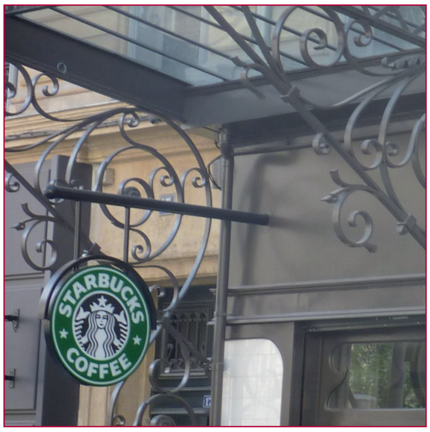
ANF IMMOBILIER

HALF-YEAR FINANCIAL REPORT
JUNE 30, 2011



SUMMARY

HALF-YEAR FINANCIAL REPORT JUNE 30, 2011

Management report

Operations

Consolidated rental income rose to €45.2 million, an increase of 12.3% on a like-for-like basis. It breaks down into €28.7 million for Haussmann-style properties and €16.5 million for hotel properties. The rental income on Haussmann-style properties includes €8.7 million in reminder payments relating to the judgment setting the rent for the lease on Le Printemps department store in Lyon of which €7.8 million is related to previous fiscal years. On a like-for-like basis, and stripping out the impact of the back payments invoiced to Le Printemps in respect of previous fiscal years, rental income for Haussmann-style properties rose by 23.4%.

- In Lyon, rental demand for retail areas remained buoyant on the Rue de la République. The demand remained high at prime rents of between €2,000 and €2,500/sqm. Office rents also held up well, with rents of about €250/sqm. In residential properties, ANF Immobilier's attic space development program offered exceptional new housing in buildings right at the heart of the Rue de la République.

  The Lyon District Court set the rent for the Printemps department store at €2.1 million. The previous rent was €0.4 million. The new rent applies retroactively from June 25, 2006, and the reminder payments due for the period from June 2006 to December 2010 total €7.8 million.
- In Marseille, new commercial leases, notably with RipCurl stores, were signed in the first segment of the Rue de la République. With regard to the Pavillon Vacon project, the entire 1,500 sqm retail area has been leased to Casino Shopping, cafes and restaurants, and home furnishing, kitchen equipment (Kitchen Bazar), and footwear stores (DC Shoes). In residential properties, 54 apartments were rented in the first half of the year at an average rent of €11.58/sqm, thereby reducing the vacancy rate.

Other income and service charge income amounted to €3.4 million as of June 30, 2011, of which €2 million for Haussmann-style properties. Property expenses remained stable at €5 million. Property management costs and other income and expenses were €5.5 million as against €5.1 million at June 30, 2010.

Operating income before changes in fair value stood at €38.6 million, of which €15.4 million for hotel properties and €23.2 million for Haussmann-style properties (including €7.8 million in back payments relating to Printemps), versus €26.8 million at June 30, 2010.

Change in fair value rose by €19.8 million, broken down into a net increase of €13.1 million for Haussmann-style properties and of €6.7 million for hotel properties.

With financial expenses of €5.8 million for the hotel business and €3 million for Haussmann-style properties, the net financial expenses totaled €8.8 million in the first half of 2011.

First-half EBITDA was €38.3 million, after deducting net financial expense, with current cash flow standing at €29.6 million. Restated to reflect the back payments due in relation to Printemps, EBITDA was €30.5 million, an increase of 11.4%, and current cash flow was €21.7 million, up 15.2%.

Consolidated net income came out at €50.1 million, up from €27.6 million in H1 2010.

Development

ANF Immobilier continued to invest in the refurbishment of its existing real estate assets and in new developments in Lyon and Marseille. The total amount invested in this regard in the first half of 2011 was €29.5 million. These investments were partly financed *via* the credit line arranged in July 2007 with a banking syndicate led by CA CIB. As of June 30, 2011, a nominal amount of €250 million had been drawn down.

Disposals

ANF Immobilier continued its asset disposal program and during the period sold three properties and several apartments, for a total of €16.3 million.

Disposals were conducted at prices that were higher than the most recent appraisal values and a gain of €0.8 million was earned. The properties were sold as part of the asset rotation policy. They had low revaluation potential and were not strategic assets.

Appraisal

The value of ANF Immobilier's real estate assets stood at €1,607 million at June 30, 2011. The real estate market was broadly flat or slightly up, with prime assets still in favor, notably commercial properties. ANF Immobilier's real estate assets benefited from this trend, as yields estimated by property experts fell by between 10 and 30 basis points on city center properties, and by 5-10 basis points on B&B hotel properties. The value of properties increased by €34 million over the first half, compared with the values reported at December 31, 2010.

Outlook

Rents will continue to be upgraded for Lyon property assets, which still enjoy high demand in the Rue de la République area.

In Marseille, vacancy rates for residential properties are expected to improve with the leasing of student apartments in the second half of the year. The commercial appeal of the lower segment of the Rue de la République will be confirmed with higher footfall rates that have in fact already been recorded.

Construction work on the Ilot 34 project, on a 26,000 sqm plot located in the *Euroméditerranée* area, is set to continue.

ANF Immobilier will pursue its partnership with B&B Hotels to finance hotel improvements in the second half of the year. The acquisition of projects developed by B&B is also currently being reviewed.

The rotation of ANF Immobilier's property assets should continue in accordance with the established program. Several agreements to sell were signed in the first half of the year, involving a total of €23 million in disposals, which are mainly to be carried out in the third quarter. A number of acquisition projects are also under consideration.

Related party transactions

Note 14 to the half-year financial statements details the related party transactions that took place over the half year. ANF Immobilier has no financial commitments to related parties other than those indicated in Note 14.

Moreover, the 2010 Registration Document lists the fixed compensation amounts for Executive Board members.

Declaration by management

“To the best of my knowledge, the consolidated financial statements approved at June 30, 2011 have been prepared in accordance with the applicable accounting standards and give a true picture of the assets and liabilities, financial situation and income of the ANF Immobilier Group, and the half-year management report presents a true picture of the information mentioned in Article 222-6 of the AMF’s General Regulations.”

Bruno Keller
Chairman of the Executive Board

CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2011

Consolidated statement of financial position

Consolidated balance sheet — assets

(€ thousands)	Note	06/30/2011	12/31/2010	12/31/2009
Non-current assets				
Investment property	1	1,577,383	1,534,423	1,496,316
Property, plant and equipment in progress	1	-	-	-
Operating property	1	2,618	2,691	1,189
Intangible assets	1	409	450	530
Property, plant and equipment	1	416	253	320
Non-current financial assets	1	129	132	988
Investments accounted for by the equity method		-	-	-
Deferred tax assets	13	-	-	-
Total non-current assets		**1,580,954**	**1,537,949**	**1,499,343**
Current assets				
Inventory and work-in-progress				
Trade receivables	2	12,524	958	1,902
Other receivables	2	6,728	2,532	9,436
Prepaid expenses	5	334	134	160
Financial derivatives	9	-	-	276
Cash and cash equivalents	4	34,455	28,325	30,130
Total current assets		**54,041**	**31,949**	**41,904**
Property held for sale	1	26,668	35,863	5,444
TOTAL ASSETS		**1,661,663**	**1,605,761**	**1,546,691**

Consolidated balance sheet — liabilities and equity

(€ thousands)	Note	06/30/2011	12/31/2010	12/31/2009
Shareholders' equity				
Capital stock	12	27,721	27,454	26,071
Other paid-in capital		321,628	321,863	323,900
Treasury shares	8	(7,515)	(4,281)	(4,261)
Hedging reserve on financial instruments		(25,345)	(35,354)	(29,645)
Company reserves		286,497	304,334	322,277
Consolidated reserves		434,468	375,980	445,209
Net income for the period		50,111	74,863	(53,977)
Shareholders' equity attributable to equity holders of the parent		1,087,565	1,064,859	1,029,574
Minority interests		-	-	-
Total shareholders' equity		**1,087,565**	**1,064,859**	**1,029,574**
Non-current liabilities				
Financial debt	3	522,320	483,136	450,344
Long-term provisions	7	-	-	-
Provisions for pensions	7	57	57	58
Tax and corporate liabilities	3	-	-	-
Deferred tax liabilities	13	-	-	-
Total non-current liabilities		**522,377**	**483,193**	**450,402**
Current liabilities				
Suppliers and related accounts	3	11,975	9,259	12,733
Short-term portion of financial debt	3	1,281	5,012	2,106
Financial derivatives	9	24,923	34,982	29,546
Security deposits	3	4,040	3,526	3,589
Short-term provisions	7	168	208	43
Tax and corporate liabilities	3	7,499	2,174	16,798
Other debts	3	1,465	2,071	857
Prepaid income	6	371	478	1,043
Total current liabilities		**51,721**	**57,710**	**66,715**
Liabilities on properties intended for sale				
TOTAL LIABILITIES		**1,661,663**	**1,605,761**	**1,546,691**

Consolidated income statement

(€ thousands)	06/30/2011	06/30/2010	06/30/2009
Revenues: rental income	45,240	34,004	32,260
Other operating income	3,420	3,299	3,123
Total operating income	**48,661**	**37,303**	**35,383**
Property expenses	(5,020)	(5,006)	(4,987)
Other operating expenses	(339)	(345)	(48)
Total operating expenses	**(5,360)**	**(5,350)**	**(5,035)**
Net operating income from property	**43,301**	**31,952**	**30,348**
Capital gain (loss) from disposal of assets	779	(62)	469
Net operating income from property after disposals	**44,080**	**31,890**	**30,817**
Employee benefits expenses	(4,340)	(4,009)	(3,846)
Other management expenses	(1,711)	(1,740)	(1,906)
Other income	814	869	1,062
Other expenses	(350)	(20)	(194)
Depreciation & amortization	(211)	(189)	(158)
Other operating provisions (net of reversals)	295	(15)	(542)
Net operating income (before changes in fair value of property)	**38,578**	**26,787**	**25,233**
Changes in fair value of property	19,785	9,550	(92,612)
Net operating income (after changes in fair value of property)	**58,363**	**36,337**	**(67,379)**
Net financial expense	(8,785)	(8,544)	(7,724)
Financial amortization and provisions	0	-	-
Changes in value of financial instruments	50	(132)	779
Discounting of receivables and liabilities	-	-	-
Share of income from entities accounted for by the equity method	518	(95)	-
Income before tax	**50,146**	**27,567**	**(74,324)**
Current taxes	(35)	(3)	-
Exit tax	-	-	-
Deferred taxes	-	-	(3,022)
Consolidated net income	**50,111**	**27,564**	**(77,346)**
Of which minority interests	-	-	-
Of which net income after minority interests	50,111	27,564	(77,346)
Consolidated net income after minority interests – per share	**1.83**	**1.01**	**(2.95)**
Diluted consolidated net income after minority interests – per share	**1.83**	**1.01**	**(2.95)**

Earning per share is calculated on the basis of the average weighted number of common shares.

Consolidated comprehensive income

(€ thousands)	06/30/2011	06/30/2010	06/30/2009
Consolidated net income	**50,111**	**27,564**	**(77,346)**
Impact of financial instruments	10,009	(14,641)	(7,578)
Total gains and losses recognized directly in shareholders' equity	**10,009**	**(14,641)**	**(7,578)**
Consolidated comprehensive income	**60,120**	**12,923**	**(84,924)**
Of which minority interests	-	-	-
Of which net income after minority interests	60,120	12,923	(84,924)

Changes in shareholders' equity

Changes in shareholders' equity	Capital stock	Other paid-in capital	Treasury shares	Consolidated reserves	Company reserves	Hedging reserve on financial instruments	Consolidated income	Total
Shareholders' equity December 31, 2010	27,454	321,863	(4,281)	375,980	304,334	(35,354)	74,863	1,064,859
Appropriation of net income	-	-	-	58,147	16,716	-	(74,863)	-
Dividends	-	(7,570)	-	-	(34,553)	-	-	(42,123)
Shares in lieu of dividends	-		-	-		-	-	-
Capital increase	267	7,336	-	-		-	-	7,603
Treasury shares	-	-	(3,234)	-	-	-	-	(3,234)
Changes in fair value of hedge instruments	-	-	-	-	-	10,009	-	10,009
Stock options, warrants, bonus shares	-	-	-	334	-	-	-	334
Adjustment of SGIL consolidated reserves	-	-	-	7	-	-	-	7
Net income for the year (excl. appropriation to reserves)	-	-	-	-	-	-	50,111	50,111
Shareholders' equity June 30, 2011	27,721	321,628	(7,515)	434,468	286,497	(25,345)	50,111	1,087,566

Changes in shareholders' equity	Capital stock	Other paid-in capital	Treasury shares	Consolidated reserves	Company reserves	Hedging reserve on financial instruments	Consolidated income	Total
Shareholders' equity December 31, 2009	26,071	323,900	(4,261)	445,209	322,278	(29,645)	(53,977)	1,029,575
Appropriation of net income	-	-	-	(69,977)	16,000	-	53,977	-
Dividends		(3,166)	-	-	(33,944)	-	-	(37,110)
Shares in lieu of dividends	76	2,436	-	-		-	-	2,512
Capital increase	1,307	(1,307)	-	-		-	-	-
Treasury shares	-	-	(20)	-	-	-	-	(20)
Changes in fair value of hedge instruments	-	-	-	-	-	(5,709)	-	(5,709)
Stock options, warrants, bonus shares	-	-	-	722	-	-	-	722
Adjustment of SGIL consolidated reserves	-	-	-	26	-	-	-	26
Net income for the year (excl. appropriation to reserves)	-	-	-	-	-	-	74,863	74,863
Shareholders' equity December 31, 2010	27,454	321,863	(4,281)	375,980	304,334	(35,354)	74,863	1,064,859

Cash flow statement

(€ thousands)	06/30/2011	12/31/2010	12/31/2009
Cash flow from operations			
Net income	**50,111**	**74,863**	**(53,977)**
Depreciation allowances & provisions	170	513	304
Capital gains (losses) from disposals	(779)	(1,621)	(2,150)
Changes in value of properties	(19,785)	(35,523)	89,478
Changes in value of financial instruments	(50)	3	(902)
Recognized revenue and expenses related to stock options	334	722	847
Tax expense on capital gains	-	-	1,902
Cash flow	**30,002**	**38,958**	**35,502**
Changes in operating working capital requirements			
Operating receivables	(15,955)	4,315	137
Operating liabilities before SIIC option liabilities	7,832	(10)	(1,071)
Cash flow from operations	**21,879**	**43,263**	**34,568**
Cash flow from investment activities			
Acquisition of assets	(29,799)	(69,984)	(116,920)
Disposal of property	16,347	37,055	60,548
Payment of *exit tax*	-	(14,112)	(21,384)
Changes in financial assets	4	893	7
Cash flow from investment activities	**(13,448)**	**(46,148)**	**(77,749)**
Cash flow from financing activities			
Dividends paid	(42,123)	(34,599)	(6,357)
Changes in share capital	7,603	-	-
Purchase of treasury shares	(3,234)	(20)	-
Loans and debt taken out	39,927	37,888	73,228
Loans and debt redeemed	(3,162)	(3,366)	(5,419)
Cash flow from financing activities	**(989)**	**(97)**	**61,452**
Changes in cash	**7,442**	**(2,981)**	**18,271**
Opening cash	26,889	29,869	11,598
Closing cash	34,331	26,889	29,869

Notes to the consolidated financial statements

Detailed summary

Half-year highlights

Judgment setting the rent for Le Printemps department store

On May 31, 2011, the Lyon District Court issued a judgment setting the annual rent payable by Le Printemps to ANF Immobilier at €2,135,650. The previous rent was €402,197. As this new rent applies retroactively from June 25, 2006, the company Le Printemps was ordered to make back payments totaling €8.7 million for the period from June 25, 2006 to June 30, 2011, plus interest on the arrears of €0.4 million.

Le Printemps did not appeal against this judgment and paid the sum of €9.1 million to ANF Immobilier in July 2011.

In the half-year financial statements dated June 30, 2011, €8.7 million of this sum was reported under rent and €0.4 million under financial income.

Investments and disposals

Investments and works on Haussmann-style properties totaled €10.4 million in Lyon and €18.7 million in Marseille.

Three properties and several apartments were sold in Marseille for a total of €16.3 million, generating a gain of €0.8 million on the most recent appraisal values. Several agreements to sell were signed in the first half of the year, involving a total of €23 million in disposals, which are mainly to be carried out in the third quarter.

These disposals were carried out at prices that were higher than the most recent appraisal values, and a capital gain of €0.8 million was earned.

Operations

Rental income amounted to €45.2 million, up €11.2 million on June 30, 2010, for growth of close to 33%.

On a like-for-like basis, and stripping out the impact of the back payments invoiced to Le Printemps in respect of previous fiscal years, rental income increased by 12.3% on the first half of 2010, of which 23.4% related to Haussmann-style properties.

EBITDA for the period was €38.3 million.

After deducting the net financial expense, current cash flow stood at €29.6 million.

Stripping out the impact of the back payments invoiced to Le Printemps in respect of previous fiscal years, EBITDA was €30.5 million, an increase of 11.4%, and current cash flow was €21.7 million, up 15.2%.

Appraisal

The real estate market was broadly flat or slightly up, with prime assets still in favor, notably commercial properties. ANF Immobilier's property assets benefited from this trend, as yields estimated by property experts fell by 0.1-0.3% on city center properties, and by 0.05-0.1% on B&B hotel properties.

The fair value of investment properties increased by €19.8 million over the period.

The building occupied by Le Printemps in Lyon was appraised by property experts, whose valuation did not take into account the Lyon District Court's judgment, issued after June 30, 2011. They estimate that this judgment's impact on the value of the property would be a positive one in the amount of 5.5 million euros.

Events occurring after the balance sheet date

No significant events have occurred since June 30, 2011.

Change in method

The accounting policies and methods used for the period are identical to those used for the prior fiscal year.

The new standards and interpretations applicable from January 1, 2011 did not have a material impact on ANF Immobilier's half-year consolidated financial statements and are described in the note entitled "Consolidation principles and methods".

Consolidation principles and methods

Accounting basis

In line with the provisions of European Regulation (EC) No. 1606/2002 of July 19, 2002 on the application of international accounting standards, the ANF Immobilier Group's consolidated financial statements for the half-year ended June 30, 2011 were prepared in line with the IFRS accounting basis as adopted by the European Union.

The consolidated financial statements cover the period from January 1, 2011 to June 30, 2011. They were approved by the Executive Board on July 21, 2011.

The ANF Immobilier Group applies the international accounting standards comprising IFRS, IAS and their interpretations as adopted by the European Union, for which application is mandatory from the fiscal year beginning January 1, 2011.

Official standards and interpretations that may be applicable subsequent to the closing date have not been applied early.

The half-yearly financial statements have been prepared using the historical cost convention, with the exception of investment property and certain financial instruments that are recognized using the fair value convention. In line with the IFRS conceptual framework, preparing the financial statements requires estimates and assumptions to be made that affect the amounts presented in these half-yearly financial statements. Material estimates made by the Group when preparing the financial statements mainly relate to the following:

- fair value measurement of investment properties and financial instruments;
- measurement of provisions.

Because of the uncertainty inherent in any measurement process, the Group revises its estimates on the basis of regularly updated information. Future results of the operations in question may differ from these estimates.

In addition to making estimates, the senior management team makes judgments regarding the appropriate accounting treatment for certain activities and transactions where applicable IFRS standards and interpretations do not specify how the accounting issues should be dealt with.

New standards and interpretations applicable starting January 1, 2010 and January 1, 2011

The standards and interpretations applied for the consolidated financial statements at June 30, 2010 are identical to those used for the consolidated financial statements at December 31, 2009.

The new mandatory standards, revisions and interpretations applicable as of January 1, 2010 have no material impact on the consolidated financial statements at June 30, 2010:

- IFRS 3R "Business Combinations";
- IAS 27R "Consolidated and Separate Financial Statements";
- IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations": amendment on sales of controlling interests;
- IAS 39 "Financial Instruments": amendments for eligible hedged items;
- annual IFRS improvements published in April 2009;
- IFRS 2 "Share-based Payment";
- IAS 32 "Financial Instruments: amendment on Classification of Rights Issues";
- IFRIC 12 "Service Concession Arrangements";
- IFRIC 15 "Agreements for the Construction of Real Estate";
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation";
- IFRIC 17 "Distributions of Non-cash Assets to Owners";
- IFRIC 18 "Client Asset Transfers".

The standards and interpretations applied for the consolidated financial statements at June 30, 2011 are identical to those used for the consolidated financial statements at December 31, 2010.

The new mandatory standards, revisions and interpretations applicable as of January 1, 2011 have no material impact on the consolidated financial statements at June 30, 2011:

- all standards amended in the context of IFRS improvements adopted by the European Union on February 18, 2011, which have no impact on the accounts;
- the amendment to IAS 32, "Classification of Rights Issues", mandatory from February 1, 2010, which has no impact on the accounts;
- the amendment to IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", applicable to fiscal years starting on or after January 1, 2011, which has no impact on the accounts;
- IAS 24 revised, relating to the information to be disclosed on related party transactions, mandatory from January 1, 2011;
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments", applicable to fiscal years starting on or after June 30, 2010, which has no impact on the accounts.

Moreover, ANF Immobilier has not applied prospectively the most recent standards and interpretations published, for which application is only mandatory for fiscal years starting after January 1, 2011. These standards and interpretations are:

- IFRS 9 "Financial Instruments", mandatory from January 1, 2013, which has not yet been adopted by the European Union;
- the amendment to IFRS 7, "Disclosures of Transfers of Financial Assets", mandatory from July 1, 2011, which has not yet been adopted by the European Union;
- the amendment to IAS 12 "Recovery of Underlying Assets", mandatory from January 1, 2012, which has not yet been adopted by the European Union;
- IFRS 13 "Fair Value Measurement", mandatory from January 1, 2013, which has not yet been adopted by the European Union;
- IFRS 10 "Consolidated Financial Statements", mandatory from January 1, 2013, which has not yet been adopted by the European Union;
- IFRS 11 "Joint Arrangements", mandatory from January 1, 2013, which has not yet been adopted by the European Union;
- IFRS 12, "Disclosure of Interests in Other Entities", mandatory from January 1, 2013, which has not yet been adopted by the European Union;
- IAS 27R "Separate Financial Statements", mandatory from January 1, 2013, which has not yet been adopted by the European Union;
- IAS 28R "Investments in Associates and Joint Ventures", mandatory from January 1, 2013, which has not yet been adopted by the European Union.

Consolidation principles

The consolidation methods used by the Group are full consolidation, proportional consolidation and the equity method:

- subsidiaries (companies in which the Group has the power to direct financial and operating policies to obtain economic benefits) are fully consolidated;
- companies in which the Group exercises joint control are proportionally consolidated;
- the equity method is used for associates over which the Group has significant influence, which is assumed to be the case where the percentage of owned voting rights is 20% or more. Under this method, the Group recognizes its "share of income from entities accounted for by the equity method" on a separate line in the consolidated income statement.

As of June 30, 2011, the subsidiary SGIL was deconsolidated following its liquidation effective January 1, 2011. This decision was taken unanimously by the partners, and was the natural consequence of the disposal of the subsidiary's entire property portfolio.

During the period, the ANF Immobilier Group consolidated its wholly-owned subsidiary ANF République.

This company is fully consolidated.

To successfully complete the Fauchier project for the construction and sale of residential units, ANF Immobilier brought on board a number of partners to establish SCCV 1-3, rue d'Hozier, in which it holds a 45% interest. As it does not control this company, it has not been consolidated but instead accounted for by the equity method.

All internal transactions and balances were eliminated upon consolidation in proportion to ANF Immobilier Group's interest in ANF République.

Segment reporting

IFRS 8 requires entities whose shareholders' equity or debt securities are traded on an organized market or issued on a public securities market to present information by business segment and geographical sector.

Segment reporting is prepared on the basis of criteria relating to business activities and geographic regions. Primary segment reporting is business-related, insofar as it represents the Group's management structure and is presented on the basis of the following business segments:

- operating activity for Haussmann-style properties;
- hotel rental.

The second level of information to be provided is by geographical area. It is applied to Haussmann-style properties only (since the hotels are dispersed throughout France, a geographical distribution is irrelevant):

- Lyon region;
- Marseille region.

IFRS 8 "Operating segments" requires that the information published by an entity enable users of its financial statements to evaluate the nature and financial impact of the type of business activities in which it engages and the economic environment in which it operates.

The Company has decided to continue presenting its segment reporting as in previous years with a breakdown of business segments into Hotels and Haussmann-style properties and a geographical breakdown of its Haussmann-style properties into two areas, Lyon and Marseille.

Real estate assets

Investment property (IAS 40)

IAS 40 defines investment property as property held by the owner or lessee (under a finance lease) to earn rental income or for capital appreciation, or both, as opposed to:

- using this property for the production or supply of goods or services or for administrative purposes;
- selling it in the normal course of a trading business (property dealing).

Assets acquired under credit-leases correspond to finance lease contracts and are recognized as assets in the balance sheet, and the corresponding loans are recognized as liabilities under financial debt. Correspondingly, the lease payments are cancelled and the financial expense stemming from the financing along with the fair value of the asset are recognized in line with Group accounting policies and methods.

ANF Immobilier Group has opted to appraise its investment properties at fair value. This option does not apply to operating property, which is measured at historical cost less accumulated depreciation and any value impairments.

The fair value of non-current assets is determined at each closing date by two independent property experts (Jones Lang LaSalle and BNP Paribas Real Estate), who appraise the Group's real estate assets on the basis of long- term ownership. The fair value is the appraisal value excluding transfer taxes.

Their assessments are performed according to the specifications set forth by the French Association of Property Appraisers (Afrexim) and the working group chaired by Mr. Barthès de Ruyter, in its February 2000 report on property appraisals for companies making a public offering.

The change in the fair value of investment properties is recognized in the income statement.

These properties are not therefore subject to depreciation or value impairment. Any change in fair value for each property is recognized in the income statement for the period and is determined as follows:

Change in fair value = Market value N - [market value N-1 + capitalized work and expenses for period N].

Investment properties in the process of redevelopment or for which rebuilding is planned are recognized at fair value. Almost all of ANF Immobilier's property assets are recognized as investment property. Properties being restructured and intended to be subsequently re-rented are also kept in the investment property category.

Gains (or losses) on disposals of investment properties are calculated with reference to the most recent fair value recognized at the previous balance sheet date.

Assets held for sale (IFRS 5)

In accordance with IFRS 5, when the Group has undertaken to sell an asset or group of assets, it classifies them as assets held for sale under current assets in the balance sheet at their most recent known fair value.

Properties included in this category continue to be measured using the fair value approach.

To be classified as an "asset held for sale", a property must meet all the following criteria:

- the asset must be immediately available for sale in its current condition;
- a sale must be highly likely, formalized through the notification of the Properties Committee, and a decision of the Executive Board or Supervisory Board and an offer to purchase.

Properties that are in the process of being sold are presented on a separate line in the balance sheet.

As of June 30, 2011, nine properties, appraised at €26,668,000 were held for sale.

Depreciation of operating properties valued at amortized cost ceases from the date on which these properties are classified as held for sale.

Operating properties and other property, plant and equipment (IAS 16)

The Group's operating property is measured at historical cost less accumulated depreciation and any value impairment.

Moreover, other property, plant and equipment includes computer equipment and furniture.

The following depreciation periods were thus used:

• Structures:	50 to 75 years;
• Façades & waterproofing:	20 years;
• General technical facilities (including lifts):	15 to 20 years;
• Fittings:	10 years;
• Asbestos, lead and energy diagnostics:	5 to 9 years;
• Furniture, office and computer equipment:	3 to 10 years.

Intangible assets (IAS 38) and impairment of assets (IAS 36)

An intangible asset is a non-monetary item with no physical substance that must be both identifiable and controlled by the Company by virtue of past events and from which future economic benefits are expected.

An intangible asset is identifiable if it can be separated from the entity acquired or it is the consequence of legal or contractual rights. Intangible assets whose useful life can be determined are amortized linearly over periods that correspond to their projected useful life.

The following amortization periods were thus used:

- concessions, patents and rights: 1 to 10 years.

IAS 36: "Impairment of Assets" applies to property, plant, equipment and intangible assets, financial assets and unallocated goodwill.

At each balance sheet date, the Group assesses whether there are any indications that an asset has lost value. If an indication of impairment is identified, the asset's recoverable amount is compared to its net carrying amount and an impairment loss may accordingly be recognized.

An indication of impairment may be either a change in the asset's economic or technical environment or a decline in the asset's market value. The appraisals carried out make it possible to measure any impairment losses.

Expenses related to the acquisition of software licenses are recognized as assets on the basis of the costs incurred to acquire and get the relevant software operational. These costs are amortized over the estimated useful life of the software (between three and five years).

Operating lease receivables

Operating lease receivables is valuated at the amortized cost and is subject to an impairment test when there is an indication that the asset could have lost value.

An individual analysis is conducted on the closing date of each financial period in order to assess as fairly as possible the non-recovery risk of any receivable and any requisite provisions.

Liquid assets and marketable securities

Marketable securities mainly consist of money market funds and are recognized in the balance sheet at their fair value. All these marketable securities have been deemed cash equivalents.

Treasury shares (IAS 32)

Treasury shares held by the Group are deducted from the consolidated shareholders' equity at its acquisition value.

As of June 30, 2011, the Company held 211,337 treasury shares. During the period, 95,345 treasury shares were acquired.

Debt (IAS 32-39)

Financial debt consists of loans and other interest-bearing liabilities. It is recognized at amortized cost using the effective interest rate method.

Loan issue costs are recognized under IFRS as a deduction from the nominal amount of the loan. The portion of debt due in less than a year is classified as current debt.

In the case of debt resulting from the recognition of finance leases, the debt recognized to offset the item of property, plant and equipment is initially recognized at the fair value of the leased asset or, if lower, the present value of minimum lease payments.

Security deposits are deemed to be short-term liabilities and are not discounted.

Derivative instruments (IAS 39)

IAS 39 distinguishes between two types of interest rate hedging:

- hedging of balance sheet items, the fair value of which fluctuates as a result of interest rate risk ("fair value hedge");
- hedging the risk of future cash flow variability ("cash-flow hedge"), which consists of fixing the future cash flows of a variable-rate financial instrument.

Certain derivatives associated with specific financings qualify as future cash flow hedges under accounting regulations. In accordance with IAS 39, only changes in the fair value of the effective portion of these derivatives, as measured by prospective and retrospective effectiveness tests, are recognized in shareholders' equity. Any changes in the fair value of the ineffective portion of the hedge are recognized in the income statement.

The ANF Immobilier Group uses cash flow hedge-type financial derivatives (swaps) to hedge its exposure to risk stemming from interest rate fluctuations.

Discounting of deferred payments

The Group's long-term payables and receivables are discounted where the impact is material:

- security deposits received are not discounted, since the discounting effect is not material and there is no reliable discounting schedule;
- long-term liability provisions under IAS 37 are discounted over the estimated length of the disputes to which they relate.

Due and deferred tax (IAS 12)

SIIC tax regime

The switch to the SIIC tax regime results in a complete exemption from income tax. However, an exit tax at a reduced rate of 16.5% on unrealized gains from properties and interests in entities not subject to income tax becomes immediately due. This tax was fully paid as of June 30, 2011.

Common law and the deferred tax regime

Deferred tax is recognized where there are temporary differences between the carrying amounts of assets and liabilities in the balance sheet and their tax bases, where these give rise to taxable income in the future.

A deferred tax asset is recognized where tax losses may be carried forward on the assumption that the relevant entity is likely in the future to generate taxable profits, against which these tax losses may be charged. Deferred tax assets and liabilities are measured using the liability method at the tax rate assumed to apply in the period in which the asset will be realized or the liability settled, on the basis of the tax rate and tax regulations that have been or will be adopted prior to the balance sheet date. Measurement of deferred tax assets and liabilities must reflect the tax consequences that would result from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities at the balance sheet date.

Current and deferred tax is recognized as tax income or expenses in the income statement, except for deferred tax that is recognized or settled upon the acquisition or disposal of a subsidiary or interest, unrealized gains and losses on assets held for sale. In these cases, the corresponding deferred tax is charged to shareholders' equity.

All the properties held by ANF Immobilier were included in the scope of the SIIC regime. ANF Immobilier's rental business is thus wholly exempted from income tax, and no deferred tax is recognized.

Lease contracts (IAS 17)

Under IAS 17, a lease is an agreement under which the lessor transfers to the lessee the right to use an asset for a fixed period in return for a payment or series of payments. IAS 17 distinguishes between two kinds of lease contracts:

- a finance lease is a lease that effectively transfers to the lessee virtually all the risks and benefits inherent in ownership of an asset. Transfer of ownership may or may not in fact happen. For the lessee, the assets are recognized as non-current assets offset by a debt. The asset is recognized at the fair value of the leased asset at the lease start date or, if lower, at the present value of minimum payments;
- an operating lease is any lease other than a finance lease.

Treatment of stage payments and rent-free periods

Rental income from operating leases is recognized on a straight-line basis over the term of the lease. Stage payments and rent-free periods granted are recognized by staggering, reducing or increasing rental income for the period. The reference period used is the initial minimum period of the lease.

Front-end fees

Front-end fees received by the lessor are deemed to be additional rent. The front-end fee forms part of the net sum transferred from the lessee to lessor under the lease. In this regard, the accounting periods during which this net amount is recognized should not be affected by the form of the agreement and payment schedules. These fees are staggered over the initial minimum period of the lease.

Cancellation fees and eviction compensation

Cancellation fees are received from tenants where tenants cancel the lease before its contractual term. Such fees relate to the old lease and are recognized as income in the period recorded. Where the lessor cancels a lease in progress, it pays eviction compensation to the sitting tenant.

- replacement of a tenant: if payment of eviction compensation makes it possible to alter the level of the asset's performance (a rent increase and hence an increase in the value of the asset), under the revised IAS 16, this expense may be capitalized in the cost of the asset subject to this increase in value being confirmed by appraisers. Should this not be the case, the cost is recognized as an expense;
- refurbishment of a property that requires the tenants to be displaced: if the payment of an eviction penalty is part of major refurbishment or reconstruction works for a property for which it is mandatory for the tenants to depart beforehand, this cost is considered to be a preliminary expense that is included as an additional component following the refurbishment operation.

We have estimated the impact of the restatement of stage payments, rent-free periods and front-end fees identified in the rental base in 2009, 2010, and 2011, according to IAS 17. The estimate arrived at is not significant and therefore no recording entry has been accounted for in the 2009, 2010, and half-year 2011 financial statements.

Residential leases may be terminated by the tenant at any time, with a notice period of one or three months. Leases on commercial or office premises may generally be terminated by the lessee after each three-year period, with a notice period of six months. Leasing agreements with B&B on hotels have a firm duration of 12 years, expiring in 2019.

Employee benefits (IAS 19)

For defined contribution schemes, group payments are recognized as expenses in the period to which they relate.

For defined benefit schemes involving post-employment benefits, the cost of the benefits is estimated using the projected unit credit method.

Under this method, rights to benefits are allocated to periods of service on the basis of the scheme rights vesting formula, allowing for a linearization effect where the pace at which rights vest is not uniform over subsequent periods of service.

The amounts of future payments in respect of employee benefits are measured on the basis of assumptions regarding salary increases, retirement age and mortality rates, and then discounted to their present value using the interest rate on long-term bonds from top quality issuers. Actuarial differences for the period are directly recognized in consolidated shareholders' equity.

The ANF Immobilier Group has established a defined benefit scheme. Pension commitments relating to this scheme have been transferred to an insurance company. The amount recognized in H1 2011 was €136,000, which corresponds to the premium paid to the insurance company.

Share-based payment (IFRS 2)

IFRS 2 requires the income statement to reflect the effects of all transactions involving a share-based payment. All payments in shares or linked to shares must accordingly be recognized when the goods or services provided in return for these payments are consumed. There was no transaction involving share-based payment during the period.

(a) Warrants

At its July 24, 2006 meeting, the Executive Board, pursuant to the powers granted to it in resolution 8 of the Ordinary and Extraordinary Shareholders' Meeting of May 12, 2006, acting on the basis of the prior authorization granted to it by the Supervisory Board at its June 22, 2006 meeting, decided to issue warrants at a unit price of €3.50 to members of the Executive Board, as well as to qualifying staff members, as defined by the resolution.

At the close of the subscription period, which began on July 26, 2006 and ended on August 10, 2006, 262,886 warrants had been subscribed to by twelve beneficiaries for a total amount of €920,101.

In order to factor in the distribution of reserves that took place pursuant to resolution 2 of the Ordinary and Extraordinary Shareholders' Meeting of May 17, 2011, the Executive Board adjusted the warrant exercise ratio at its meeting on May 19, 2011.

Warrant terms	
Unit price	€3.50.
Form of warrants:	The warrants are registered and are recorded using book entries.
Listing:	No request will be filed for the warrants to be admitted to trading on a regulated market.
Paying up:	The subscriptions were fully paid up in cash.
Protection of warrant-holder rights:	Warrant-holder rights will be protected by means of the adjustment of the exercise ratio in the manner established by the Executive Board in accordance with Article L. 288-99 of the French Commercial Code and the provisions of resolution 8 of the Ordinary and Extraordinary Shareholders' Meeting of May 12, 2006.
Exercise period	From August 11, 2010 to November 10, 2011.
Current exercise ratio	1.24 shares to be issued by ANF Immobilier for each warrant.
Exercise price	€35 per warrant.

As of June 30, 2011, 217,215 warrants had been exercised, leading to the creation of 267,253 new shares; 45,671 warrants have yet to be exercised.

(b) Stock option plans

The Executive Board, acting in accordance with the authorizations granted by the Shareholders' Meeting, proceeded with the allocation of stock options to members of the Executive Board, as well as to qualifying personnel, as defined by the resolution.

In order to factor in the distribution of reserves that took place pursuant to resolution 2 of the Ordinary and Extraordinary Shareholders' Meeting of May 6, 2010 and the grant of one bonus share for 20 shares held decided by the Executive Board at its meeting on June 10, 2010, the Executive Board adjusted the exercise terms of the stock option plans for 2007-2009 at its meeting on July 19, 2010.

The terms of the stock option plans granted in the last few fiscal years, amended by the adjustments, are as follows:

Characteristics of stock option plans	**2007 plan**	**2008 plan**	**2009 plan**	**2010 plan**
Date of the Extraordinary Shareholders' Meeting	05/04/2005	05/14/2008	05/14/2008	05/14/2008
Date of the Executive Board's decision	12/17/2007	12/19/2008	12/14/2009	12/15/2010
Total number of options granted	120,960	143,701	170,921	166,920
• Of which corporate officers	95,524	113,165	141,258	133,975
• Of which are top 10 employee recipients	25,436	29,976	27,505	29,645
number of shares that may be purchased	120,960	143,701	170,921	166,920
• Of which corporate officers	95,524	113,165	141,258	133,975
• Of which are top 10 employee recipients	25,436	29,976	27,505	29,645
Exercise date of options	The options may be exercised once vested			
Expiration date	12/17/2017	12/19/2018	12/14/2019	12/12/2020
Purchase price per share	39.08	25.53	29.64	31.16
Terms of exercise	Vesting of options in phases:			
1st third after 2 years, i.e.	12/17/2009	12/19/2010	12/14/2011	12/15/2012
2nd third after 3 years, i.e.	12/17/2010	12/19/2011	12/14/2012	12/15/2013
3rd third after 4 years, i.e.	12/17/2011	12/19/2012	12/14/2013	12/15/2014
exercise is subject to performance conditions	No	Yes	Yes	Yes
Total number of shares purchased as of 06/30/2011	0	0	0	0
Total number of options cancelled as of 06/30/2011	0	0	0	0
Total number of options remaining to be exercised	120,960	143,701	170,921	166,920

Please note that where beneficiaries of stock options do not have four years' service by the expiration date of one of the vesting periods referred to above, the options corresponding to such period will be subject to a vesting period until such time as said beneficiary has four years' service with the Company.

Accordingly, on the basis of the above adjustments, the number of options allocated to each beneficiary is as follows:

	2007 Stock Option Plan	2008 Stock Option Plan	2009 Stock Option Plan	2010 Stock Option Plan
Bruno Keller	63,775	69,529	86,263	84,283
Xavier de Lacoste Lareymondie	28,586	34,375	41,515	40,632
Brigitte Perinetti	3,163	3,901	4,314	-
Ghislaine Seguin		5,360	9,166	9,060
Corporate officers	95,524	113,165	141,258	133,975
Staff	25,436	30,536	29,663	32,945
TOTAL	**120,960**	**143,701**	**170,921**	**166,920**

Earnings per share (IAS 33)

Undiluted earnings per share equates to net income attributable to ordinary shares held by equity holders of the parent divided by the weighted average number of outstanding shares during the period. The average number of shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted for the number of ordinary shares bought back or issued during the period.

To calculate diluted earnings per share, the average number of shares outstanding is adjusted to reflect the effect of dilution from equity instruments issued by the Company that might increase the number of shares outstanding.

Managing market risk

Market risks

Owning rental properties exposes the Group to the risk of fluctuations in the value of property assets and rents. However, this exposure is mitigated because:

- the assets are mainly held for the long term and are recognized in the financial statements at their fair value, even if this value is determined on the basis of estimates;
- rental income stems from leasing arrangements, the term and dispersion of which are likely to lessen the impact of fluctuations in the rental market.

Counterparty risk

With a client portfolio of over 500 tenant companies, a high degree of sector diversification, and 1,700 individual tenants, the Group is not exposed to significant concentration risk.

A large portion of ANF Immobilier’s rental income comes from rent payments by B&B Group companies. Only serious financial, commercial or operational difficulties for the B&B Group would see it defaulting on its rent payments and would accordingly potentially have a significant negative impact on ANF Immobilier’s operations, income, financial position and outlook.

Financial transactions, particularly the hedging of interest rate risk, are entered into with leading financial institutions.

Liquidity risk

Medium and long-term liquidity risk is managed *via* multi-year financing plans. In the short-term, it is managed *via* confirmed credit lines that have not been drawn down.

Interest rate risk

The ANF Immobilier Group is exposed to interest rate risk. Management actively manages this risk exposure. The Group uses a number of financial derivatives to address this. The goal is to reduce, wherever deemed appropriate, fluctuations in cash flows as a result of changes in interest rates. The Group does not enter into financial transactions if it entails a risk that cannot be quantified.

To this end, the ANF Immobilier Group has arranged twenty-seven interest rate hedging contracts to swap 3-month or 1-month Euribor variable rates for fixed rates.

Additional information (€ thousands)

Note 1 Non-current assets

Intangible assets, property, plant and equipment, and operating property

Gross amounts	Amount as of 12/31/2009	Increase	Decrease	Amount as of 12/31/2010	Increase	Decrease	Amount as of 06/30/2011
Intangible assets	1,071	63	0	1,134	54	0	1,188
Operating property	1,561	1,648	0	3,209	-	-	3,209
Furniture, office & computer equipment	1,094	28	0	1,122	206	0	1,328
TOTAL	**3,726**	**1,739**	**0**	**5,465**	**260**	**0**	**5,725**

Depreciation & amortization	Amount as of 12/31/2009	Increase	Decrease	Amount as of 12/31/2010	Increase	Decrease	Amount as of 06/30/2011
Intangible assets	540	144	0	684	96	0	780
Operating property	372	146	0	518	72	0	590
Furniture, office & computer equipment	774	95	0	869	43	0	912
TOTAL	**1,686**	**385**	**0**	**2,071**	**211**	**0**	**2,282**
NET VALUES	**2,040**	**1,354**	**0**	**3,394**	**49**	**0**	**3,443**

Investment property

Valuation of properties	Lyon	Marseille	B&B Hotels	Amount as of 06/30/2011
Investment property	427,814	650,228	499,340	1,577,383
Property held for sale	24,126	2,542	-	26,668
INVESTMENT PROPERTY AND PROPERTY HELD FOR SALE	**451,940**	**652,770**	**499,340**	**1,604,051**
Operating property	764	2,347	-	3,111
VALUATION OF PROPERTIES	**452,704**	**655,117**	**499,340**	**1,607,162**

Investment property and property held for sale	Lyon	Marseille	B&B Hotels	Total
Amount as of 12/31/2009	416,467	608,870	476,423	1,501,760
Investments	18,617	34,892	11,347	64,856
Disposals	(17,921)	(15,552)	-	(33,473)
Change in value	16,914	15,759	4,470	37,143
Amount as of 12/31/2010	434,077	643,969	492,240	1,570,286
Investments	10,395	18,708	445	29,548
Disposals	8	(16,355)	-	(16,347)
Change in value	7,467	6,442	6,655	20,564
Amount as of 6/30/2011	451,947	652,764	499,340	1,604,051

Details of investments	Lyon	Marseille	B&B Hotels	Total
Acquisitions	676	0	4,609	5,285
Works	17,941	34,892	6,738	59,571
2010 total	18,617	34,892	11,347	64,856
Acquisitions	0	0	445	445
Works	10,395	18,708	0	29,103
2011 total	10,395	18,708	445	29,548

The Company's real estate assets were appraised by Jones Lang LaSalle and BNP Real Estate Expertise using a number of different approaches:

- capitalization of rental income for Lyon and Marseille Haussmann-style properties;
- the comparison method for the Lyon and Marseille Haussmann-style properties;
- developer balance sheet method for land;
- income method for hotel properties.

Rental income capitalization method

The appraisers used two different methodologies to capitalize rental income:

1) current rental income is capitalized up to the end of the existing lease. The capitalized current rent to expiry or revision is added to the capitalized renewal rent to perpetuity. The latter is discounted to the appraisal date on the basis of the date of commencement of capitalization to perpetuity. An average ratio was used between "vacancies" and "renewals" on the basis of historical tenant changes.

   Recognition of market rent may be deferred for a variable vacancy period for any rent-free period, refurbishment work or marketing period, etc. following the departure of the sitting tenant;

2) for each premises appraised, a rental ratio is calculated, expressed in € per square meter per annum, making it possible to calculate the annual market rent (ratio x weighted floor space).

   An "imputed rent" is estimated and used for the purposes of calculating the income method (capitalized rent). It is determined on the basis of the nature and occupancy level of the premises, and is capitalized at a yield approaching market levels, though where appropriate this includes upward potential.

   The low yields in question include upward rental potential either where a sitting tenant leaves or where rent caps are lifted due to changes in local marketability factors.

Different yields have been applied by use and also between current rental income and rent on renewal. Appraisals also take account of expenditure required to maintain real estate properties (refurbishment of façades, stairwells, etc.).

Change in the yields used in appraisals is given below:

Cap rate	06/30/2011	12/31/2010	12/31/2009
Lyon			
Retail	5.00% to 5.75%	5.10% to 6.00%	5.40% to 6.00%
Offices	6.25% to 6.75%	6.25% to 6.75%	6.50% to 7.25%
Residential (excl. Law 48)	4.25% to 4.65%	4.25% to 4.65%	4.50% to 4.90%
Marseille			
Retail	5.50% to 7.35%	5.50% to 7.35%	5.65% to 7.50%
Offices	6.25% to 7.25%	6.25% to 7.25%	6.75% to 7.50%
Residential (excl. Law 48)	4.25% to 5.10%	4.25% to 5.15%	4.50% to 5.25%

Comparison method

In the case of residential premises, an average price per square meter vacant and excluding transfer taxes is ascribed to each premises appraised, based on examples of market transactions or similar assets.

For commercial property, and in particular retail premises (where rent caps cannot be lifted), the ratio of the average price per square meter is closely linked to rental terms.

With regard to the Haussmann-style properties, a value after work, a value after work on private areas, a value after work on common areas and a current condition value are presented for each of the two methods for each premises appraised.

The value applied for each premises in its current condition is the average of the two methods, unless the appraiser indicates otherwise. The final value excluding transfer taxes is converted into a value including transfer taxes (by applying transfer taxes at 6.20% for old properties and 1.80% for new properties), giving the effective yield for each premises (ratio between actual gross income and the value including transfer taxes).

Developer balance sheet method for redevelopment land

For land available for construction, the appraiser distinguishes between land with planning approval and/or an identified and likely project, and land for which there is no clearly defined project with advanced plans.

In the first instance, the appraiser looks at the project from a development perspective.

For ordinary land reserves, the approach is based on the value per square meter of land available for construction having regard to market prices.

Income method for hotel properties

For each asset, net rent is capitalized on the basis of a weighted yield specific to each hotel based on its characteristics.

The result is a freehold market value for the asset including “transfer taxes” (*i.e.* total cost of the property including all fees).

Capitalization rates range from 6% to 7.30% and were determined on the basis of:

- the nature of the property rights to be assessed, and the asset’s profile;
- the investment climate, particularly for this asset class;
- specific characteristics of each asset via a capitalization rate that reflects its characteristics in terms of location, site and quality.

Sensitivity analysis

The market value of the real estate assets was calculated by varying yields by 0.1 points for the Haussmann-style and hotel properties.

The sensitivity of the property estate's market value assessed using the income method is as follows:

Changes in rates	-0.20%	-0.10%	0.10%	0.20%
Impact on value				
Haussmann-style properties	5.10%	2.50%	-2.40%	-4.70%
B&B Hotels	3.00%	1.50%	-1.45%	-2.85%

Non-current financial assets

Non-current financial assets	Amount as of 12/31/2009	Increase	Decrease	Amount as of 12/31/2010	Increase	Decrease	Amount as of 06/30/2011
Liquidity contract	903	0	(903)	0	-	-	0
Other loans	114	14	(4)	124	-	(4)	120
Deposits & securities	16	0	0	16	-	-	16
GROSS TOTAL	**1,033**	**14**	**(907)**	**140**	**0**	**(4)**	**136**
Provisions for the liquidity contract	(37)	-	37	0	-	-	0
Provisions for other loans	0	-	-	0	-	-	0
Provisions for deposits & securities	(7)	-	-	(7)	-	-	(7)
NET TOTAL	**989**	**14**	**(870)**	**133**	**0**	**(4)**	**129**

In 2005, a liquidity contract was arranged for ANF Immobilier stock. This contract is managed by Rothschild bank.

Note 2 Receivables maturity schedule

(€ thousands)	Amount 06/30/2011	Less than 1 year	1 to 5 years	More than 5 years
Trade receivables	13,988	13,988	-	-
Other receivables	6,728	6,728	-	-
GROSS TOTAL	**20,716**	**20,716**	**-**	**-**
Provisions	1,465	1,465	-	-
NET TOTAL	**19,251**	**19,251**	**-**	**-**

Trade receivables include the invoicing of back payments for rent to the company Le Printemps totaling €10,831,000. The invoice was settled in full in July 2011.

Note 3 Debt maturity schedule at end of period

(€ thousands)	Amount 06/30/2011	Less than 1 year	1 to 5 years	More than 5 years
Bank borrowings	523,601	1,281	509,970	12,350
Payables to fixed-asset suppliers	6,289	6,289	-	-
Suppliers and related accounts	5,686	5,686	-	-
Tax and corporate liabilities	7,499	7,499	-	-
Tenant security deposits	4,040	4,040	-	-
Other payables	1,465	1,465	-	-
TOTAL	**548,579**	**26,259**	**509,970**	**12,350**

Note 4 Cash and cash equivalents

(€ thousands)	06/30/2011	12/31/2010	12/31/2009
Money market funds and investment securities	31,546	27,820	27,649
Current bank accounts	2,909	505	2,481
Gross cash and cash equivalents	34,455	28,325	30,130
Bank overdrafts	0	(1,250)	0
Bank interest payable	(124)	(186)	(261)
Net cash and cash equivalents	34,331	26,889	29,869

Note 5 Accrual accounts – assets

Prepaid expenses include subscriptions, insurance, finance lease payments, fees and other expenses involving future periods.

Note 6 Accrual accounts – liabilities

Prepaid income includes €365,000 in rental and service charge payments for the coming months and €6,000 in front-end fees recognized in income over the minimum lease term.

Note 7 Contingency and loss provision

Gross amounts *(€ thousands)*	Amount as of 12/31/2009	Increase	Decrease	Amount as of 12/31/2010	Increase	Decrease	Amount as of 06/30/2011
Provision for long-service awards	48	-	(36)	12	-	-	12
Provision for supplementary post-employment benefits	10	35	0	45	-	-	45
Provision for pensions	0	0	0	0	-	-	0
Other contingency provisions	43	165	0	208	-	(40)	168
TOTAL	**101**	**200**	**(36)**	**265**	**0**	**(40)**	**225**
Current liabilities	43	165	0	208	-	(40)	168
Non-current liabilities	58	35	(36)	57	-	-	57

Reversals of provisions relate to provisions used or that no longer serve any purpose.

The most significant ongoing disputes are as follows:

1) Chief Operating Officer and Real Estate Director

Legal action is currently underway following the removal and dismissal in April 2006 of ANF Immobilier’s Chief Operating Officer and Real Estate Director:

- the dismissed employees have filed claims with the Paris Employment Tribunal for €3.4 million in the case of the former Chief Operating Officer and €1.0 million in the case of the former Real Estate Director;
- similarly, a commercial suit has been lodged against ANF Immobilier with the Paris Commercial Court by the former Chief Operating Officer as a former Company officer;
- a suit has also been lodged with the same court by a former supplier.

Prior to the bringing of these employment and commercial suits, ANF Immobilier had, in connection with criminal proceedings, brought a civil action for damages before an investigating magistrate in Marseille regarding alleged acts committed by the aforementioned former supplier, and by its two former officers and other parties.

A criminal investigation is underway and letters rogatory have been provided to the Marseille Criminal Investigation Bureau. ANF Immobilier’s former Chief Operating Officer and Real Estate Director have been charged and placed under judicial supervision. Likewise for the former supplier, who was held on remand for a number of months.

The Examining Chamber of the Aix en Provence Appeal Court handed down a ruling on March 4, 2009 confirming the charges laid against ANF Immobilier’s former Chief Operating Officer and hence the existence of serious and corroborating evidence against him with regard to the claimed misuse of corporate assets to the detriment of ANF Immobilier.

On account of the close link between the criminal and labor aspects of this case, the Paris Employment Tribunal upheld the application for a stay of proceedings.

2) TPH – Toti proceedings

Representing Eurazeo, ANF Immobilier entered into an agreement with Philippe Toti, a private entrepreneur (TPH), with regard to the renovation of part of its real estate assets in Marseille.

At the same time as filing criminal proceedings with a Marseille investigating magistrate, directed in particular against the former supplier for receiving stolen goods and aiding and abetting, ANF Immobilier established that the latter was not employing the material and human resources required to meet its contractual obligations.

At ANF Immobilier's request, a bailiff confirmed that work has been abandoned.

On June 19, 2006, following the bailiff's confirmation, ANF Immobilier cancelled the works contracts entered into with the former supplier.

The liquidator of the former supplier and the former supplier also issued a writ against ANF Immobilier before the Paris Commercial Court on February 16, 2007.

ANF Immobilier sought a stay of proceedings or an adjourning of the case pending a final decision on the criminal proceedings (Marseille District Court), on the basis of the civil suit for damages brought by ANF Immobilier for misuse of corporate assets and receiving stolen goods.

In a decision handed down on **November 26, 2009,** the President of the Paris Commercial Court granted the **stay of proceedings pending a decision in the criminal case.**

Accordingly, the Paris Commercial Court shall not be called upon to examine the admissibility and grounds for the claim lodged by Mr. Toti and the liquidator of TPH until after the final criminal decision has been handed down on the events surrounding ANF Immobilier's suit.

No provision has been recorded in the Company's financial statements for these disputes.

To the best of the Company's knowledge, there are no other government, court or arbitration proceedings pending or threatened that might have or over the past six months have had a material effect on the Company's financial position or profitability.

Note 8 Treasury shares

(€ thousands)	**06/30/2011**	**12/31/2010**	**12/31/2009**
Shares deducted from shareholders' equity	7,515	4,281	4,261
Number of shares	211,337	115,992	109,835
TOTAL NUMBER OF SHARES	**27,721,031**	**27,453,778**	**26,070,846**
Treasury shares %	0.76%	0.42%	0.42%

Note 9 Financial instruments

The ANF Immobilier Group is exposed to interest rate risk. Management actively manages this risk exposure. The Group uses a number of financial derivatives to address this. The goal is to reduce, wherever deemed appropriate, fluctuations in cash flows as a result of changes in interest rates. The Group does not enter into financial transactions if it entails a risk that cannot be quantified.

ANF Immobilier has undertaken to comply with the following minimum risk-free rate hedging commitments:

• Crédit Agricole CIB:	50% of the debt hedged at fixed rates.
• Natixis:	80% of the debt hedged at fixed rates.
• Société Générale:	100% of the debt hedged at fixed rates.

To this end, the ANF Immobilier Group has arranged twenty-seven interest rate hedging contracts to swap 3-month or 1-month Euribor variable rates for fixed rates. The table below sets out the impact of interest-rate derivatives on ANF Immobilier's consolidated financial statements:

Effective date	Maturity date	Fixed rate paid	*(€ thousands)*	Nominal	Fair value assets 06/30/2011	Fair value liabilities 06/30/2011	Changes in fair value over the period	Impact on financial income	Impact on shareholders' equity
07/24/06	07/24/12	3.9450%	3-month Euribor swap/3.945%	22,000		(428)	449	-	449
12/15/06	12/15/12	3.9800%	3-month Euribor swap/3.980%	28,000		(848)	589	(2)	591
10/31/07	12/31/14	4.4625%	3-month Euribor swap/4.4625%	65,000		(4,774)	1,521	-	1,521
04/11/08	03/31/15	4.2775%	3-month Euribor swap/4.2775%	11,000		(765)	243	-	243
08/20/07	06/30/14	4.4550%	3-month Euribor swap/4.455%	18,000		(1,205)	409	-	409
09/28/07	12/31/14	4.5450%	3-month Euribor swap/4.5450%	65,000		(4,939)	1,577	-	1,577
10/31/07	12/30/14	4.3490%	3-month Euribor swap/4.3490%	14,000		(973)	320	(1)	321
06/16/08	12/31/14	4.8350%	3-month Euribor swap/4.8350%	6,700		(577)	170	(3)	173
08/04/08	06/30/14	4.7200%	3-month Euribor swap/4.72%	10,000		(747)	241	-	241
08/11/08	06/30/14	4.5100%	3-month Euribor swap/4.51%	28,000		(1,919)	645	-	645
08/11/08	06/30/14	4.5100%	3-month Euribor swap/4.51%	10,000		(686)	230	(1)	232
10/08/08	06/30/14	4.2000%	3-month Euribor swap/4.2%	9,500		(562)	208	(2)	210
10/10/08	06/30/14	4.1000%	3-month Euribor swap/4.1%	12,800		(720)	274	(8)	282
11/14/08	06/30/14	3.6000%	3-month Euribor swap/3.6%	5,700		(238)	106	(2)	108
12/24/08	06/30/14	3.1900%	3-month Euribor swap/3.19%	6,350		(187)	107	-	107
07/01/08	12/31/14	4.8075%	3-month Euribor swap/4.8075%	2,300		(195)	59	(1)	60
08/11/08	12/30/14	4.5090%	3-month Euribor swap/4.509%	28,000		(2,101)	660	(0)	661
08/11/08	12/30/14	4.5040%	3-month Euribor swap/4.504%	10,167		(761)	240	-	240
10/06/08	12/31/14	4.3500%	3-month Euribor swap/4.35%	5,046		(350)	117	(1)	118
12/23/08	12/31/14	3.2500%	3-month Euribor swap/3.25%	5,821		(185)	103	(1)	104
02/06/09	12/31/14	2.9700%	1-month Euribor swap/2.97%	3,300		(81)	47	(11)	58
03/13/09	06/30/14	2.6800%	3-month Euribor swap/2.68%	11,700		(170)	165	(3)	168
06/26/09	12/31/14	2.8800%	3-month Euribor swap/2.88%	11,435		(218)	182	(2)	184
01/04/10	06/30/14	2.3580%	3-month Euribor swap/2,358%	23,900		(116)	306	(14)	320
01/04/10	12/31/14	2.4750%	3-month Euribor swap/2,475%	19,861		(104)	277	(11)	288
01/03/11	06/30/14	2.5000%	3-month Euribor swap/2.50%	64,000		(579)	858	114	744
01/03/13	06/30/14	3.1590%	3-month Euribor swap/2.50%	50,000		(497)	(46)	-	(46)
TOTAL DERIVATIVES ELIGIBLE FOR HEDGE ACCOUNTING				**547,579**	**-**	**(24,924)**	**10,059**	**50**	**10,009**

The financial derivatives were measured by discounting the estimated future cash flows on the basis of the yield curve as of June 30, 2011.

Note 10 Covenants

With respect to loans and credit lines, ANF Immobilier has made certain undertakings including that of compliance with the following Financial Ratios:

Interest Cover Ratio

The Interest Cover Ratio must be two (2) or above from the first Test Date, and for as long as sums remain due under the Agreement.

The Interest Cover Ratio is calculated quarterly at each Test Date (i) for Interest Cover Ratios as of December 31, each year, on the basis of the certified annual separate financial statements (consolidated, if the Borrower is required to prepare consolidated financial statements) or (ii) for Interest Cover Ratios as of June 30, each year, on the basis of the Borrower's half-yearly financial statements (consolidated, if the Borrower is required to prepare consolidated financial statements) or (iii) for Interest Cover Ratios as of March 31, and September 30, each year, on the basis of a provisional quarterly accounting close.

"Interest cover ratio" denotes the ratio of Gross Operating Income to Net Financial Expense for an Interest Period.

Loan to Value Ratio

The Loan to Value Ratio must be 50% (fifty percent) or lower from the first Test Date, and for as long as sums remain due under the Agreement.

The Loan to Value Ratio is calculated every six months on each Test Date, on the basis of the certified annual financial statements or unaudited half-yearly financial statements.

"Loan to Value Ratio" denotes the ratio of Net Debt to the Appraisal Value of Real Estate Assets.

For the loan provided by Crédit Agricole CIB, this ratio is also calculated on the Haussmann-style properties, excluding the B&B hotel properties.

	Standard	Test frequency	Ratios as of 06/30/2011	Ratios as of 12/31/2010	Ratios as of 12/31/2009
Interest Cover Ratio (gross operating income/net financial expense)	Minimum 2	Quarterly	4.3	3.2	3.3
Loan to Value Ratio (net debt/appraisal value of real estate assets)	Maximum 50%	Six-monthly	30.4%	29.2%	28.1%

All of the undertakings agreed to by ANF Immobilier with respect to its loan agreements are satisfied.

Note 11 Off balance sheet commitments

Commitments received

The current off-balance sheet commitments received by ANF Immobilier, relate to credit facilities unused at the balance sheet date and can be summarized as follows:

Commitments received *(€ thousands)*	**06/30/2011**	**12/31/2010**	**12/31/2009**
Guarantees and deposits received	5,110	2,753	2,213
Other commitments received	59,362	99,542	103,567
Total	64,472	102,295	105,780

The main commitments are as follows:

- ANF Immobilier has accepted a number of credit facilities. Undrawn credit facilities currently amount to €53 million;
- The B&B Hotels Group provided ANF Immobilier with a joint and several guarantee covering the payment of the rent.

Commitments given

Current off-balance sheet commitments given by ANF Immobilier can be summarized as follows:

Commitments given *(€ thousands)*	**06/30/2011**	**12/31/2010**	**12/31/2009**
Pledges, mortgages and collateral	266,629	263,132	254,876
Guarantees and deposits given	12,723	0	7,633
Other commitments given	6,872	9,007	11,244
Total	286,224	272,139	273,753

The main commitments are as follows:

- since 2003, ANF Immobilier has regularly received requests for renovation of the facades of various parts of its real estate assets from the City of Lyon and the City of Marseille. Given the scale of the façades requiring work and the time needed to arrange and carry it out, it has been staggered over a number of fiscal years, in agreement with the cities of Lyon and Marseille. The total cost of the work still to be done was estimated at €3 million as of June 30, 2011;
- the following guarantees have been given in return for the €250 million seven-year loan from a bank syndicate led by Crédit Agricole CIB:
  - a pledge over bank current accounts,
  - assignment of "Dailly" receivables (property insurance premiums);
- the following guarantees have been given by ANF Immobilier in return for the €213 million seven-year loan and the establishment of a €75 million credit line from a bank syndicate led by Natixis:
  - mortgage securities on the properties financed (lender's lien and mortgage charges),
  - assignment of "Dailly" receivables relating to any ANF Immobilier income from the properties (particularly rents, insurance compensation for "loss of rent", hedging contract, rights to property conveyance deeds).

In respect of the €250 million and €213 million loans and the establishment of the €75 million credit facility, ANF Immobilier undertook to comply with the Financial Ratios described in Note 10.

Note 12 Movement in share capital and shareholders' equity

217,215 warrants were exercised in the first half of 2011, leading to the creation of 267,253 shares.

Under Article 6 of the Articles of Association, the share capital is set at twenty-seven million seven hundred and twenty-one thousand thirty-one euros (€27,721,031). It is divided into twenty-seven million seven hundred and twenty-one thousand thirty-one (27,721,031) shares with a par value of one euro each, fully paid-up and all of the same class.

Note 13 Deferred tax assets and liabilities

There are no deferred tax assets or liabilities.

Note 14 Associates

(€ thousands)	**Eurazeo**	**SCCV 1-3, rue d'Hozier**
Investment during the year	-	-
Trade receivables	-	-
Other receivables	9	810
Trade payables	728	-
Other liabilities	-	-
Revenues: rents	-	-
Other operating income	-	-
Other operating expenses	-	-
Employee benefits expenses	572	-
Other management expenses	124	-

Note 15 Income statement and segment information

Primary segment reporting is business-related, insofar as it represents the Group's management structure and is presented on the basis of the following business segments:

- rental of Haussmann-style properties;
- hotel rental.

Secondary segment reporting is by geographic region:

- Lyon region;
- Marseille region.

(€ thousands)	**06/30/2011**	**B&B Hotels**	**Total Haussmann-style assets**	**Lyon**	**Marseille**
Revenues: rental income	45,240	16,475	28,765	17,190	11,575
Other operating income	3,420	1,383	2,037	607	1,430
Total operating income	**48,661**	**17,858**	**30,802**	**17,797**	**13,005**
Property expenses	(5,020)	(1,219)	(3,801)	(1,004)	(2,797)
Other operating expenses	(339)		(339)	(70)	(269)
Total operating expenses	**(5,360)**	**(1,219)**	**(4,140)**	**(1,074)**	**(3,066)**
Net operating income from property	**43,301**	**16,639**	**26,662**	**16,723**	**9,939**
Capital gain (loss) from disposal of assets	779	-	779	(10)	789
Net operating income from property after disposals	**44,080**	**16,639**	**27,441**	**16,713**	**10,728**
Employee benefits expenses	(4,340)	(868)	(3,472)	(1,172)	(2,300)
Other management expenses	(1,711)	(480)	(1,231)	(415)	(816)
Other income	814	163	651	220	431
Other expenses	(350)		(350)	(78)	(272)
Depreciation & amortization	(211)	(42)	(169)	(57)	(112)
Other operating provisions (net of reversals)	295	8	287	72	215
Net operating income (before changes in fair value of property)	**38,578**	**15,420**	**23,158**	**15,283**	**7,875**
Changes in fair value of property	19,785	6,655	13,130	7,477	5,653
Net operating income (after changes in fair value of property)	**58,363**	**22,075**	**36,288**	**22,760**	**13,528**
Net financial expense	(8,785)	(5,797)	(2,989)	(1,009)	(1,980)
Financial amortization and provisions	0	0	0	0	0
Changes in value of financial instruments	50	(32)	82	27	55
Discounting of receivables and liabilities	-	-	-	-	-
Share of income from entities accounted for by the equity method (pending consolidation of SGIL)	518	-	518	-	518
Income before tax	**50,146**	**16,246**	**33,900**	**21,779**	**12,121**
Current taxes	(35)	(7)	(28)	(9)	(19)
Exit tax	-	-	-	-	-
Deferred taxes	-	-	-		-
Consolidated net income	**50,111**	**16,239**	**33,872**	**21,769**	**12,103**

Note 16 Earning per share

(€ thousands)	06/30/2011	06/30/2010	06/30/2009
Net income for earnings per share calculation	50,111	27,564	(77,346)
Net income for diluted earnings per share calculation	50,111	27,564	(77,346)
Number of ordinary shares for base earnings per share at the balance sheet date*	27,509,694	27,337,786	27,209,069
Average weighted number of ordinary shares for base earnings per share*	27,327,262	27,278,841	26,204,396
Stock options for diluted earnings per share			
Diluted number of ordinary shares*	27,509,694	27,337,786	27,209,069
Diluted average weighted number of ordinary shares*	27,327,262	27,278,841	26,204,396
in euros			
Net earnings per share	1.82	1.01	(2.84)
Diluted earnings per share	1.82	1.01	(2.84)
Weighted net earnings per share	1.83	1.01	(2.95)
Diluted weighted earnings per share	1.83	1.01	(2.95)

* *Number of shares in 2009 and 2010 restated for the bonus shares (1 for 20) granted in 2010.*

The number of shares does not include treasury shares.

Note 17 Net Asset Value per share

The NAV is calculated by dividing the Company's consolidated shareholders' equity by the number of shares excluding treasury shares.

(€ thousands)	06/30/2011	12/31/2010	12/31/2009
Capital and consolidated reserves	1,087,565	1,064,859	1,029,574
Fair value adjustment of operating property	492	447	1,833
NNNAV	1,088,057	1,065,306	1,031,407
Correction for fair value adjustment of swaps	25,345	35,354	29,645
Net Asset Value	1,113,402	1,100,660	1,061,052
Total number of shares*	27,721,031	27,453,778	27,378,168
Treasury shares	(211,337)	(115,992)	(109,835)
Shares excluding treasury shares	27,509,694	27,337,786	27,268,333
NNNAV per share *(euros)*	39.6	39.0	37.8

* *Adjusted for the 2010 bonus issue of one share for every twenty held.*

Prior to the dividend payout, NAV per share increased by €2.11 per share.

Stripping out the impact of the fair value adjustment of hedging instruments, the NAV per share excluding treasury shares amounted to €40.50 compared to €40.30 at December 31, 2010.

Note 18 Cash flow per share

(€ thousands)	06/30/2011	06/30/2010	Change	06/30/2009	Change
Operating income before changes in fair value of property	38,578	26,787		25,233	
Depreciation & amortization	211	189		158	
Income from disposal of assets	(779)	62		(469)	
Operating income before depreciation & amortization and income from disposals	38,010	27,038		24,923	
Impact of IFRS 2 (stock options cancellation, charged to personnel expenses)	334	358		334	
EBITDA	**38,344**	**27,396**	**40.0%**	**25,257**	**8.5%**
Net financial expense	(8,785)	(8,544)		(7,724)	
Current cash flow before tax	29,559	18,852	56.8%	17,533	7.5%
Average number of shares during period	27,327,262	27,278,841		26,204,396	
CURRENT CASH FLOW PER SHARE	**1.08**	**0.69**	**56.5%**	**0.67**	**3.3%**

Number of shares in 2010 and 2009 adjusted to reflect the bonus shares (1 for 20) granted in 2010.

Operating income includes the back payments for previous years' rent invoiced to the company Le Printemps, amounting to €7,829,000.

Stripping out this non-recurring item, EBITDA was €30,515,000, an increase of 11.4%, and current cash flow was €21,730,000 (€0.80 per share), up 15.3% compared with the first half of 2010.

Note 19 Tax calculation

(€ thousands)	06/30/2011	06/30/2010	06/30/2009
Current taxes	(35)	(3)	0
Deferred taxes	0	0	(3,022)
TOTAL	**(35)**	**(3)**	**(3,022)**
Net income after minority interests	50,111	27,564	(77,346)
Income tax adjustment	35	3	3,022
Income before tax	50,146	27,567	(74,324)
SIIC regime income (exempt)	30,361	18,008	18,288
SIIC regime fair value adjustment	19,785	9,550	(92,612)
Taxable unrealized capital gains	0	0	8,777
TAX BASE	**0**	**9**	**8,778**
Current tax rate in France	34.43%	34.43%	34.43%
Reduced rate	19.63%	19.63%	
Tax on business value added (CVAE)	35		
Expected theoretical tax	35	3	3,022
TAX EXPENSE FOR PERIOD	**35**	**3**	**3,022**

Note 20 Interest rate risk exposure

(€ thousands)	Balance 06/30/2011	Repayments < 1 year	Balance 06/30/2012	Repayments 1 to 5 years	Balance 06/30/2016	Repayments more than 5 years
Fixed rate debt	0	0	0	0	0	0
Bank Loans	0	0	0	0	0	0
Finance leases	0	0	0	0	0	0
Variable rate debt	523,601	(1,281)	522,320	(509,970)	12,350	(12,350)
Loans at variable and revisable rates	519,715	(624)	519,091	(506,741)	12,350	(12,350)
Finance leases	3,762	(533)	3,229	(3,229)	0	0
Bank overdrafts	0	0	0	0	0	0
Accrued interest	124	(124)	0	0	0	0
Gross debt	523,601	(1,281)	522,320	(509,970)	12,350	(12,350)
Cash & equivalents	34,455	(34,455)	0	0	0	0
Mutual funds and investments	31,546	(31,546)	0	0	0	0
Liquid assets	2,909	(2,909)	0	0	0	0
NET DEBT	**489,146**	**33,174**	**522,320**	**(509,970)**	**12,350**	**(12,350)**
Fixed rate	0	0	0	0	0	0
Variable rate	489,146	33,174	522,320	(509,970)	12,350	(12,350)
Derivatives portfolio as of 06/30/2011	497,579					
Fixed for variable rate swaps	497,579					
Caps and corridors	0					
Variable for fixed rate swaps	0					
Deferred effect derivatives portfolio	50,000					
Fixed for variable rate swaps	50,000					
Caps and corridors	0					
Variable for fixed rate swaps	0					
Total derivatives portfolio	547,579					

Note 21 Credit risk

Counterparty (*€ millions*)	06/30/2011		12/31/2010		12/31/2009	
	Credit limit	Balance	Credit limit	Balance	Credit limit	Balance
Crédit Agricole CIB, BECM, Sté Générale, HSBC	250	250	250	211	250	186
Groupe Crédit Mutuel CIC	41	-	41	-	6	-
Groupe Crédit Agricole	10	-	10			
Banque Martin Maurel	6	6	6	5	6	1

Note 22 Personnel

Headcount as of June 30, 2011	Male	Female	Total
Executives	19	12	31
Employees	8	18	26
TOTAL	**27**	**30**	**57**

STATUTORY AUDITORS' REPORT ON THE HALF-YEAR FINANCIAL STATEMENTS

(Period from January 1 to June 30, 2011)

ANF Immobilier

32, rue de Monceau

75008 PARIS

To the Shareholders,

In carrying out the responsibilities entrusted to us by your Shareholders' Meeting and pursuant to article L. 451-1-2-II of the French Monetary and Financial Code, we have:

- performed a limited inspection of the half-year consolidated financial statements for ANF Immobilier, corresponding to the period from 1 January to June 30, 2011, as attached to the present report
- checked the information provided in the half-year management report

The half-year consolidated financial statements were drawn up under the responsibility of the Executive Board. It is our duty to express a conclusion on these financial statements on the basis of our limited inspection.

I - Conclusion on the financial statements

We carried out our limited inspection in accordance with professional standards applicable in France.

A limited inspection mainly consists of speaking to members of management responsible for accounting and financial aspects and implementing analytical procedures. This work is less extensive than that required for an audit performed in accordance with the professional standards applicable in France. As a result, the limited inspection only yields a moderate assurance that the financial statements in their entirety do not contain any significant anomalies; this moderate assurance is less firm than that obtained as a result of an audit.

Based on our limited inspection, we did not find any significant anomalies that would call into question, with respect to the IFRS accounting basis as adopted by the European Union, the legality and accuracy of the half-year consolidated financial statements, nor the true and fair view that they give of the assets and liabilities and the financial position at the end of the half year, as well as the half-year earnings of the Group consisting of companies and entities within the scope of the consolidation.

II - Specific check

We also checked the information provided in the half-year management report commenting on the half-year consolidated financial statements covered by our limited inspection.

We have no observations to make regarding their fairness and consistency with the half-year consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, August 31, 2011

The Statutory Auditors

PricewaterhouseCoopers Audit
Rémi Didier

Mazars
Guillaume Potel

RISK EXPOSURE

The following risks are those known by the Company as of the date of registration of this report that could have a significant adverse effect on the Company, its operations, financial position, income, and share price, and should be taken into account when making investment decisions. Investors should note that the following list is not exhaustive, and that risks may exist that are unknown as of the date of registration of this report which could have a significant negative effect on the Company, its operations, financial position, income and share price.

Risks Related to the Company's Business

Risks related to the Company's sector

Risks related to the economic environment and developments in the property market

ANF Immobilier's property assets mainly consist of residential and commercial rental properties located in Lyon and Marseille, and hotel properties located throughout France. As a result, any changes in the French economic climate or the property markets in Lyon and Marseille could have a negative impact on ANF Immobilier's rental income, earnings, asset values, investment strategy, financial position, and growth outlook.

Changes in the economic environment and property market may also have a long-term effect on occupancy rates and on the ability of tenants to pay their rents and maintenance costs.

Downward fluctuations in the cost of construction index (ICC) and quarterly rent index (ILC) for retail leases or the rent reference index (IRL) for housing leases, on which most of the rents under ANF Immobilier's leases are indexed, could also affect rental income.

Risks related to the terms of sale of property assets

The value of ANF Immobilier's property assets depends on a number of factors, notably supply and demand on the property market. After a number of very buoyant years, the French property market has slowed over the past few months, in line with the worsening of the financial crisis, notably resulting in fewer transactions.

Against this backdrop, ANF Immobilier may not always be able to sell its property at a time or under market conditions that would allow it to generate the expected profits. These conditions may also encourage or force ANF Immobilier to postpone some transactions. Should this context continue, it could have a significantly negative effect on the value of ANF Immobilier's portfolio and on its investment strategy, financial position and growth outlook.

Risks related to interest rate levels

Interest rate levels play a role in the state of the overall economy, with a particular bearing on GDP growth and inflation. They also have an impact on the value of property assets, the borrowing capacity of market participants, and to a lesser extent changes in the ICC, ILC and IRL indices.

Interest rates affect the value of ANF Immobilier's assets, because this value depends on the property's resale potential, which itself is a function of buyers' borrowing capacity and the ease with which they can obtain credit.

Therefore a rise in interest rates, especially one that is sizeable, could prove detrimental to the value of ANF Immobilier's asset portfolio.

In addition, ANF Immobilier may need to use debt to finance its growth strategy, although it may also draw on shareholders' equity or carry out a capital increase. A rise in interest rates would consequently increase the cost of its debt financing and could make it more costly to implement ANF Immobilier's growth strategy.

If ANF Immobilier does obtain additional debt to finance future acquisitions, its financial position would become more sensitive to changes in interest rates through the impact such changes would have on the borrowing costs for loans or bonds. As a result, ANF Immobilier has set up interest rate hedging mechanisms that are designed to limit this sensitivity.

Risks related to the competitive environment

While making property purchases, ANF Immobilier may come up against competitors that have greater financial resources and/or a larger asset portfolio.

Risks related to the Company's operations

Risks related to the regulation of leases and non-renewal of leases

French legislation regarding leases places considerable restrictions on lessors. Contractual terms governing lease lengths, termination conditions, renewals, and indexed rent increases are considered to be a matter of public policy, and the legislation restricts lessors' flexibility in raising rents to match current market rates.

As a result, ANF Immobilier may be faced with a more challenging market environment when its existing leases expire, or may have to cope with changes to French legislation, regulations, or jurisprudence that impose new or tighter restrictions on rent increases. Amendments to regulations governing lease lengths, indexed rent increases, rent ceilings, or eviction compensation for tenants could have a negative impact on the value of the Company's asset portfolio, as well as ANF Immobilier's operations, income, and financial position.

Risks related to default on rent payments

Nearly all of ANF Immobilier's revenue is generated from leasing property to third parties, and the profitability of this leasing business depends on tenants' solvency. Tenants facing financial difficulties may be late in making their rent payments or even default on rent payments, which could have a negative impact on ANF Immobilier's income. In this context, ANF Immobilier has put in place a weekly check on customers' outstanding payments and follows up any unpaid debts on a case-by-case basis.

Risks related to the cost and availability of appropriate insurance cover

ANF Immobilier feels that the type and amount of insurance cover it has is consistent with industry practice.

Nevertheless, ANF Immobilier could be faced with increasing costs for its insurance policies or losses that are not fully covered by its insurance policies. Additionally, ANF Immobilier could be faced with insurance shortfalls or an inability to cover certain risks, as a result, for example, of capacity limitations in the insurance market. The cost or unavailability of appropriate coverage in the case of damages could have a negative impact on the value of the Company's asset portfolio, as well as ANF Immobilier's operations, income, and financial position.

Risks related to service quality and subcontractors

ANF Immobilier uses subcontractors and suppliers for some of its maintenance and refurbishment work. Therefore ANF Immobilier's operations, outlook or reputation could be damaged if a subcontractor or supplier shuts down its business, stops payments, or provides services or products of deteriorating quality. However, ANF Immobilier believes that it can quickly find new, reliable subcontractors or suppliers if any of its existing contracts are terminated.

Risks related to the inability to find tenants

ANF Immobilier leases space in its owned or acquired property either directly or through estate agents. It runs the risk that this space may remain vacant for an extended period of time. ANF Immobilier may have trouble finding new tenants at suitable rent prices, meaning that the rent that the Company charges could be affected by its ability to lease newly vacant space as existing tenants move out. Any such extended vacancies could affect ANF Immobilier's financial position and income.

Risks related to information systems reliability

ANF Immobilier and its service providers use certain software applications or packages and manage several specific databases to carry out its rental management operations. ANF Immobilier has implemented IT security procedures at its three sites (Lyon, Marseille, and Paris). Nevertheless, should all of these computer systems and applications be destroyed or damaged simultaneously for any reason, ANF Immobilier's operations could be disrupted and its financial position and income could be impacted.

Risks related to ANF Immobilier's assets

Risks related to taxes applied to SIICs (French REITs), a change in these taxes, or the loss of SIIC status

The Company is registered in France as an SIIC (the "SIIC regime"), which is the French equivalent of a REIT. Under Articles 208 C *et seq.* of the French General Tax Code, ANF Immobilier is exempted from paying income tax on profits from rental or sublet properties and some capital gains.

The advantage of this tax regime depends on compliance with a number of conditions, including the obligation to distribute a significant portion of tax-exempt profits and the prohibition on a single shareholder owning 60% or more of the Company's share capital and voting rights. Since December 2009, none of the Company's shareholders have owned 60% or more of capital and voting rights.

Furthermore, failure to comply with the obligation to retain the assets the Company has acquired or may acquire for five years under the regime of Article 210 E of the French General Tax Code would be subject to a penalty of 25% of the acquisition price of the asset for which the retention obligation has not been satisfied.

SIIC companies must pay a 20% tax on some payouts to shareholders that are not individuals and which have at least a 10% stake in the Company (directly or indirectly), provided they are not subject to French corporate income tax or an equivalent tax, with some exceptions. For situations where this tax must be paid, Article 24 of the Company's Articles of Association sets forth a payment mechanism through which these charges are ultimately paid by the shareholders that receive the payout.

Risks related to applicable regulations in France

ANF Immobilier is required to comply with numerous specific and general regulations governing the ownership and management of commercial property, in addition to those related to ANF Immobilier's SIIC status. These regulations cover urban planning, building construction, public health and safety, environmental protection, security and commercial leases. Regulations in relation to environmental protection and public health and safety, concern the ownership and use of facilities that could generate pollution (e.g., classified facilities), the use of toxic substances in building construction, and the storage and handling of toxic substances.

Any substantial change in the regulations governing ANF Immobilier's operations could result in additional expenditures, and impact ANF Immobilier's operating profit and growth outlook.

ANF Immobilier must obtain approval from administrative bodies for the construction projects it plans to carry out in order to expand its asset portfolio. This approval may be difficult to obtain in some cases, or require stricter conditions. In addition, construction or refurbishing work may be delayed by any required environmental remediation or archaeological excavation work, or by issues related to soil typology. Any such events could hinder ANF Immobilier's acquisition strategy and its growth outlook.

As with most property owners, ANF Immobilier cannot guarantee that its tenants will fully comply with all applicable regulations, particularly those regarding the environment, public health and safety, security, urban planning and operating permits. Non-compliance by a tenant could lead to sanctions for ANF Immobilier as the property owner, and could impact ANF Immobilier's income and financial position.

Risks related to net asset value

ANF Immobilier's property portfolio is appraised every six months by independent appraisers. Their assessments are performed according to the specifications set forth by the French Association of Property Appraisers (Afrexim) and the working group chaired by Mr. Barthès de Ruyter, in its February 2000 report on property appraisals for companies making a public offering. The value of a property portfolio is highly dependent on the property market and several other factors including the overall economy, interest rates, the climate for property leases, etc., all of which play a role in the appraisers' valuation.

Based on the portfolio value determined by the independent appraisers, ANF Immobilier may need to recognize an impairment provision in accordance with the appropriate accounting standards, if this proves to be necessary. A drop in the value of ANF Immobilier's real estate assets would also impact the LTV ratio used as a reference for certain banking covenants. As of June 30, 2011, ANF Immobilier's LTV ratio stood at 30.4%, and the covenants included in the loan agreements signed by ANF Immobilier are based on an LTV ratio of up to 50%. As such, ANF Immobilier considers that only a sharp drop in the value of its real estate assets could represent a risk of non-compliance for the ratio of the aforementioned covenants. Moreover, the determined value of an asset may not be exactly equal to the sale price realized by ANF Immobilier in a transaction, notably in a sluggish market.

Risks related to ANF Immobilier's growth strategy

ANF Immobilier's growth strategy involves making selective real estate purchases. However, ANF Immobilier cannot guarantee that suitable purchasing opportunities will appear, or that any purchases it does make will be completed in the initial timeframe or generate the expected return.

Property purchases carry risks related to:(i) conditions in the real estate market; (ii) a large number of investors being in the real estate market; (iii) the potential return on a rental investment; and (iv) problems with the assets that may be discovered after it has been purchased, such as toxic substances, other environmental hazards, or regulatory difficulties.

ANF Immobilier may need to employ considerable financial resources to purchase some of its properties. This could involve assuming additional debt or issuing equity securities, both of which would impact ANF Immobilier's financial situation and income.

Risks related to the ownership of property acquisition entities

The Company's real estate investment operations involve buying and selling property, either directly or through the buying and selling of shares or holdings in other entities that own property. The partners in some of these entities could be liable to third parties for all the entity's debt that originated before they sold their shares (for general partnerships) or that became due before the sale of the entity (for civil law partnerships). Potential actions taken by creditors to collect any debt that originated before the sale transaction could have a negative impact on the Company's financial position.

Risks related to health and safety hazards (asbestos, Legionella, lead, classified facilities, etc.), flooding and building collapse

ANF Immobilier's property assets could be exposed to health and safety hazards such as those related to asbestos, Legionella, termites or lead. ANF Immobilier, as the owner of buildings, facilities and land, could be formally accused of failure to adequately monitor and inspect facilities. Any proceedings alleging ANF Immobilier's potential liability could have a negative impact on its operations, outlook and reputation. ANF Immobilier closely follows all applicable regulations in this area in order to minimize this risk, and has a preventative approach in carrying out property inspections and, if necessary, doing any work needed to comply with regulations.

ANF Immobilier's property assets may also be exposed to natural disasters or technological incidents, or receive an unfavorable inspection report from a safety commission. Any such event may require the full or partial closure of the premises concerned. This could make ANF Immobilier's assets less attractive, and have a negative impact on its operations and income.

Market risks

Interest rate risks

ANF Immobilier's debts and liabilities totaled €523.6 million as of June 30, 2011, according to the financial statements for the period that ended on this date. ANF Immobilier has a policy of hedging interest rates over the lifetime of its loans.

The Group uses a number of financial derivatives to address this. The goal is to reduce, wherever deemed appropriate, fluctuations in cash flows as a result of changes in interest rates. The Group does not enter into financial transactions if it entails a risk that cannot be quantified.

ANF Immobilier has undertaken to comply with the following minimum risk-free rate hedging commitments:

• Crédit Agricole CIB:	50% of the debt hedged at fixed rates;
• Natixis:	80% of the debt hedged at fixed rates;
• Société Générale:	100% of the debt hedged at fixed rates.

To this end, the ANF Immobilier Group has arranged twenty-seven interest rate hedging contracts (out of which two are forward start) to swap 3-month or 1-month Euribor variable rates for fixed rates. The table below sets out the impact of the interest rate derivatives on the ANF Immobilier consolidated financial statements.

Effective date	Maturity date	Fixed rate paid	*(€ thousands)*	Nominal	Fair value assets 06/30/2011	Fair value liabilities 06/30/2011	Changes in fair value over the period	Impact on financial income	Impact on shareholders' equity
07/24/06	07/24/12	3.9450%	3-month Euribor swap/3.945%	22,000		(428)	449	-	449
12/15/06	12/15/12	3.9800%	3-month Euribor swap/3.980%	28,000		(848)	589	(2)	591
10/31/07	12/31/14	4.4625%	3-month Euribor swap/4.4625%	65,000		(4,774)	1,521	-	1,521
04/11/08	03/31/15	4.2775%	3-month Euribor swap/4.2775%	11,000		(765)	243	-	243
08/20/07	06/30/14	4.4550%	3-month Euribor swap/4.455%	18,000		(1,205)	409	-	409
09/28/07	12/31/14	4.5450%	3-month Euribor swap/4.5450%	65,000		(4,939)	1,577	-	1,577
10/31/07	12/30/14	4.3490%	3-month Euribor swap/4.3490%	14,000		(973)	320	(1)	321
06/16/08	12/31/14	4.8350%	3-month Euribor swap/4.8350%	6,700		(577)	170	(3)	173
08/04/08	06/30/14	4.7200%	3-month Euribor swap/4.72%	10,000		(747)	241	-	241
08/11/08	06/30/14	4.5100%	3-month Euribor swap/4.51%	28,000		(1,919)	645	-	645
08/11/08	06/30/14	4.5100%	3-month Euribor swap/4.51%	10,000		(686)	230	(1)	232
10/08/08	06/30/14	4.2000%	3-month Euribor swap/4.2%	9,500		(562)	208	(2)	210
10/10/08	06/30/14	4.1000%	3-month Euribor swap/4.1%	12,800		(720)	274	(8)	282
11/14/08	06/30/14	3.6000%	3-month Euribor swap/3.6%	5,700		(238)	106	(2)	108
12/24/08	06/30/14	3.1900%	3-month Euribor swap/3.19%	6,350		(187)	107	-	107
07/01/08	12/31/14	4.8075%	3-month Euribor swap/4.8075%	2,300		(195)	59	(1)	60
08/11/08	12/30/14	4.5090%	3-month Euribor swap/4.509%	28,000		(2,101)	660	(0)	661
08/11/08	12/30/14	4.5040%	3-month Euribor swap/4.504%	10,167		(761)	240	-	240
10/06/08	12/31/14	4.3500%	3-month Euribor swap/4.35%	5,046		(350)	117	(1)	118
12/23/08	12/31/14	3.2500%	3-month Euribor swap/3.25%	5,821		(185)	103	(1)	104
02/06/09	12/31/14	2.9700%	1-month Euribor swap/2.97%	3,300		(81)	47	(11)	58
03/13/09	06/30/14	2.6800%	3-month Euribor swap/2.68%	11,700		(170)	165	(3)	168
06/26/09	12/31/14	2.8800%	3-month Euribor swap/2.88%	11,435		(218)	182	(2)	184
01/04/10	06/30/14	2.3580%	3-month Euribor swap/2,358%	23,900		(116)	306	(14)	320
01/04/10	12/31/14	2.4750%	3-month Euribor swap/2,475%	19,861		(104)	277	(11)	288
01/03/11	06/30/14	2.5000%	3-month Euribor swap/2.50%	64,000		(579)	858	114	744
01/03/13	06/30/14	3.1590%	3-month Euribor swap/2.50%	50,000		(497)	(46)	-	(46)
TOTAL DERIVATIVES ELIGIBLE FOR HEDGE ACCOUNTING				**547,579**	**-**	**(24,924)**	**10,059**	**50**	**10,009**

ANF Immobilier is exposed to the risk of changes in interest rates for its future borrowings.

Risks related to liquidity and cash flow

ANF Immobilier's strategy relies on its ability to use financial resources to make investments, purchase properties and refinance borrowings as they fall due. ANF Immobilier (i) may not always have the desired access to financial markets, or (ii) may be required to obtain financing under terms that are less favorable than initially planned. This could result notably from financial market trends, a major event affecting the property sector, or any other change in ANF Immobilier's operations, financial position or shareholder structure that could influence investors' views of ANF Immobilier's credit quality or attractiveness as an investment.

In terms of liquid assets, ANF Immobilier takes steps to ensure that the amount of rental income it receives is always sufficient to cover its operating expenses, interest payments, payments for existing financing, and payments for any new financing acquired to support its investment strategy.

ANF Immobilier's liquid assets risk management policy involves monitoring its loan duration and available lines of credit, as well as the diversification of its sources of financing.

Some of ANF Immobilier's loans contain the usual covenants and clauses governing early repayment and financial commitments ("covenants"), which are described at note 10 of the additional information to half-year consolidated financial statements at June 30, 2011.

Given ANF Immobilier's financial position as of the date of registration of this report, ANF Immobilier does not feel it faces any risks related to liquid assets.

Equity investment risks

As of June 30, 2011, the Company owned 211,337 ANF Immobilier shares (excluding the ANF Immobilier shares in the liquidity contract), liquid assets and investment securities amount to a total of €34.5 million. As a result, ANF Immobilier does not feel it faces any significant risks related to equity investments.

Foreign exchange risk

As of the date of this report, ANF Immobilier generates all its revenue in the euro zone and pays all its expenses (including investment costs) in euros. As a result, the Company is not exposed to any foreign exchange risks.

Company-Specific Risks

Risks related to the Company's shareholding structure

As of the date of this report, ANF Immobilier's majority shareholder in terms of shares and voting rights is Eurazeo through its 99.9%-owned subsidiary, Immobilière Bingen. Consequently, Eurazeo has significant influence over ANF Immobilier and the way it runs its business. For instance, Eurazeo can make important decisions regarding the composition of the Executive and Supervisory Boards, approval of the financial statements, dividend payouts, share capital and the Articles of Association.

Risks Related to B&B Hotels Group Assets

Risks related to dependency on B&B Hotels Group business

A large portion of ANF Immobilier's rental income comes from rent payments by B&B Group companies. Only serious financial, commercial or operational difficulties for the B&B Group would see it defaulting on its rent payments and would accordingly potentially have a significant negative impact on ANF Immobilier's operations, income, financial position and outlook.

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