or death of the CEO, the Deputy CEO will continue to have the most extensive powers to act on behalf of the company, which it will represent in its dealings with third parties

and shall fully exercise the powers granted to the CEO.
In the event of the incapacity of the CEO, the Deputy CEO's mission will be temporary and may be renewed by the Board of Directors until the CEO's capacity is restored.
In the event of the CEO's death, the Deputy CEO will carry on with his duties until a new CEO is appointed."

The committee is composed entirely of independent directors.

Mr Alain Chaussard is also, in his capacity as permanent representative of Mab-Finances, Vice-Chairman of the Board.

3) Delegations

The Board of Directors has granted the following powers to General Management:

Disposals and acquisitions: €5 million per transaction; transactions of a total amount greater than €1 million must be notified to the Board before they are concluded,
Sureties, endorsements and guarantees: €5 million per transaction of guarantees issued for subsidiaries; guarantees of a total amount greater than €1 million must be notified to the Board before they are concluded,

General Management has, in turn, permanently granted the following powers:
to Mr Cyril Aulagnon, property director, the powers to enter, renew, terminate any and all leases, conclude any and all construction or property development contracts, grant any and all mandates to build or project owner delegation, and conclude any and all technical mission contracts.
to Mr Olivier Lainé, chief financial officer, the powers to conclude any and all interest rate hedging contract, accept and formalise any and all fixed rate consolidation options.

Specific powers may be granted to other executives to sign certain contracts.

4) Other points covered in Article L.225-37 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 bylaws.

Items that may have an impact in the event of a takeover are mentioned in the management report presented to the General Shareholders' Meeting.

II - Internal control procedures:

1) Objectives

The internal control procedures currently in force in the company have the following purposes:
- Firstly, to ensure compliance with legislations and regulations regarding the fulfilment of operations and the work carried out by the company's personnel;
- Secondly, 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. As with all control systems, there can be no absolute guarantee that these risks will be completely eliminated.
In addition, as a parent company, Affine has taken steps to establish appropriate internal control procedures at its subsidiaries.

2) Organisation

The internal control function is directly supervised by General Management.
The internal control system applied by Affine is conducted at two levels:

a) The first-level controls correspond to all of the means 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 first-level controls,
- compliance with procedures and procedure updating,
- the suitability of existing systems for the measurement and monitoring of all risks associated with transactions.

The controls are based on written procedures that are regularly updated. These procedures conform both to regulatory requirements and to company policies. They describe the methods and procedures for recording, processing and retrieving information, the accounting formats and the procedures for undertaking transactions. They ensure the production of data and information required for surveillance of the risks to the company and its subsidiaries.
Revision procedures are under way as a result of new management software in operation since 1 January 2013.

3) Risk control:

The company has defined criteria and procedures that allow the identification of risks, their control, and the systems for monitoring assets and controlling the quality of financial and accounting information.
As the company used to be a financial corporation until 19 December 2011, it still holds assets in the capacity of a finance lessor. Paragraphs a), d) and e) below also apply to the finance leases signed by the company.

a) Credit risk

The contractual relations with the 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

The arrangement of a rental agreement involves analysis of the financial situation of the future tenant and its potential sub-tenants. Guarantees are taken where necessary and may be invoked in the event of default by the tenant (security, bank guarantee, etc.).

A mechanism is in place to renew guarantees when they have a shorter life than the property lease.

➤ Risk control after decisions are taken

OVERALL CONTROLS

As the owner of real estate assets, the Affine Group is particularly vigilant to ensure that:

- assets are covered by insurance that will restore their value in case of losses,
- buildings are compliant with all applicable regulations: environmental legislation, regulation on high-rise buildings and 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,
- if necessary, the financial analysis of tenants is reviewed every year,
- an appraisal of the value of buildings is conducted by recognised external appraisers twice a year, when the accounts are drawn up.

The 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' and officers' liability.

SPECIFIC CONTROLS

Client risk is monitored very regularly through a specific procedure.
Any delay or default in payment lasting more than six months leads to the systematic write-down of the full amount of the relevant receivable.
In 2003, Affine set up a technical building survey procedure and checks the 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) Production and processing of accounting and financial information

The organisation and missions of the accounts department are defined in the manual of accounting procedures.
Affine's accounts department and management control are responsible for the management accounting of all the French companies that are majority-owned (more than 50%) by the Group. Foreign companies use local accounting firms.
The bulk of transactions are directly reported in accounting via new software installed on 1 January 2013. The software receives data from different departments (Management, Corporate and Administrative departments…) and has specific in-built clearance and verification procedures to ensure the registration of transactions under optimum security conditions. Very few transactions are now entered manually.

The accounting formats used by Affine and its fully consolidated subsidiaries are defined in the manual of accounting procedures.
In view of its large number of subsidiaries, Affine ensures that they adhere to the internal control structure and checks this with periodic audits. A weekly report enables the Group's General Management to constantly track the progress of the business and the financial health of the subsidiaries. In addition, Affine's accounts department alerts General Management in the event of any anomalies.

Before the closure of the accounts (half year and year-end) a timetable is established by the Accounts department and sent to all project managers. A file to track operations and the progress of work, deployed on a dedicated IT network for the Accounts Department, is updated daily. In the event of any anomalies as operations proceed, the project manager informs the accounts director, who in turn informs General Management as necessary.
At the end of each accounting period, the draft accounts are checked by General Management which analyses the variations in results against the forecasts. The financial and accounting information is then verified by the Statutory Auditors and presented to the Accounts Committee and to the Board of Directors.
The off balance sheet commitments are also notified to the Board of Directors.

d) Operational risks

COMPUTER RISK

Affine's entire computer system is protected by daily backups in case of loss, and an external backup facility is planned. Coded access procedures and anti-virus systems supplement the measures taken against computer risk.

LEGAL RISK

All acquisition or disposal contracts for rental properties, signed with customers are officially recorded by notarised deed. Any areas that could constitute a source of ambiguity are, thus, subject to the dual scrutiny of the Legal Department and the notary when each contract is drafted.
For other contracts, the 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 preventative measures that make it possible to limit the impact on the environment when buildings are built or renovated. This initiative also offers ways to make a building more comfortable for its users.
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 real estate professionals. Periodic staff meetings provide an opportunity to remind the company's 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, on the report of the chairman of the Board of Directors of Affine R.E.

To the Shareholders,

In our capacity as Affine R.E. 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 chairman in accordance with Article 225-37 of the French Commercial Code for the year ended 31 December 2012.

The chairman 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 Article L.225-37 of the French Commercial Code pertaining to corporate governance.

It is our role to:
- report to you our observations made on the basis of the information contained in the chairman'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 the professional auditing standards applicable in France.

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 chairman's report. These checks consist 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 chairman'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 chairman'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 chairman 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 chairman of the Board of Directors contains the other information required by Article L.225-37 of the French Commercial Code.

In Paris La Défense and Paris, 8 March 2013

The Statutory Auditors

KPMG Audit Department of KPMG S.A.	Cailliau Dedouit et Associés
Isabelle Goalec Partner	Rémi SAVOURNIN Partner

Statutory auditors' report on the capital transactions planned under resolutions 14, 15, 17, 18 and 19

of the Combined General Shareholders' Meeting of 24 April 2013

Dear Shareholders,

In our capacity as your company's statutory auditors and pursuant to our engagement as set forth in the French Commercial Code, we hereby present to you our report on the transactions which you are required to vote on.

1. Issuance of common shares and securities with or without rights issue (resolutions 14 and 15)

Pursuant to our engagement as set forth in Articles L.228-92 and L.225-135 et. seq. of the French Commercial Code, we present to you our report on the motions to grant the Board of Directors the authority to decide on various issuances of common shares and securities, with or without rights issue, these being transactions that you are required to vote on.
Your Board of Directors moves that, on the basis of its report, you should grant it, for a period of eighteen months, the authority to decide on the transactions listed below and to set the final terms of these issuances and, if necessary, to cancel your rights issue.

- issuance of common shares and securities with rights issue (fourteenth resolution), giving immediate or deferred access to your company's capital or, in accordance with Article L.228-93 of the French Commercial Code, to the capital of a company in which it directly or indirectly holds more than 50% of the capital, for a nominal amount that cannot exceed 50% of the share capital, i.e., €26,650,000 on the basis of the current capital, plus, as appropriate, the additional amount of the shares to be issued, to safeguard, as required by French law, the rights of holders of securities giving the right to shares,

- issuance of common shares and securities without rights issue (fifteenth resolution), giving immediate or deferred access to your company's capital or, in accordance with Article L.228-93 of the French Commercial Code, the capital of a company in which it directly or indirectly holds more than 50% of the capital, for a nominal amount that cannot exceed 50% of the share capital, i.e., €26,650,000 on the basis of the current capital, with this amount being deducted from the cap set in the fourteenth resolution, plus, as appropriate, the nominal amount of the shares to be issued as a supplement if necessary, in case of new financial transactions, to safeguard the rights of holders of securities giving the right to shares.

Your Board of Directors is responsible for preparing a report in accordance with Articles R.225-113, R.225-114 and R 225-117 of the French Commercial Code. Our responsibility is to express our opinion on the fairness of the numerical data derived from the accounts, on the motion to cancel the rights issue for the fifteenth resolution and on certain other information concerning the issuance given in this report.

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 mainly consisted of verifying the contents of the Board of Directors' report relating to these transactions and the procedures for determining the price of the equity securities to be issued.
Pursuant to the law, since this report does not specify the procedures for setting the price at which the equity securities are to be issued, we cannot render an opinion on how the issuance price is to be computed.

Since the price at which the equity securities to be issued has not been fixed, we have no opinion to express as to the final terms by which the issuances will be floated and, consequently, on the motion to cancel the rights issue put before you in the fifteenth resolution.
Pursuant to Article R.225-116 of the French Commercial Code, we shall draft an additional report if your Board of Directors uses these authorisations in the event of issuances of common shares and transferrable securities giving access to equity with cancellation of the rights issue.

2. Issuance of common shares and transferrable securities without rights issue through private placement (resolution 17)

Pursuant to the engagement set forth in Articles L.225-129, L.225-135, L.228-92 and L.228-93 of the French Commercial Code, we present our report on the motions to grant the Board of Directors the authority to decide on various issuances of common shares and transferrable securities giving immediate or deferred access to the shares of your company or a company in which it directly or indirectly holds more than 50% of the capital, feasible through private placement, with cancellation of the rights issue, transactions that you are required to vote on.

Your Board of Directors moves that you grant it, on the basis of its report, for a period of eighteen months, the authority to decide on these transactions and to determine the final procedures for these issuances. It also moves to cancel your rights issue and to limit these transactions to 10% of the share capital per year, with this amount being deducted from the overall cap of €26,650,000 fixed in the fourteenth resolution.

Your Board of Directors is responsible for preparing a report in accordance with Articles R.225-113, R.225-114 and R.225-115 of the French Commercial Code. Our responsibility is to express our opinion on the fairness of the numerical data derived from the financial statements, on the motion to cancel the rights issue and on certain other information concerning issuance given in this report as well.

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 contents of the Board of Directors' report relating to these transactions and the procedures for determining the issuance price of the equity securities to be issued by private placement.
Subject to the subsequent review of the issuance terms which may be decided, we have no observation to make on the procedures used to determine the issuance price of the equity securities to be issued given in the Board of Directors' report.
Since the price at which the equity securities to be issued has not been fixed, we have no opinion to express as to the final terms by which the issuances will be floated and, consequently, on the motion to cancel the rights issue which you are required to vote on.
As required by Article R.225-116 of the French Commercial Code, we shall draft an additional report if your Board of Directors uses this authority.

3. Issuance of common shares reserved for employees without rights issue (resolution 18)

Pursuant to our engagement as set forth in Articles L.225-135 et seq. of the French Commercial Code, we present to you our report on the motion to grant the Board of Directors the authority to float one or more capital increases through the issuance of common shares without the rights issue reserved for your company's employees and the employees of the company's affiliates in the sense of Article L.225-180 of the French Commercial Code up to a maximum amount of 3% of the share capital existing on the date of the Board Meeting, these being transactions which you are required to vote on.
These capital increases are submitted for your approval as required by Articles L.225-129-6 of the French Commercial Code and L.3332-18 et seq. of the French Labour Code.
Your Board of Directors moves, on the basis of its report, that you grant it for a period of eighteen months, the authority to define the procedures for these transactions and to cancel your rights issue.
Your Board of Directors is responsible for preparing a report in accordance with Articles R.225-113 and R.225-114 of the French Commercial Code. Our responsibility is to express our opinion on the fairness of the numerical data derived from the financial statements, on the motion to cancel the rights issue and on certain other information concerning issuance given in this report as well.
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 contents of the Board of Directors' report relating to these transactions and the procedures for determining the price of the equity securities to be issued.
Subject to the subsequent review of the terms of the proposed capital increase, we have no observation to make on the procedures used to determine the issuance price given in the Board of Directors' report.
Since the issuance price has not been fixed, we have no opinion to express as to the final terms by which the capital increase will be floated and, consequently, on the motion to cancel the rights issue put before you.
As required by Article R.225-116 of the French Commercial Code, we shall draft an additional report if your Board of Directors uses this authority.

4. Share capital reduction through cancellation of purchased shares (resolution 19)

Pursuant to the engagement set forth in Article L.225-209 of the French Commercial Code pertaining to the reduction of share capital through cancellation of purchased shares, we have prepared this report in order to inform you of our assessment of the causes and terms of the planned capital reduction.

Your Board of Directors moves that you grant it, for a period of eighteen months, reckoned from the date of this general meeting, the full authority to cancel within the limit of 10% of its share capital, in one or several transactions, the shares purchased as the result of the implementation of an authorisation for your company to purchase its own shares in the context of the provisions of the article cited above.
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 has led us to examine whether the causes and conditions of the proposed share equity reduction, which will not affect the equality of the shareholders, are legitimate.
We have no observation to make on the causes and conditions of the planned capital reduction.

The Statutory Auditors

Paris La Défense, 8 March 2013
KPMG Audit
Department of KPMG S.A.
Isabelle Goalec
Partner

Paris, 8 March 2013
Cailliau Dedouit et Associés
Rémi Savournin
Partner

Report of the Board of Directors

Extraordinary decisions

1 - Delegations of authority for capital increase

a) The Combined General Shareholder's Meeting of 27 April 2012 granted the Board of Directors the authority to increase the share capital (with or without a rights offering) up to €50 million. It is proposed that these delegated powers be renewed only in respect of half the share capital.

These delegations form part of the "global delegation" mechanism covered by Article L.225-129-2 of the French Commercial Code, which allows the Board of Directors to be granted great latitude in the interests of the company. They will enable the development of the business to be supported by raising the necessary capital on the financial market.

The authorisations will give the Board of Directors the possibility to choose the most favourable issue types and methods in the light of the wide diversity of securities and the constant changes in stock markets.

The Board may, thus, issue common shares of the company or all securities giving access through all means, immediately or forward, to common shares of the company or of a company in which it directly or indirectly holds more than half of the capital.

The issue of these securities may not result in the increase of the company's share capital by a total nominal amount greater than half of the share capital, i.e. €26,650,000 based on the current capital, without taking into account the adjustments that may be made in compliance with the law.

These issues may be made while maintaining or withdrawing the rights offering.

The Board of Directors will exercise these powers, which are needed primarily to establish the terms of the issue or issues, to make provision for the possibility of paying up the subscription in cash or by compensation with due debt liquid payables or a combination of these two means, to certify the execution of the resulting capital increases and make the relevant amendments to the bylaws.

The Board will also have authority to decide on an increase by the incorporation into capital of premiums, reserves, profits or other sums for which capitalisation is permitted by law and the bylaws, by means of grants of bonus shares or increases in the par value of existing shares.

These delegations would be granted for a period of 18 months from the date of the General Meeting.

b) The Combined General Shareholders' Meeting of 27 April 2012 also delegated to the Board of Directors the possibility of increasing the capital without a rights offering, by means of a private placement (for qualified investors and a limited circle of investors) by 10% of the capital per annum.

It is proposed that this delegation be renewed for a period of 18 months from the date of the General Meeting.

c) Pursuant to the provisions of Articles L.225-129-6 and L.225-138-1 of the French Commercial Code, the Board of Directors is required to present a draft resolution to the General Shareholders' Meeting with a view to a capital increase reserved for employees.

Whenever a decision on a capital increase is made (even if it concerns a deferred increase), the Extraordinary General Shareholders' Meeting is required to vote on such a draft resolution. This requirement applies to all companies limited by shares, whether or not they have a company savings plan.

2 - Authorisation to cancel the shares purchased in connection with the company's purchase of its own shares

We propose that the Board of Directors be granted the authority, with the power to sub-delegate under the terms stipulated by the law and for a period of 18 months:

- to cancel, on one or more occasions, the company shares purchased in connection with the implementation of the authorisation given in the 7th Resolution presented to the Meeting, within the limit of 10% of the share capital in accordance with article L.225-209 of the French Commercial Code;
- to correspondingly reduce the authorised share capital.

Table of delegations for capital increase
(article L.225-100 para. 7 of the French Commercial Code)

Delegation of authority granted to the Board of Directors by the Combined General Shareholders' Meeting of 27 April 2012 (superseding the delegation granted by the Combined General Shareholders' Meeting of 28 April 2011).

	Amount authorised	Duration	Utilisation
Delegation of authority, with rights offering (3rd resolution)	€50,000,000	18 months (until 27 October 2013)	None
Delegation of authority, without rights offering (4th resolution)	€50,000,000 (charged against the ceiling set in the 3rd resolution)	18 months (until 27 October 2013)	None
Delegation of authority to raise the capital through incorporation of reserves (5th resolution)	Amount of reserves	18 months (until 27 October 2013)	Capital increase from €11,732.44 through incorporation of reserves (Board meeting of 13 December 2012)
Delegation of authority, withdrawing rights offering, by private placement (6th resolution)	10% of the capital per annum, this amount is charged against the ceiling set in the 3rd resolution	18 months (until 27 October 2013)	None

NOTE

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AFFINE REGISTRATION DOCUMENT 2012

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