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2008 Results

<p>Rents: +97% Current profit: €1.7 million Operating cash flow: €8.2 million Value of assets (transfer taxes included): €239 million (+35%) Fair value of real properties (on a like-for-like basis): -5.8% Net assets value (excluding transfer taxes): €15 per share</p>

Assembling high-quality assets

AffiParis, a property company dedicated to Paris commercial property, continued its growth during the first half of 2008, with an investment volume of €73.5 million, and the initial selling off of small assets outside Paris.

At the end of 2008, the value of the properties from independent expert appraisals was €239 million (including transfer taxes), a 35% increase compared to the end of 2007. On a like-for-like basis, the fair value of the properties decreased by 5.8%. Occupancy rate was closed to 95%.

Consequently, rents collected increased by 97% (including 4.9% on a like-for-like basis) bringing the operating margin to €10.2 million, versus €5.3 million in 2007 (nine-month financial year). The leases are long-term for the two largest Paris tenants (Baker & McKenzie and SNCF) and the weighted average rent of the Paris properties is €440 per sqm.

A clear improvement in operating results

That increase in revenues, partially offset by service costs expenses which have increased markedly (€7.7 million versus €4.6 million during the nine months of the preceding financial year), led to a current profit before disposal of €1.7 million, versus a loss of €1.4 million in 2007 (nine months). As the disposals were made at prices close to their fair value at the end of 2007, the group posted a slight capital loss on the sale, and the current result after disposal is thus €1.3 million, versus €-1.4 million for the preceding financial year (nine months).

The operating cash flow also posted a sharp increase to reach €8.2 million versus €1.5 million in 2007 (nine months).

Considering a significant drop in the fair value of the properties (€10 million) and financial instruments (€6.7 million), the net consolidated loss amounts to €14.6 million, compared with a €8.2 million profit the previous year (nine months).

Debt under control

In spite of the contraction in the credit supply during the year, AffiParis managed to restructure the loans that had been set up by the former Fideimur and to finance its investments under satisfactory conditions. Considering an amount of €101.2 million in new loans set up, the debt towards banks reached €150.4 million. The 62.9% ratio of bank debt to the value of the properties, transfer taxes included, (LTV), corresponds to that of a young company that has not yet had time for any sizable amortisation of its loans. No significant instalment of debt is due before 2016. The average rate of the debt is 4% on conditions prevailing as at end of December.

Most loans granted to AffiParis have financial covenants that provide for the company's compliance with ratios: LTV or DSCR,, calculated in most cases on the asset financed and for only one loan (in the amount of €15.1 million) on the company balance sheet. All these ratios were complied with as of 31 December 2008 and to date.

A significant drop in the price of the share

Net Assets Value, based on the value (excluding transfer taxes) of the properties, amount to €43.5 million (i.e. €15 per share) at the end of 2008, a decline of 26.8% compared to the end of 2007, due to the negative adjustments in fair value.

On 31 December 2008, the price of the AffiParis share was €9, i.e. a drop of 41% in one year. That price shows a discount of 40% compared to the NAV.

Nevertheless, in spite of a sharp increase in its operating income of €3.2m, the individual statements for AffiParis SA show a loss due to provisions on the shares of subsidiary companies whose assets posted a drop in their fair value, and the high amount of its financial expenses. Because of the loss carried over, a first dividend for 2008 cannot be distributed as planned. However, at the Meeting of Shareholders of 27 April 2009 it will be proposed to consider distributing an interim dividend for financial year 2009.

Future Outlook

The sudden deterioration in the markets has prevented AffiParis from fully implementing the strategy defined during its launch and the company decided not to make any new investments until the situation has stabilised, both in terms of the supply of credit and in terms of the valuation of the Paris properties. Disposals of regional assets will be carried over in the year. The 2009 financial statements should reflect the favourable trend in interest rates, as well as a slight increase in the annual amount of rents, and therefore a better result.

Consolidated Result (€m)	31 December 2007	31 December 2008
	(9 months)	
Operating margin (1)	5.3	10.2
Financial income (1)	(4.6)	(7.7)
Operating costs and miscellaneous	(1.7)	(0.8)
Corporate income taxes	(0.4)	0.0
Current income	(1.4)	1.7
Capital gains on disposal	0.0	(0.5)
Current income after disposals	(1.4)	1.3
Change in fair value of properties	0.1	(10.0)
Change in fair value of financial instruments	0.5	(6.7)
Miscellaneous non-operating	0.0	(0.2)
Deferred taxes net of exit tax	9.0	1.1
Net book income	8.2	(14.6)

(1) excluding change in fair value

About AffiParis

*AffiParis is specialised in commercial property investment in Paris, and aims at building a portfolio of good quality and high yield assets. AffiParis is listed on Compartment C of NYSE Euronext Paris and opted for the REIT status (SIIC) on 1 April 2007. Affine is the reference shareholder of AffiParis. The rest of the company's capital is owned by the public.
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