ANF IMMOBILIER

ANF Immobilier
Half-year financial report 2010

First half 2010 results:
Follow-on strong growth in rents and cash flow

- **Rents up 7.2% on a like-for-like basis**
- **EBITDA margin improves by 2.3 points to 80.6%**
- **7.5% increase in recurring cash flow**
- **€55 million disposal programme under way**

January-June (*€thousands*)	**H1 2010 Released**	H1 2009 Released	Change *vs.* 2009
RENTS	**34,004**	**32,260**	**5.4%**
B&B	16,268	15,260	6.6%
Marseilles-Lyons	17,735	17,000	4.3%
EBITDA	**27,396**	**25,256**	**8.5%**
Margin	80.6%	78.3%	2.3
RECURRING CASH FLOW	**18,852**	**17,553**	**7.5%**
CHANGE IN FAIR VALUE	**9,550**	**(92,612)**	**NS**
NET INCOME	**27,564**	**(77,346)**	**NS**

The statutory auditors have performed a limited review of the half year consolidated financial statements.

Bruno Keller, Chairman of the Executive Board

On the occasion of the publication of the first half 2010 results, Bruno Keller, Chairman of the ANF Executive Board, said: *"ANF Immobilier has achieved growth in rents and profitability for the fourth year running. This growth is set to continue given the considerable potential for rent increases and with the completion of development projects. As a result, 2010 should see annual increases in city-center rents in excess of 10% on a like-for-like basis."*

Operations and results: recurring cash flow up 7.5%

Leasing activity remained strong in the first half of 2010, with leases signed for more than 14,700 m^2 (*vs.* 15,378 m^2 in the first half of 2009), underlining the dynamism and appeal of the areas in which ANF Immobilier's properties are located. For example, in the section of Rue de la République in Lyon close to Place Bellecour, ANF Immobilier signed retail leases at an average rent of €2,600/sqm, an increase of almost 30% on the last prime rent secured in this area.

ANF continued to implement its strategy of increasing rents, particularly in the retail segment (26% of the value of ANF Immobilier's real estate assets as of June 30, 2010), in which rents increased by 20.4% in Lyon and 16.4% in Marseille (like-for-like).

The increase in operating expenses remained limited and the EBITDA margin improved by 2.3 points in the first half of 2010 compared with the same period of 2009, from 78.3% to 80.6%.

Recurring cash flow increased by 7.5% to €18.8 million, or €0.71 per share.

Investment strategy continues with a target yield on cost in excess of 8 %

In the first half of 2010, ANF Immobilier invested €42.1 million in development and renovation projects, as set out in the investment programme.

The programme includes the renovation and redevelopment of city-center blocks, as well as the development of new mixed-use and office buildings in Lyon and Marseille.

The net initial yield on the cost of works is estimated at above 8 %. Two development projects (Fauchier and Forbin) are scheduled for completion in the second half of 2010. These projects, which are already fully leased, represent a total investment of €31 million.

The contracted works are being financed by ANF Immobilier through cash flow and unused available credit lines.

€55 million disposal program

In the first half of 2010, ANF Immobilier initiated a €55 million program to dispose of assets that were not expected to meet the Company's return targets. To date, proceeds from this program totalled €23.4 million, while preliminary contracts have been secured for a further €15.0 million. The sale prices of the buildings concerned are in line with external valuations as of December 31, 2009.

Increase in valuations

As of June 30, 2010, the valuation of ANF Immobilier's real estate assets (carried out by two external appraisers) excluding transfer taxes stood at €1,543 million. By segment, the valuation comprises €621 million for Marseille (€613 million as of December 31, 2009), €433 million for Lyon (€417 million as of December 31, 2009) and €489 million for the B&B hotel properties (€474 million as of December 31, 2009). These figures imply an average valuation for city-center properties (retail, office and residential, excluding developments) of €2,606/sqm for Marseille and €4,621/sqm for Lyon.

NAV of €38.5 per share (before fair value adjustment of hedging instruments)

Net asset value per share stood at €38.5 as of June 30, 2010, down by €0.4 per share *versus* December 31, 2009 (€38.9 per share, adjusted for the 1-for-20 bonus share issue). The change was attributable to the combination of:

- Dividend payment (-€1.36 per share);
- Recurring income (+ €0.67 per share);
- Fair value adjustment of assets (+ €0.30 per share).

Liquidation NAV (triple net asset value after fair value adjustment of financial instruments) per share stood at €36.9, compared with €37.8 per share as of December 31, 2009.

Sound financial structure

The average cost of debt was 4.43 % as of June 30, 2010. At present, 95 % of ANF Immobilier's debt is hedged against a rise in interest rates.

The loan-to-value (LTV) ratio stood at 30.6 % as of June 30, 2010 (28.1 % as of December 31, 2009), while the interest cover ratio (ICR) was 3.2x (3.3x as of December 31, 2009). With no refinancing deadlines arising before 2014, ANF Immobilier has additional borrowing capacity for financing its developments and taking advantage of investment opportunities.

2010 FINANCIAL CALENDAR

2010 Q3 Revenues	Friday November 12th, 2010

About ANF Immobilier

ANF Immobilier (ISIN FR0000063091) is a leading real estate company with SIIC status, targeting residential and third party property rentals, with significant operations in the Lyon and Marseille city centers.

It is also owner of 167 hotel properties in France, all operated by the B&B hotel chain.

Listed on Eurolist B of NYSE Euronext Paris' stock exchange, ANF Immobilier is part of the Eurazeo group

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MANAGEMENT REPORT

Operations

Consolidated rental income rose to €34.0 million an increase of 7.2 % on a like-for-like basis. It breaks down into €17.7 million for Haussmann-style properties and €16.3 million for hotel properties. On a like-for-like basis, rental income on Haussmann-style properties rose by 10.5 %:

- In Lyons, rental demand for retail areas remained buoyant on the Rue de la République. New leases were signed at prime rents between €2,000 and €2,500/sqm. Office rents also held up well with prime rents of about €250/sqm. In residential properties, the ANF Immobilier's attic space development programme offered exceptional new housing in buildings right at the heart of the Rue de la République.
- In Marseilles, new commercial leases, notably with Starbucks, were signed in the first segment of the Rue de la République, demonstrating the attractiveness of this area. In residential properties, 69 apartments were rented in the first half of the year at an average rent of €11.55/sqm. New initiatives were taken to continue renting out the residential vacant areas.

Other income and service charge income amounted to €3.3 million as of June 30, 2010, of which €2 million for Haussmann-style properties. Property expenses remained stable at €5 million. Property management costs and other income and expenses were down 9 % to €5.1 million as against €5.6 million at June 30, 2009.
Operating income before changes in fair value stood at €26.8 million, of which €15.1 million for hotel properties and €11.7 million for Haussmann-style properties, versus €25.2 million at June 30, 2009.
Change in fair-value rose by €9.5 million, broken down into a net increase of €6.3 million for Haussmann-style properties and of €3.2 million for hotel properties over H1 2010.
With financial expenses of €5.5 million for the hotel business and €3 million for Haussmann-style properties, the net financial expenses totalled €8.5 million in the first half of 2010.
Consolidated net income came out at €27.6 million compared with a consolidated net loss of €77.3 million for H1 2009.

Development

ANF Immobilier continued to invest in the refurbishment of its existing real estate assets and in new developments in Lyons and Marseilles. The total amount invested in this regard in the first half of 2010 was €32.5 million. These investments were partly financed *via* the credit line arranged in July 2007 with a banking syndicate led by Calyon. As of June 30, 2010, a nominal amount of €200 million had been drawn on this available credit line which covers all of the development projects committed.
The partnership with B&B continued over the first half of the year with the acquisition of a hotel in Mulhouse for €4.6 million and renovation work carried out which also amounted to €4.6 million. Financing for the partnership is provided by a credit facility in line with the commitments undertaken by ANF Immobilier.

Disposals

ANF Immobilier continued its asset disposal programme and during the period sold three buildings in Marseilles and one building in Lyons, for a total of €13.1 million.
These assets were sold at prices in line with to their appraisal values. The buildings sold had a low revaluation potential and were not strategic assets.

Appraisal

The value of ANF Immobilier's real estate assets stood at €1,543 million at June 30, 2010. The improvement in the property market along with lower yields applied by appraisers led to a rise in the value of property assets. The value of buildings increased by €38 million over first half.

Outlook

Rents will continue to be upgraded for Lyons property assets, which still enjoy high demand in the Rue de la République sector.
In Marseilles, vacancy rates for residential properties are expected to improve with the letting 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 works on the Forbin and Fauchier developments are expected to be completed by the end of the year.
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.

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 2009 Annual Report lists the fixed remuneration amounts for Executive Board members.

DECLARATION BY MANAGEMENT

"To the best of my knowledge, the consolidated financial statements approved at June 30, 2010 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

ANF Immobilier
Consolidated financial statements at June 30, 2010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated balance sheet—Assets

(€ thousands)	Note	06/30/2010	12/31/2009	Change
NON-CURRENT ASSETS				
Investment property	1	1,527,370	1,496,316	31,054
Property, plant and equipment in progress	1	-	-	-
Operating property	1	2,540	1,189	1,351
Intangible assets	1	473	530	(57)
Property, plant and equipment	1	278	320	(42)
Non-current financial assets	1	690	988	(298)
Investments accounted for by the equity method				-
Deferred tax assets	13	-	-	-
TOTAL NON-CURRENT ASSETS		**1,531,351**	**1,499,343**	**32,008**
CURRENT ASSETS				
Inventory and work-in-progress				-
Trade receivables	2	1,543	1,902	(358)
Other receivables	2	4,909	9,436	(4,527)
Prepaid expenses	5	466	160	305
Financial derivatives	9	-	276	(276)
Cash and cash equivalents	4	3,788	30,130	(26,342)
TOTAL CURRENT ASSETS		**10,706**	**41,904**	**(31,199)**
Property held for sale	1	12,551	5,444	7,106
TOTAL ASSETS		**1,554,607**	**1,546,691**	**7,916**

Consolidated balance sheet—Total liabilities and equity

(€ thousands)	Note	06/30/2010	12/31/2009	Change
Shareholders' equity				
Capital stock	12	27,454	26,071	1,383
Other paid-in capital		321,863	323,900	(2,037)
Treasury shares	8	(4,261)	(4,261)	-
Financial instrument hedging reserve		(44,287)	(29,645)	(14,641)
Company reserves		304,330	322,277	(17,947)
Consolidated reserves		375,616	445,209	(69,593)
Net income for the period		27,564	(53,977)	81,541
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**1,008,279**	**1,029,574**	**(21,295)**
Minority interests		-	-	-
TOTAL EQUITY		**1,008,279**	**1,029,574**	**(21,295)**
Non-current liabilities				
Debt	3	471,175	450,344	20,830
Long-term provisions	7			-
Provisions for retirement benefit obligations	7	57	58	(1)
Tax and corporate liabilities	3	-	-	-
Deferred tax liabilities	13	-	-	-
TOTAL NON-CURRENT LIABILITIES		**471,231**	**450,402**	**20,829**
Current liabilities				
Trade payables	3	16,633	12,733	3,900
Short-term portion of debt	3	4,175	2,106	2,068
Financial derivatives	9	44,043	29,546	14,497
Security deposits	3	3,502	3,589	(87)
Short-term provisions	7	45	43	2
Tax and corporate liabilities	3	5,307	16,798	(11,491)
Other liabilities	3	670	857	(187)
Prepaid income	6	723	1,043	(320)
TOTAL CURRENT LIABILITIES		**75,097**	**66,715**	**8,381**
Liabilities on property held for sale				-
TOTAL LIABILITIES		**1,554,607**	**1,546,691**	**7,916**

CONSOLIDATED INCOME STATEMENT

(€ thousands)	06/30/2010	06/30/2009	Change
Revenues: rental income	34,004	32,260	1,744
Other operating income	3,299	3,123	176
TOTAL OPERATING INCOME	**37,303**	**35,383**	**1,920**
Property expenses	(5,006)	(4,987)	(19)
Other operating expenses	(345)	(48)	(297)
TOTAL OPERATING EXPENSES	**(5,350)**	**(5,035)**	**(316)**
GROSS OPERATING INCOME FROM PROPERTY	**31,952**	**30,348**	**1,604**
Income from disposal of inventory			-
Income from disposal of assets	(62)	469	(531)
GROSS OPERATING INCOME FROM PROPERTY AFTER DISPOSALS	**31,890**	**30,817**	**1,073**
Employee benefits expenses	(4,009)	(3,846)	(162)
Other management expenses	(1,740)	(1,906)	166
Other income	869	1,062	(193)
Other expenses	(20)	(194)	174
Depreciation & amortisation	(189)	(158)	(31)
Other operating provisions (net of reversals)	(15)	(542)	527
OPERATING INCOME (BEFORE CHANGES IN FAIR VALUE OF PROPERTY)	**26,787**	**25,233**	**1,554**
Changes in fair value of property	9,550	(92,612)	102,162
OPERATING INCOME (AFTER CHANGES IN FAIR VALUE OF PROPERTY)	**36,337**	**(67,379)**	**103,716**
Net financial expense	(8,544)	(7,724)	(820)
Financial amortisation and provisions	-	-	-
Changes in fair value of financial instruments	(132)	779	(911)
Discounting of receivables and liabilities			-
Share of income from entities accounted for by the equity method	(95)	-	(95)
INCOME BEFORE TAX	**27,567**	**(74,324)**	**101,890**
Current taxes	(3)	-	(3)
Exit tax			-
Deferred taxes	-	(3,022)	3,022
CONSOLIDATED NET INCOME	**27,564**	**(77,346)**	**104,910**
Of which minority interests	-	-	-
Of which net income after minority interests	27,564	(77,346)	104,910
Consolidated net income after minority interests—per share	**1.03**	**-3.10**	
Diluted consolidated net income after minority interests—per share	**1.03**	**-3.10**	

CONSOLIDATED COMPREHENSIVE INCOME

(€ thousands)	**06/30/2010**	06/30/2009	**Change**
CONSOLIDATED NET INCOME	**27,564**	**(77,346)**	**104,910**
Impact of financial instruments	(14,641)	(7,578)	(7,063)
TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN SHAREHOLDERS' EQUITY	**(14,641)**	**(7,578)**	**(7,063)**
CONSOLIDATED COMPREHENSIVE INCOME	**12,923**	**(84,924)**	**97,847**
Of which minority interests	-	-	-
Of which net income after minority interests	12,923	(84,924)	97,847

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Changes in shareholders' equity	Capital stock	Other paid-in capital	Treasury shares	Consolidated reserves	Company reserves	Financial instrument reserves	Consolidated net income	Total
SHAREHOLDERS' EQUITY AS OF 12/31/2009	**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)	-	-	(33,948)	-	-	(37,114)
Dividends paid in shares	76	2,436	-	-		-	-	2,512
Capital increase	1,307	(1,307)	-	-		-	-	-
Treasury shares	-	-		-	-	-	-	-
Changes in fair value of hedge instruments	-	-	-	-	-	(14,641)	-	(14,641)
Stock options, warrants, bonus shares	-	-	-	358	-	-	-	358
Adjustment to SGIL consolidated reserves	-	-	-	26	-	-	-	26
Net income for the period (excl. appropriations to reserves)	-	-	-	-	-	-	27,564	27,564
SHAREHOLDERS' EQUITY AS OF 06/30/2010	**27,454**	**321,863**	**(4,261)**	**375,616**	**304,330**	**(44,286)**	**27,564**	**1,008,281**

Changes in shareholders' equity	Capital stock	Other paid-in capital	Treasury shares	Consolidated reserves	Company reserves	Financial instrument reserves	Consolidated net income	Total
SHAREHOLDERS' EQUITY AS OF 12/31/2008	**24,957**	**320,799**	**(4,261)**	**380,787**	**327,258**	**(19,697)**	**69,203**	**1,099,046**
Appropriation of net income	-	-	-	63,611	5,592	-	(69,203)	-
Dividends	1,055	3,101	-	-	(10,513)	-	-	(6,357)
Capital increase	59		-	-	(59)	-	-	-
Treasury shares	-	-		-	-	-	-	-
Changes in fair value of hedging instruments	-	-	-	-	-	(9,948)	-	(9,948)
Stock options, warrants, bonus shares	-	-	-	847	-	-	-	847
Adjustment to SGIL consolidated reserves	-	-	-	(36)	-	-	-	(36)
Net income for the period (excl. appropriations to reserves)	-	-	-	-	-	-	(53,977)	(53,977)
SHAREHOLDERS' EQUITY AS OF 12/31/2009	**26,071**	**323,900**	**(4,261)**	**445,209**	**322,278**	**(29,645)**	**(53,977)**	**1,029,575**

CASH FLOW STATEMENT

(€ thousands)	06/30/2010	12/31/2009
Cash flow from operations		
NET INCOME	27,564	(53,977)
Depreciation, amortisation & provisions	203	304
Capital gains (losses) from disposals	62	(2,150)
Changes in value of properties	(9,550)	89,478
Changes in value of financial instruments	132	(902)
Share of income from subsidiaries not subject to tax		
Recognised revenue and expenses related to stock options	358	847
Tax expense	3	1,902
Cash flow	**18,772**	**35,502**
Changes in operating working capital requirements		
Operating receivables	1,011	137
Operating liabilities before SIIC option liabilities	1,799	(1,071)
CASH FLOW FROM OPERATIONS	21,582	34,568
Cash flow from investment activities		
Acquisition of assets	(39,119)	(116,920)
Disposal of property	16,715	60,548
Payment of exit tax	(14,115)	(21,384)
Changes in financial assets	298	7
CASH FLOW FROM INVESTMENT ACTIVITIES	(36,220)	(77,749)
Cash flow from financing activities		
Dividends paid	(34,602)	(6,357)
Changes in share capital	-	-
Purchase of treasury shares	-	-
Loans and debt taken out	23,922	73,228
Loans and debt repaid	(890)	(5,419)
CASH FLOW FROM FINANCING ACTIVITIES	(11,570)	61,452
CHANGES IN CASH	(26,208)	18,271
Opening cash	**29,869**	**11,598**
Closing cash	**3,661**	**29,869**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Half-year highlights

Acquisitions and disposals

As part of its partnership with B&B Hotels, ANF Immobilier acquired a hotel in Mulhouse for a total of €4.6 million. Total B&B hotel renovation works also came to €4.6 million.
Investments and works on Haussmann-style properties totalled €13.6 million in Lyons and €20.5 million in Marseilles.
ANF Immobilier was paid €1.8 million for the office property sold off-plan to the City of Marseilles.
Two properties were sold in Lyons and three in Marseilles, for a total of €11.3 million. Several agreements to sell were signed in the first half of the year, involving a total of €13.0 million in disposals which are mainly to be carried out in the third quarter.
These properties were sold at prices comparable to their most recent appraisal values. In the company financial statements, these disposals generated gains of €4.1 million and a distributable profit of €8.5 million.

Operations

Rental income amounted to €34 million, up €1.7 million on June 30, 2009, for growth of close to 5 %.
On a like for like basis, rental income increased by 7.2 % on the H1 2009, of which 10.5 % for Haussmann-style properties.
EBITDA came out at €27.4 million, representing an increase of 8.5 % in relation to the same period in 2009.
After deducting the net financial expense, current cash flow stood at €18.9 million for an increase of 7.5 %.

Property valuation

The property market stabilised, and renewed interest was seen in prime assets, notably on the commercial property market. ANF Immobilier's property assets benefited from this trend as yields estimated by property experts fell by 0.1 % to 0.2 %.
The change in fair value of investment properties was therefore positive, by €9.5 million.

Tax

In January 2010, ANF Immobilier paid €12 million to the French Treasury Department, thus paying off its exit tax liability.

Subsequent events

On July 15, 2010, ANF Immobilier sold two properties in Lyons for €12 million.

Change in method

The accounting methods used for the period are identical to those used for the prior period.
The new standards and interpretations applicable from January 1, 2010 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, 2010 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, 2010 to June 30, 2010. They were approved by the Executive Board on July 19, 2010.
The ANF Immobilier Group applies the international accounting standards comprising IFRS, IAS and their interpretations as adopted by the European Union and which are applicable compulsory for the financial year beginning January 1, 2010.
Official standards and interpretations that may be applicable subsequent to the balance sheet 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 recognised 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 judgements 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 from January 1, 2010

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: Presentation”: 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 “Transfers of Assets from Customers”.

Furthermore, the new standards, interpretations and amendments to existing standards applicable to accounting periods beginning on or after January 1, 2010 and not yet approved by the European Union were not applied early. These are:
- IFRIC 14 “The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”;
- IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”.

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 where the percentage of voting rights is 20 % or more. Under this method, the Group records its “share in results of associates” on a specific line of the income statement.

On June 30, 2010, the ANF Immobilier Group consolidated its sole SGIL subsidiary, in which it has a 63.45 % interest, the Articles of Association of which provide for joint management and decision-making.
This company was proportionally 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 the ANF Immobilier Group’s interest in SGIL.

Segment reporting

IFRS 8 requires entities that have equity or debt securities traded on an organised market or that are in the process of issuing securities on a public securities market to present business and geographic segment reporting.
Segment reporting is prepared on the basis of criteria relating to business activities and geographic regions. Primary segment reporting is business-related, inasmuch 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:
- Lyons region;
- Marseilles region.

IFRS 8 "Operating Segments" requires that the information published by an entity enables users of its financial statements to evaluate the nature and financial effects of the type of business activities in which it engages and the economic environment in which it operates.
The Company elected to continue providing segment reporting in the same manner as before (breakdown by business segment: Hotels and Haussmann-style properties and geographic breakdown of the Haussmann-style properties (Lyons and Marseilles).

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 rentals 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 (estate agency).

Assets acquired under leases qualifying as finance leases are recognised as assets in the balance sheet, and the corresponding loans are recognised as liabilities under debt. Correspondingly, the lease payments are cancelled and the financial expense stemming from the financing along with the fair value of the asset are recognised in line with Group accounting 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 impairment.
The fair value of non-current assets is determined at each closing date by two independent appraisers (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.
This appraisal is carried out on the basis of AFREXIM (*Association Française des Sociétés d Expertise Immobilière*—French Association of Real Estate Appraisers) specifications and in line with the recommendations of the February 2000 report of the working group chaired by Mr. Barthès de Ruyter on the appraisal of the real estate assets of listed companies.
The change in the fair value of investment properties is recognised in income.
This property is accordingly neither subject to depreciation nor impairment. Any change in fair value for each property is recognised in the income statement for the period and is determined as follows:
- Change in fair value = Market value N - [market value N-1 + capitalised work and expenses for period N]

Investment properties in the process of redevelopment are recognised at fair value where it is not being rebuilt; and in accordance with IAS 16 where it is being restructured.
All of ANF Immobilier's property estate is recognised as investment property. Properties being restructured and intended to be subsequently re-let are also kept in the investment property category.
Gains (losses) on disposal of an investment property are calculated with reference to the most recent fair value recognised in the balance sheet at the previous balance sheet date.

Assets held for sale (IFRS 5)

In accordance with IFRS 5, where the Group has undertaken to sell an asset or group of assets, it classifies them on the balance sheet as assets held for sale under current assets at their last 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 satisfy all the following criteria:

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

Properties that are in the process of being sold are presented on a separate line in the balance sheet.
As of June 30, 2010, 4 properties, appraised at €12,551,000, were held for sale.
As part of a multi-annual asset disposal programme, measures have been taken to sell a certain number of properties involving a total amount of €36 million.
Depreciation of operating property measured at amortised cost ceases from the date on which this property is classified as held for sale.

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

The Group's operating property is measured at historic cost minus accumulated depreciation and any 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 if it results from legal or contractual rights. Intangible assets with useful lives that can be determined are amortised on a straight-line basis over periods corresponding to their anticipated useful life.
The following amortisation periods were thus used:

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

IAS 36: "Impairment of assets" applies to intangible assets, property, plant and equipment, financial assets and unallocated goodwill.
At each balance sheet date, the Group assesses whether there is any indication 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 recognised.
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 licences are recognised as assets on the basis of the costs incurred to acquire and get the relevant software operational. These costs are amortised over the estimated useful life of the software (between three and five years).

Operating lease receivables

Operating lease receivables are measured at amortised cost and are subject to an impairment test whenever there is an indication that the asset may have been impaired.
An individual analysis is carried out at each closing date to assess as accurately as possible the risk of non-recovery of the receivables and the required provisions.

Liquid assets and investment securities

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

Treasury shares (IAS 32)

Treasury shares held by the Group are deducted from consolidated shareholders' equity at their purchase price.
As of June 30, 2010, the Company held 109,835 treasury shares, no treasury shares having been acquired during the half-year.

Debt (IAS 32-39)

Debt consists of loans and other interest-bearing liabilities. It is recognised at amortised cost using the effective interest rate method.
Loan issue costs are recognised 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 recognised to offset the item of property, plant and equipment is initially recognised 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 whose fair value fluctuates because of interest rate risk ("fair value hedge");
- hedging of future cash flow variability risk ("cash flow hedge") which consists of fixing the future cash flow of a variable-rate financial instrument.

Certain derivatives associated with specific financings qualify as cash flow hedges under accounting regulations. In line 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 recognised in shareholders' equity. Any changes in the fair value of the ineffective portion of the hedge are recognised in income.
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

Opting for the SIIC tax regime results in an exit tax at a reduced rate of 16.5 % being immediately due on unrealised gains on properties and interests in entities not subject to income tax, in return for an exemption from income tax for the rental business. This tax is fully paid as of June 30, 2010.

Common law and the deferred tax regime

Deferred tax is recognised 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 sums in the future.
A deferred tax asset is recognised 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 realised 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 might 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 recognised as tax income or expenses in the income statement, except for deferred tax that is recognised or settled upon the acquisition or disposal of a subsidiary or interest, unrealised 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 recognised.

Lease contracts (IAS 17)

Under IAS 17, a lease contract is an agreement under which the lessor transfers to the lessee the rights 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 recognised as non-current assets offset by a debt. The asset is recognised at the fair value of the leased asset at the lease start date or, if lower, at the discounted 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 recognised on a straight line basis over the term of the lease. Stage payments and rent-free periods granted are recognised 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 recognised 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 recognised as income in the period recorded. Where the lessor cancels a lease in progress, the lessor 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 capitalised 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 recognised as an expense.
- Renovation of a property requiring the departure of sitting tenants: if eviction compensation is paid as part of major renovation or reconstruction of a property, for which the prior departure of the tenants is required, the cost is deemed a preliminary expense to be included as an additional component following the renovation work.

We have proceeded to an estimation of the impact of the restatement of stepped rents, rent-free periods and front-end fees identified in the rental base according to IAS 17.
The outcome of this estimation is not significant and therefore no recording entry has been accounted for in the 2009 and half-year 2010 financial statements.

Employee benefits (IAS 19)

For defined contribution schemes, group payments are recognised 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 linearisation 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 recognised in consolidated equity.
The ANF Immobilier Group has established a defined benefit scheme. The amount expensed in H1 2010 was €137,000.

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 expensed 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 authorisation 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 qualifying staff members, as defined by the resolution.
At the close of the subscription period, which ran from July 26 to August 10, 2006, 262,886 warrants had been subscribed for by twelve beneficiaries, for a total 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 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 warrant exercise ratio at its meeting on July 19, 2010.

Warrant terms	
Unit price:	€3.50
Form of warrants:	The warrants are registered and are recorded using book entries.
Stock exchange 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:	Ensured by adjusting the exercise ratio specified in the terms laid down by the Executive Board in accordance with Article L. 288-99 of the French Commercial Code and the 8th resolution of the May 12, 2006 Ordinary and Extraordinary Shareholders' Meeting.
Exercise period:	At any time between August 11, 2010 and November 10, 2011.
Current exercise ratio	1.21 shares to be issued by ANF Immobilier for every 1 warrant.
Exercise price:	Unit strike price of €35 per warrant.

(b) Stock option plan granted in 2007

During the fiscal year ended December 31, 2007, the Executive Board, acting pursuant to the authorisation granted in resolution 22 of the Ordinary and Extraordinary Shareholders' Meeting of May 4, 2005 and to the December 4, 2007 decision of the Supervisory Board, decided at its December 17, 2007 meeting to allocate stock options to members of the Executive Board as well as qualifying staff members, 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 options at its meeting on July 19, 2010.

The terms of the stock option plan granted during fiscal year 2007, amended by the adjustments, are as follows:

Date of the Extraordinary Shareholders' Meeting	May 4, 2005
Date of the Executive Board's decision	December 17, 2007
Total number of options allocated	120,960
• Of which Company officers:	95,524
• Of which top 10 employee recipients:	25,436
Total number of shares that may be purchased	120,960
• Of which Company officers:	95,524
• Of which top 10 employee recipients:	25,436
Option exercise from	The options may be exercised once vested
Expiry date	December 17, 2017
Purchase price per share	€39.08
Terms of exercise	Vesting of options by tranche: • the first third of options will be vested after a period of two years, *i.e.* on December 17, 2009; • the second third of options will be vested after a period of three years, *i.e.* December 17, 2010; • the last third of options will be vested after a period of four years, *i.e.* on December 17, 2011.
Total number of shares purchased as of June 30, 2010:	-
Total number of options cancelled as of June 30, 2010:	-
Total number of options remaining to be exercised	120,960

(c) Stock option plan granted in 2008

During the fiscal year ended December 31, 2008, the Executive Board, acting pursuant to the authorisation granted in resolution 20 of the Ordinary and Extraordinary Shareholders' Meeting of May 14, 2008 and to the December 9, 2008 decision of the Supervisory Board, decided at its December 19, 2008 meeting to allocate stock options to members of the Executive Board as well as qualifying staff members, 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 options at its meeting on July 19, 2010.

The terms of the stock option plan granted during fiscal year 2008, amended by the adjustments, are as follows:

Date of the Extraordinary Shareholders' Meeting	May 14, 2008
Date of the Executive Board's decision	December 19, 2008
Total number of options allocated	143,701
• Of which Company officers:	113,165
• Of which top 10 employee recipients:	29,976
Total number of shares that may be purchased	143,701
• Of which Company officers:	113,165
• Of which top 10 employee recipients:	29,976
Option exercise from	The options may be exercised once vested
Expiry date	December 19, 2018
Purchase price per share	€25.53
Terms of exercise	Vesting of options by tranche: • the first third of options will be vested after a period of two years, *i.e.* on December 19, 2010; • the second third of options will be vested after a period of three years, *i.e.* December 19, 2011; • the last third of options will be vested after a period of four years, *i.e.* on December 19, 2012. The exercise of stock options granted under the 2008 Plan is subject to certain performance conditions.
Total number of shares purchased as of June 30, 2010:	-
Total number of options cancelled as of June 30, 2010:	-
Total number of options remaining to be exercised	143,701

(d) Stock option plan granted in 2009

During the fiscal year ended December 31, 2008, the Executive Board, acting pursuant to the authorisation granted in resolution 20 of the Ordinary and Extraordinary Shareholders' Meeting of May 14, 2008 and to the December 9, 2008 decision of the Supervisory Board, decided at its December 14, 2009 meeting to allocate stock options to members of the Executive Board as well as qualifying staff members, 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 options at its meeting on July 19, 2010.

The terms of the stock option plan granted during fiscal year 2009, amended by the adjustments, are as follows:

Date of the Extraordinary Shareholders' Meeting	May 14, 2008
Date of the Executive Board's decision	December 14, 2009
Total number of options allocated	170,921
• Of which Company officers:	141,258
• Of which top 10 employee recipients:	27,505
Total number of shares that may be purchased	170,921
• Of which Company officers:	141,258
• Of which top 10 employee recipients:	27,505
Option exercise from	The options may be exercised once vested
Expiry date	December 14, 2019
Purchase price per share	€29.64
Terms of exercise	Vesting of options by tranche: • the first third of options will be vested after a period of two years, *i.e.* on December 14, 2011; • the second third of options will be vested after a period of three years, *i.e.* December 14, 2012; • the last third of options will be vested after a period of four years, *i.e.* on December 14, 2013. The exercise of stock options granted under the 2009 Plan is subject to certain performance conditions.
Total number of shares purchased as of December 31, 2010:	-
Total number of options cancelled as of December 31, 2010	-
Total number of options remaining to be exercised	170,921

Please note that where beneficiaries of stock options do not have four years of service on the expiry 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 of service with the Company.

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

	2007 Stock option plan	2008 Stock option plan	2009 Stock option plan
Bruno Keller	63,775	69,529	86,263
Xavier de Lacoste Lareymondie	28,586	34,375	41,515
Brigitte Perinetti	3,163	3,901	4,314
Ghislaine Seguin		5,360	9,166
COMPANY OFFICERS	**95,524**	**113,165**	**141,258**
Staff	25,436	30,536	29,663
TOTAL	**120,960**	**143,701**	**170,921**

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 outstanding shares during the period is the number of outstanding ordinary shares 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 outstanding shares is adjusted to reflect the effect of dilution from equity instruments issued by the company that might increase the number of outstanding shares.

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 recognised 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 a significant risk of concentration.
Following the completion of the acquisition of B&B Group hotel properties, 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, earnings, 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 engage in any financial transaction, the risk of which cannot be quantified when entered into.
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

Note 1 – Non current assets

Intangible assets, property, plant and equipment and operating property

Gross amounts *(€ thousands)*	Amount as of 12/31/2009	Increase	Decrease	Amount as of 06/30/2010
Intangible assets	1,071	12	0	1,083
Operating property	1,561	1,426		2,987
Furniture, office & computer equipment	1,094	2		1,096
TOTAL	**3,726**	**1,440**	**0**	**5,166**

Depreciation & amortisation *(€ thousands)*	Amount as of 12/31/2009	Increase	Decrease	Amount as of 06/30/2010
Intangible assets	540	69	0	609
Operating property	372	74	0	446
Furniture, office & computer equipment	774	44	0	818
TOTAL	**1,686**	**187**	**0**	**1,873**
NET AMOUNTS	**2,040**	**1,253**	**0**	**3,293**

Investment property

Valuation of real estate assets *(€ thousands)*	Lyon	Marseille	B&B Hotels	Balance as of 06/30/2010
Investment property	419,276	619,213	488,882	1,527,371
Property held for sale	12,040	511		12,551
INVESTMENT PROPERTY AND PROPERTY HELD FOR SALE	**431,316**	**619,724**	**488,882**	**1,539,922**
Operating property	726	2,412		3,138
VALUATION OF REAL ESTATE ASSETS	**432,042**	**622,136**	**488,882**	**1,543,060**

Investment property and property held for sale *(€ thousands)*	Amount as of 12/31/2009	Investments	Disposals	Changes in fair value	Balance as of 06/30/2010
Lyon	416,467	13,549	(5,947)	7,247	431,316
Marseille	608,870	19,007	(7,186)	(967)	619,724
B&B Hotels	476,423	9,251		3,208	488,882
TOTAL	**1,501,760**	**41,807**	**(13,133)**	**9,488**	**1,539,922**

Breakdown of investments *(€ thousands)*	Acquisitions	Renovation work	Total
Lyon	1,221	12,328	13,549
Marseille	0	19,007	19,007
B&B Hotels	4,609	4,642	9,251
TOTAL	**5,830**	**35,977**	**41,807**

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

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

Rental income capitalisation method

The appraisers used two different methodologies to capitalise rental income:

1) Current rental income is capitalised until the end of the existing lease. The capitalised current rent to expiry or revision is added to the capitalised renewal rent to perpetuity. The latter is discounted to the appraisal date on the basis of the date of commencement of capitalisation to perpetuity. An average ratio has been used for vacancies and renewals in the light of changes.
   Recognition of market rent may be deferred for a variable empty period for any rent-free period, renovation 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 metre 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 (capitalised rent). It is determined on the basis of the nature and occupancy level of the premises, and is capitalised 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 properties (renovation of façades, stairways, etc.).
Details of the yields used in appraisals are shown below:

Yields	06/30/2010	12/31/2009
Lyon		
Retail premises	5.25 % to 6.00 %	5.40 % to 6.00 %
Offices	6.35 % to 6.85 %	6.50 % to 7.25 %
Residential (excluding rent-controlled)	4.50 % to 4.75 %	4.50 % to 4.90 %
Marseille		
Retail premises	5.50 % to 7.35 %	5.65 % to 7.50 %
Offices	6.50 % to 7.35 %	6.75 % to 7.50 %
Residential (excluding rent-controlled)	4.50 % to 5.15 %	4.50 % to 5.25 %

Comparison method

In the case of residential premises, an average price per square metre vacant and excluding transfer taxes is ascribed to each premises appraised, based on examples of market transactions for similar assets.
For commercial property, and in particular retail premises (where rent caps have not been lifted), the ratio of the average price per square metre 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 metre of land available for construction having regard to market prices.

Income method for hotel properties:

For each asset, net rent is capitalised 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).
Capitalisation rates range from 6.10 % to 7.30 % and were determined on the basis of:

- the nature of the taxes to be assessed, and the asset’s profile;
- investment climate, in particular for this asset class;
- specific characteristics of each asset *via* a capitalisation 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	4.99 %	2.47 %	-2.36 %	-4.64 %
B&B Hotels	3.07 %	1.43 %	-1.43 %	-2.86 %

Non-current financial assets

Non-current financial assets *(€ thousands)*	Amount as of 12/31/2009	Increase	Decrease	**Amount as of 06/30/2010**
Liquidity contract	903	0	(294)	609
Other loans	114	5	(10)	109
Deposits & securities	16			16
GROSS TOTAL	**1,033**	**5**	**(304)**	**734**
Provisions for the liquidity contract	(37)			(37)
Provisions for other loans	0			0
Provisions for deposits & securities	(7)			(7)
NET TOTAL	**989**	**5**	**(304)**	**690**

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

Note 2 – Receivables maturity schedule

(€ thousands)	**Total 06/30/2010**	Less than one year	More than one year
Trade receivables	3,030	3,030	
Other receivables	4,909	4,909	
GROSS TOTAL	**7,939**	**7,939**	**-**
Provision	1,487	1,487	
NET TOTAL	**6,452**	**6,452**	**-**

Note 3 – Debt maturity schedule at end of period

(€ thousands)	**Total 06/30/2010**	Less than one year	More than one year
Bank borrowings	475,349	4,175	471,175
Payables to fixed-asset suppliers	13,956	13,956	
Trade payables	2,677	2,676	-
Tax and corporate liabilities	5,307	5,307	-
Tenant security deposits	3,502	3,502	-
Other payables	670	670	-
TOTAL	**501,460**	**30,285**	**471,175**

Note 4 – Cash and cash equivalents

(€ thousands)	**06/30/2010**	12/31/2009
Money market funds and investment securities	3,327	27,649
Current bank accounts	461	2,481
GROSS LIQUID ASSETS AND INVESTMENT SECURITIES	**3,788**	**30,130**
Bank overdrafts	0	0
Bank interest payable	(127)	(261)
NET LIQUID ASSETS AND INVESTMENT SECURITIES	**3,661**	**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 €403,000 in rental and service charge payments for the coming months and €320,000 in front-end fees recognised 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 06/30/2010**
Provision for long-service awards	48		(36)	12
Provision for supplementary post-employment benefits	10	35	-	45
Provision for pensions	-	-	-	-
Other contingency provisions	43	-	-	43
TOTAL	**101**	**35**	**-36**	**100**
Current liabilities	43		-	45
Non-current liabilities	58	35	(36)	57

Reversals of provisions relate to provisions used or that no longer serve any purpose.
The contingency provision is for the risk of non-recovery of a property tax refund following the sale of a property.

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 €4.6 million in the case of the former Chief Operating Officer (€3.4 million vis-à-vis ANF Immobilier and €1.2 million vis-à-vis Eurazeo) and €1 million in the case of the former Real Estate Director;
- similarly, a commercial suit against ANF Immobilier has been lodged with the Paris Commercial Court by the former Chief Operating Officer as former 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 parallel with criminal proceedings, brought a civil action for damages before the Marseille examining magistrate regarding alleged acts committed by the aforementioned former supplier and by its two former Officers and others.

A criminal investigation is under way 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 interviewed under caution and placed under judicial supervision. The same is true for the former supplier who was 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 formal examination of 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.

Given the close connection between the criminal and labour aspects of this case, the Paris Employment Tribunal agreed to a stay of proceedings at its February 5, 2010 hearing.

Similarly, given the close connection between the criminal and labour aspects of the case as well as the formal examination of ANF Immobilier's former Real Estate Director, a stay of proceedings was sought and granted by the Employment Tribunal.

In addition, prior to the aforementioned stay of proceedings, a ruling was handed down on February 9, 2007 by the Paris Employment Tribunal in which it jointly ordered Eurazeo and ANF Immobilier to pay ANF Immobilier's former Chief Operating Officer the sum of €50,000 in respect of the variable bonus he sought.

Moreover, like the Employment Tribunal, in a ruling handed down on September 25, 2007, the Paris Commercial Court issued a stay of proceedings in respect of the case brought before the court by ANF Immobilier's former Chief Operating Officer, pending a decision by the Marseille District Court.

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 the Marseille examining 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 has confirmed that work has been abandoned.

On June 14, 2006, ANF Immobilier was granted an emergency injunction against the former supplier by the President of the Marseille District Court. This injunction sought to have a court expert appointed to assess the state of progress of the work, prepare accounts between the parties and assess the damage suffered by ANF Immobilier. An order of June 20, 2006 appointed an expert for this purpose.

On June 19, 2006, following the confirmation that work had been abandoned, ANF Immobilier cancelled the works contracts entered into with the former supplier.
Based on the conclusions of the expert report submitted on October 30, 2007, the balance in favour of ANF Immobilier is €500,004.63.
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.
The purpose of this writ was to have the allegedly improper nature of the termination of the contracts entered into with ANF Immobilier recognised. The writ also sought compensation for the former supplier as a private entrepreneur and personally for the damage resulting from this termination.
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)	**06/30/2010**	12/31/2009
Shares deducted from shareholders' equity	4,261	4,261
Number of shares	109,835	109,835
TOTAL NUMBER OF SHARES	**27,453,778**	**26,070,846**
Treasury shares %	0.40 %	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 engage in any financial transaction, the risk of which cannot be quantified when entered into.
ANF Immobilier has undertaken to comply with the following minimum risk-free rate hedging commitments:

- Calyon: 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 the interest rate derivatives on the ANF Immobilier consolidated financial statements:

Effective date	Maturity date	Fixed rate paid	*(€ thousands)*	Nominal	Asset fair value 06/30 2010	Liability fair value 06/30 2010	Changes in fair value over the period	Impact on financial income	Impact on share-holders' equity
24/07/2006	24/07/2012	3.9450 %	3-month Euribor swap / 3.945 %	22,000		(1,258)	(141)	-	(141)
15/12/2006	15/12/2012	3.9800 %	3-month Euribor swap / 3.980 %	28,000		(1,860)	(301)	(6)	(295)
31/10/2007	31/12/2014	4.4625 %	3-month Euribor swap / 4.4625 %	65,000		(7,787)	(2,092)	-	(2,092)
11/04/2008	31/03/2015	4.2775 %	3-month Euribor swap / 4.2775 %	11,000		(1,264)	(374)	-	(374)
20/08/2007	30/06/2014	4.4550 %	3-month Euribor swap / 4.455 %	18,000		(2,015)	(490)	-	(490)
28/09/2007	31/12/2014	4.5450 %	3-month Euribor swap / 4.5450 %	65,000		(8,033)	(2,089)	-	(2,089)
31/10/2007	30/12/2014	4.3490 %	3-month Euribor swap / 4.3490 %	14,000		(1,609)	(456)	(35)	(421)
16/06/2008	31/12/2014	4.8350 %	3-month Euribor swap / 4.8350 %	6,700		(913)	(198)	-	(198)
04/08/2008	30/06/2014	4.7200 %	3-month Euribor swap / 4.72 %	10,000		(1,224)	(261)	-	(261)
11/08/2008	30/06/2014	4.5100 %	3-month Euribor swap / 4.51 %	28,000		(3,195)	(755)	-	(755)
11/08/2008	30/06/2014	4.5100 %	3-month Euribor swap / 4.51 %	10,000		(1,141)	(270)	-	(270)
08/10/2008	30/06/2014	4.2000 %	3-month Euribor swap / 4.2 %	9,500		(969)	(268)	-	(268)
10/10/2008	30/06/2014	4.1000 %	3-month Euribor swap / 4.1 %	12,800		(1,255)	(366)	(6)	(360)
14/11/2008	30/06/2014	3.6000 %	3-month Euribor swap / 3.6 %	5,700		(446)	(175)	56	(231)
24/12/2008	30/06/2014	3.1900 %	3-month Euribor swap / 3.19 %	6,350		(395)	(205)	-	(205)
01/07/2008	31/12/2014	4.8075 %	3-month Euribor swap / 4.8075 %	2,300		(311)	(68)	-	(68)
11/08/2008	30/12/2014	4.5090 %	3-month Euribor swap / 4.509 %	28,000		(3,410)	(860)	-	(860)
11/08/2008	30/12/2014	4.5040 %	3-month Euribor swap / 4.504 %	10,167		(1,236)	(312)	-	(312)
06/10/2008	31/12/2014	4.3500 %	3-month Euribor swap / 4.35 %	5,046		(580)	(158)	-	(158)
23/12/2008	31/12/2014	3.2500 %	3-month Euribor swap / 3.25 %	5,821		(387)	(207)	-	(207)
06/02/2009	31/12/2014	2.9700 %	1-month Euribor swap / 2.97 %	3,300		(179)	(120)	(2)	(118)
13/03/2009	30/06/2014	2.6800 %	3-month Euribor swap / 2.68 %	11,700		(493)	(402)	(2)	(400)
26/06/2009	31/12/2014	2.8800 %	3-month Euribor swap / 2.88 %	11,435		(573)	(422)	(1)	(421)
04/01/2010	30/06/2014	2.3580 %	3-month Euribor swap / 2.358 %	23,900		(537)	(687)	(120)	(567)
04/01/2010	31/12/2014	2.4750 %	3-month Euribor swap / 2.475 %	19,861		(501)	(627)	98	(725)
03/01/2011	30/06/2014	2.5000 %	3-month Euribor swap / 2.50 %	64,000		(1,763)	(1,763)	(114)	(1,649)
03/01/2011	30/06/2014	3.1590 %	3-month Euribor swap / 2.50 %	50,000		(708)	(708)	-	(708)
TOTAL DERIVATIVES ELIGIBLE FOR HEDGE ACCOUNTING				**547,579**	**-**	**(44,043)**	**(14,773)**	**(132)**	**(14,641)**

The financial derivatives were measured by discounting the estimated future cash flows on the basis of the yield curve as of June 30, 2010.

Note 10 – Covenants

With respect to loans and credit lines, ANF Immobilier has made certain undertakings including complying 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 Calyon this ratio is also calculated on the Haussmann-style properties, excluding the B&B hotel properties.

	Standard	Test frequency	**Ratios as of 06/30/2010**	Ratios as of 12/31/2009
Interest Cover Ratio (gross operating income/net financial expense)	Minimum 2	Quarterly	3.2	3.3
Loan to Value Ratio (net debt/appraisal value of real estate assets)	Maximum 50 %	Six-monthly	30.6 %	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 summarised as follows:

Commitments received *(€ thousands)*	**06/30/2010**	12/31/2009
Guarantees and deposits received	2,973	2,213
Other commitments received	79,514	103,567
TOTAL	**82,487**	**105,780**

The main commitments are as follows:
- ANF Immobilier arranged a number of credit facilities, in respect of which the unused credit lines amount to €71 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 summarised as follows:

Commitments given *(€ thousands)*	06/30/2010	12/31/2009
Pledges, mortgages and collateral	263,835	254,876
Guarantees and deposits given	7,300	7,633
Other commitments given	9,411	11,244
TOTAL	**280,546**	**273,753**

The main commitments are as follows:
- since 2003, ANF Immobilier has regularly received requests for renovation of the façades 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 years, in agreement with the cities of Lyon and Marseille. The total cost of the work still to be done was estimated at €5 million as of June 30, 2010;
- the following guarantees have been given in return for the €250 million seven-year loan from a bank syndicate led by Calyon:
  - a pledge over bank current accounts,
  - assignment of receivables "Dailly" (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 receivables "Dailly" 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 line, ANF Immobilier undertook to comply with the Financial Ratios described in Note 10.

Note 12 – Movement in share capital and shareholders' equity

The Shareholders' Meeting of May 6, 2010 offered shareholders the option of a dividend payment in shares. As a result, 75,610 new shares were created.
The issue price of the new shares granted in payment of the dividend corresponding to the average of the opening prices listed over the twenty trading sessions preceding the date of the Shareholders' Meeting, less the net amount of the dividend, *i.e.* €33.22.
The Executive Board also approved a one-for-twenty bonus share issue.
This capital increase was carried out on June 11, 2010.
Under Article 6 of the Articles of Association, the share capital is set at twenty-seven million four hundred and fifty-three thousand seven hundred and seventy-eight euros (€27,453,778). It is comprised of twenty-seven million four hundred and fifty-three thousand seven hundred and seventy-eight (27,453,778) shares 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. In December 2009, SGIL sold its assets and settled the taxes due on the gains, thus paying off the previously recorded deferred tax.

Note 14 – Associated companies

(€ thousands)	Eurazeo	B&B Hotels
Investment during the year	-	9,251
Trade receivables	-	42
Other receivables	38	-
Trade payables	747	-
Other liabilities	-	91
Revenues: rental income	-	16,268
Other operating revenues	-	1,301
Other operating expenses	-	-
Employee benefits expenses	514	-
Other management expenses	67	-

Note 15 – Income statement and segment information

Primary segment reporting is business-related, inasmuch 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)	06/30/2010	B&B Hotels	Haussmann-style properties	Lyon	Marseille
Revenues: rental income	34,004	16,268	17,736	8,172	9,564
Other operating revenues	3,299	1,301	1,998	565	1,433
TOTAL OPERATING INCOME	**37,303**	**17,569**	**19,734**	**8,737**	**10,997**
Property expenses	(5,006)	(1,139)	(3,867)	(1,129)	(2,738)
Other operating expenses	(345)		(345)	(109)	(236)
TOTAL OPERATING EXPENSES	**(5,350)**	**(1,139)**	**(4,211)**	**(1,238)**	**(2,973)**
GROSS OPERATING INCOME FROM PROPERTY	**31,952**	**16,430**	**15,522**	**7,498**	**8,024**
Income from disposal of inventory	-	-	-	-	-
Income from disposal of assets	(62)	-	(62)	(94)	32
GROSS OPERATING INCOME FROM PROPERTY AFTER DISPOSALS	**31,890**	**16,430**	**15,460**	**7,404**	**8,056**
Employee benefits expenses	(4,009)	(802)	(3,207)	(1,082)	(2,125)
Other management expenses	(1,740)	(486)	(1,254)	(423)	(832)
Other income	869	-	869	178	691
Other expenses	(20)		(20)	(10)	(10)
Depreciation & amortisation	(189)	(38)	(151)	(51)	(100)
Other operating provisions (net of reversals)	(15)	-	(15)	4	(19)
OPERATING INCOME (BEFORE CHANGES IN FAIR VALUE OF PROPERTY)	**26,787**	**15,105**	**11,682**	**6,020**	**5,662**
Changes in fair value of property	9,550	3,208	6,342	7,341	(999)
OPERATING INCOME (AFTER CHANGES IN FAIR VALUE OF PROPERTY)	**36,337**	**18,313**	**18,024**	**13,361**	**4,663**
Net financial expense	(8,544)	(5,547)	(2,997)	(1,012)	(1,986)
Financial amortisation and provisions	-	-	-	-	-
Changes in fair value of financial instruments	(132)	60	(192)	(64)	(128)
Discounting of receivables and liabilities	-	-	-	-	-
Share of income from entities accounted for by the equity method (pending consolidation of SGIL)	(95)	-	(95)	-	(95)
INCOME BEFORE TAX	**27,567**	**12,826**	**14,740**	**12,286**	**2,454**
Current taxes	(3)	-	(3)	(3)	
Exit tax	-	-	-	-	-
Deferred taxes	-	-	-	-	-
CONSOLIDATED NET INCOME	**27,564**	**12,826**	**14,737**	**12,283**	**2,454**

Note 16 – Earnings per share

	06/30/2010	06/30/2009
(€ thousands)		
Net income for basic earnings per share calculation	27,564	(53,977)
Net income for diluted earnings per share calculation	27,564	(53,977)
Number of ordinary shares at the balance sheet date for basic earnings per share calculation	27,453,778	26,011,582
Weighted average number of ordinary shares for basic earnings per share calculation	26,732,680	24,968,662
Stock options for diluted earnings per share calculation		
Number of diluted ordinary shares	27,453,778	26,011,582
Weighted average number of diluted ordinary shares	26,732,680	24,968,662
(€)		
Basic earnings per share	1.00	(2.08)
Diluted earnings per share	1.00	(2.08)
Weighted basic earnings per share	1.03	(2.16)
Weighted diluted earnings per share	1.03	(2.16)

Note 17 – NAV per share

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

(€ thousands)	06/30/2010	12/2009 restated*	12/2009 published
CAPITAL AND CONSOLIDATED RESERVES	**1,008,279**	**1,029,574**	**1,029,574**
Fair value adjustment of swaps	44,287	29,645	29,645
Fair value adjustment of operating property	597	1,833	1,833
NET ASSET VALUE	**1,053,163**	**1,061,052**	**1,061,052**
Total number of shares	27,453,778	27,378,168	26,070,846
Treasury shares	(109,835)	(109,835)	(109,835)
Shares excluding treasury shares	27,343,943	27,268,333	25,961,011
NAV PER SHARE EXCLUDING TREASURY SHARES *(€)*	**38.52**	**38.91**	**40.87**

* *Adjusted for the distribution of one bonus share for twenty held.*

Prior to the dividend payout, NAV per share increased by €0.97 per share.
Net of the impact of the fair value adjustment of hedging instruments, the NAV per share excluding treasury shares amounted to €36.89 compared to €37.82 at December 31, 2009.

Note 18 – Cash flow per share

(€ thousands)	**06/30/2010**	06/30/2009	Change
Operating income before changes in fair value of property	26,787	25,233	
Depreciation & amortisation	189	158	
Income from disposal of assets	62	(469)	
OPERATING INCOME BEFORE DEPRECIATION, AMORTISATION AND GAIN (LOSS) ON DISPOSAL	**27,038**	**24,922**	
Impact of IFRS 2 (stock options) cancellation (charged to personnel expenses)	358	334	
EBITDA	**27,396**	**25,256**	**8.5 %**
Net financial expense	(8,544)	(7,724)	
CURRENT CASH FLOW BEFORE TAX	**18,852**	**17,533**	**7.5 %**
Average number of shares during period	26,732,680	24,968,662	0,4 %
CURRENT CASH FLOW PER SHARE	**0.71**	**0.70**	**0.4 %**

The increase in the average number of shares over the period results from the option to pay the dividend in shares exercised in 2009 and 2010 and the grant of one bonus share for twenty held.

Note 19 – Tax calculation

(€ thousands)	**06/30/2010**	06/30/2009
Current taxes	(3)	0
Deferred taxes	0	(3,022)
TOTAL	**(3)**	**(3,022)**
Net income after minority interests	27,564	(77,346)
Income tax adjustment	3	3,022
INCOME BEFORE TAX	**27,567**	**(74,324)**
SIIC regime income (exempt)	18,008	18,288
SIIC regime fair value adjustment	9,550	(92,612)
Taxable unrealised capital gains		8,777
TAX BASE	**9**	**8,777**
Current tax rate in France	34.43 %	34.43 %
EXPECTED THEORETICAL TAX	**3**	**3,022**
TAX EXPENSE FOR PERIOD	**3**	**3,022**

Note 20 – Interest rate risk exposure

(€ thousands)	Balance 06/30/2010	Repayments < 1 year	Balance 06/30/2011	Repayments in 1 to 5 years	Balance 06/30/2015	Repayments > 5 years
FIXED RATE DEBT	**4,320**	**(2,741)**	**1,579**	**(1,124)**	**455**	**(455)**
Bank borrowings	1,833	(254)	1,579	(1,124)	455	(455)
Finance leases	2,487	(2,487)	0		0	
VARIABLE RATE DEBT	**471,029**	**(1,434)**	**469,595**	**(459,439)**	**10,156**	**(10,156)**
Loans at variable and revisable rates	466,423	(590)	465,833	(455,677)	10,156	(10,156)
Finance leases	4,479	(717)	3,762	(3,762)	0	
Bank overdrafts	0	0	0		0	
Accrued interest	127	(127)	0		0	
GROSS DEBT	**475,349**	**(4,175)**	**471,174**	**(460,563)**	**10,611**	**(10,611)**
CASH	**3,788**	**(3,788)**	**0**	**0**	**0**	**0**
Mutual funds and investments	3,327	(3,327)	0		0	
Liquid assets	461	(461)	0		0	
NET DEBT	**471,561**	**(387)**	**471,174**	**(460,563)**	**10,611**	**(10,611)**
Fixed rate	4,320	(2,741)	1,579	(1,124)	455	(455)
Variable rate	467,241	2,354	469,595	(459,439)	10,156	(10,156)
DERIVATIVES PORTFOLIO AS OF JUNE 30, 2010	**547,579**					
Fixed for variable rate swaps	547,579					
Caps and corridors						
Variable rate for fixed rate swaps						
DEFERRED EFFECT DERIVATIVES PORTFOLIO	-					
Fixed for variable rate swaps						
Caps and corridors						
Variable rate for fixed rate swaps						
TOTAL DERIVATIVE PORTFOLIO	**547,579**					
Fixed for variable rate swaps	547,579					
Caps and corridors	0					
Variable rate for fixed rate swaps	0					

Note 21 – Credit risk

(€ millions)	06/30/2010	06/30/2010	12/31/2009	12/31/2009
Counterparty	Credit limit	Balance	Credit limit	Balance
Calyon, BECM, Société Générale, HSBC	250	200	250	186
Natixis, BECM, Société Générale	257	245	257	237
Bonnasse Lyonnaise de Banque	6	-	3	-
Banque Martin Maurel	6	3	6	1

Note 22 – Personnel

Headcount as of June 30, 2010	Male	Female	Total
Executives	18	9	27
Other	9	21	30
TOTAL	**27**	**30**	**57**

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, earnings, 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, earnings 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.

Downwards fluctuations in the cost of construction index (ICC), 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 properties 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 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, earnings, 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 earnings. In this context, ANF Immobilier has put in place a weekly check on sums outstanding 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 the cost of its insurance policies rising or experience losses that are not fully covered by its insurance policies. Moreover, ANF Immobilier could be faced with an insurance shortfall 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, earnings, and financial position.

Risks related to service quality and subcontractors

ANF Immobilier uses subcontractors and suppliers for some of its maintenance and renovation 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 earnings.

Risks related to information systems reliability

ANF Immobilier and its service providers use hardware and software to carry out rental management operations, and work with several specific databases. ANF Immobilier has set-up data 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 earnings 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 a SIIC (the "SIIC regime"), which is the French equivalent of a REIT. Under Articles 208C *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 has owned 60 % or more of the share 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 210E of the 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 renovation 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 earnings and financial position.

Risks related to the evaluation of assets

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 recognise 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 property assets would also impact the LTV ratio used as a reference for certain banking covenants. As of June 30, 2010, ANF Immobilier's LTV ratio stood at 30.6 %, 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 a sharp drop in the value of its property 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 realised 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 property 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 property market; (ii) a large number of investors being in the property market; (iii) the potential return on a rental investment; and (iv) problems with the property 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 earnings.

Risks related to the ownership of property acquisition entities

The Company's property 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). 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 maintain its property against these hazards. 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 minimise this risk, and has a preventative approach in carrying out property inspections and 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 unfavourable 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 earnings.

MARKET RISKS

Interest rate risks

ANF Immobilier's debts and liabilities totalled €475.1 million as of June 30, 2010, 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 derivative financial instruments to address it. The goal is to reduce, wherever deemed appropriate, fluctuations in cash flows as a result of changes in interest rates. The Group does not engage in any financial transaction for which risk at termination cannot be quantified.
ANF Immobilier has undertaken to comply with the following commitments:
- Calyon: 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	Asset fair value 06/30 2010	Liability fair value 06/30 2010	Changes in fair value over the period	Impact on financial income	Impact on share-holders' equity
24/07/2006	24/07/2012	3.9450 %	3-month Euribor swap / 3.945 %	22,000		(1,258)	(141)	-	(141)
15/12/2006	15/12/2012	3.9800 %	3-month Euribor swap / 3.980 %	28,000		(1,860)	(301)	(6)	(295)
31/10/2007	31/12/2014	4.4625 %	3-month Euribor swap / 4.4625 %	65,000		(7,787)	(2,092)	-	(2,092)
11/04/2008	31/03/2015	4.2775 %	3-month Euribor swap / 4.2775 %	11,000		(1,264)	(374)	-	(374)
20/08/2007	30/06/2014	4.4550 %	3-month Euribor swap / 4.455 %	18,000		(2,015)	(490)	-	(490)
28/09/2007	31/12/2014	4.5450 %	3-month Euribor swap / 4.5450 %	65,000		(8,033)	(2,089)	-	(2,089)
31/10/2007	30/12/2014	4.3490 %	3-month Euribor swap / 4.3490 %	14,000		(1,609)	(456)	(35)	(421)
16/06/2008	31/12/2014	4.8350 %	3-month Euribor swap / 4.8350 %	6,700		(913)	(198)	-	(198)
04/08/2008	30/06/2014	4.7200 %	3-month Euribor swap / 4.72 %	10,000		(1,224)	(261)	-	(261)
11/08/2008	30/06/2014	4.5100 %	3-month Euribor swap / 4.51 %	28,000		(3,195)	(755)	-	(755)
11/08/2008	30/06/2014	4.5100 %	3-month Euribor swap / 4.51 %	10,000		(1,141)	(270)	-	(270)
08/10/2008	30/06/2014	4.2000 %	3-month Euribor swap / 4.2 %	9,500		(969)	(268)	-	(268)
10/10/2008	30/06/2014	4.1000 %	3-month Euribor swap / 4.1 %	12,800		(1,255)	(366)	(6)	(360)
14/11/2008	30/06/2014	3.6000 %	3-month Euribor swap / 3.6 %	5,700		(446)	(175)	56	(231)
24/12/2008	30/06/2014	3.1900 %	3-month Euribor swap / 3.19 %	6,350		(395)	(205)	-	(205)
01/07/2008	31/12/2014	4.8075 %	3-month Euribor swap / 4.8075 %	2,300		(311)	(68)	-	(68)
11/08/2008	30/12/2014	4.5090 %	3-month Euribor swap / 4.509 %	28,000		(3,410)	(860)	-	(860)
11/08/2008	30/12/2014	4.5040 %	3-month Euribor swap / 4.504 %	10,167		(1,236)	(312)	-	(312)
06/10/2008	31/12/2014	4.3500 %	3-month Euribor swap / 4.35 %	5,046		(580)	(158)	-	(158)
23/12/2008	31/12/2014	3.2500 %	3-month Euribor swap / 3.25 %	5,821		(387)	(207)	-	(207)
06/02/2009	31/12/2014	2.9700 %	1-month Euribor swap / 2.97 %	3,300		(179)	(120)	(2)	(118)
13/03/2009	30/06/2014	2.6800 %	3-month Euribor swap / 2.68 %	11,700		(493)	(402)	(2)	(400)
26/06/2009	31/12/2014	2.8800 %	3-month Euribor swap / 2.88 %	11,435		(573)	(422)	(1)	(421)
04/01/2010	30/06/2014	2.3580 %	3-month Euribor swap / 2.358 %	23,900		(537)	(687)	(120)	(567)
04/01/2010	31/12/2014	2.4750 %	3-month Euribor swap / 2.475 %	19,861		(501)	(627)	98	(725)
03/01/2011	30/06/2014	2.5000 %	3-month Euribor swap / 2.50 %	64,000		(1,763)	(1,763)	(114)	(1,649)
03/01/2011	30/06/2014	3.1590 %	3-month Euribor swap / 2.50 %	50,000		(708)	(708)	-	(708)
TOTAL DERIVATIVES ELIGIBLE FOR HEDGE ACCOUNTING				**547,579**	**-**	**(44,043)**	**(14,773)**	**(132)**	**(14,641)**

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 may (i) not always have the desired access to capital markets, or (ii) may be required to obtain financing under terms that are less favourable 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 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, 2010.
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 cash flow.

Equity investment risks

As of June 30, 2010, the Company owned 109,835 ANF Immobilier shares (including the ANF Immobilier shares in the market-making agreement), liquid assets and investment securities amount a total of €3.7 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 shareholder 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. Eurazeo therefore has significant influence over ANF Immobilier and the way it carries out 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' PROPERTIES

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, earnings, financial position and outlook.