

2010 Annual consolidated results

VERY STRONG PERFORMANCE

KEY FIGURES

(€m)	2008	2009	2010
Gross rental income	10.9	12.8	12.2
Net rental income	10.1	11.4	9.9
Current operating profit	9.1	10.5	8.4
Net profit – Group share	(14.5)	(11.0)	5.1
EPRA earnings	1.6	3.2	1.9
Operating cash flow	8.2	7.9	7.1
Fair Value of investment properties (incl. TT*)	237	219	214
EPRA net asset value per share (excl. TT*) (€)	17.10	13.76	15.48

For greater consistency with current market standards, the presentation of the income statement has been modified. Additional details are provided at the end of the press release.

* Transfer taxes

The Board of Directors of AffiParis, which met on 10 February 2011, approved the company and consolidated statements of 31 December 2010. Audits are under completion.

1) STRONG IMPROVEMENT IN NET PROFIT

Disposals carried out during the year, in addition to lease renegotiations, resulted in a 4.9% fall in gross rental income, a 1.5% drop on a like-for-like basis.

Current operating profit was €8.4m versus €10.5m the previous year due to this drop in rental income and an increase in expenses, primarily attributable to the accounting write-offs of past due service charges for the last three years.

The increase in expenses was more than offset by the rise of the fair value of buildings (+€3.5m), which kept pace with the trend for quality properties in Paris, and the cost of debt (€0.8m), which allowed AffiParis to post a net profit of €5.1m, versus a loss of €11.0m in 2009.

Restated for non-current items (changes in fair value and gains or losses on disposals), EPRA earnings was €1.9m, versus €3.2m in 2009.

Funds from operations therefore came to €2.2m, versus €3.5m in 2009. Excluding financial expenses, and after taking into account a reduction in taxes paid and an improvement in WCR (€0.8m vs. €0.1m), operating cash flow totalled €7.1m.

2) CONTROLLED DEBT LEVEL WITH AN AVERAGE TERM OF 6.5 YEARS

During the year, an additional amount of €2.3m was approved for an existing loan. The ratio of net bank debt to the fair value of buildings, transfer taxes included, (LTV) dropped slightly to 63.2% compared to 63.4% in 2009.

The average term of debt is 6.5 years, with no significant maturity occurring before 2016.

A comparison of financial expenses to the average net financial debt in 2010 showed an average cost of debt of 1.9%, or 4.2% including hedging costs.

Floating rate loans are almost entirely hedged (94%) with caps or tunnels.

3) INCREASE IN THE FAIR VALUE OF ASSETS

In keeping with its policy of prudent management in a still uncertain economic environment, AffiParis did not make any new investment in 2010. In accordance with its strategy of specialising in Paris real estate, the Group is continuing its policy of disposing of its outside Paris buildings. These disposals, totalling €8.7m, were made at prices in line with those of the most recent appraisals.

At the end of December 2010, the fair value of buildings was €213.8m (transfer taxes included), down 2.4% compared with the end of 2009, but up 1.8% on a like-for-like basis.

The financial occupancy rate was 94.9%, versus 96.5% at the end of 2009. For buildings in Paris, this rate was close to 97%.

4) SHARE PRICE STILL AT A VERY SIGNIFICANT DISCOUNT

The EPRA NAV excluding transfer taxes, after restatement of the fair value of derivatives and deferred taxes, was €15.48, a sharp increase (+12.5%). Transfer taxes included, it came to €19.81.

The EPRA Triple net NAV, including the fair value of derivatives, deferred taxes and the difference between the book value and the actual value of debt, was €15.47 excluding transfer taxes and €19.80 including transfer taxes.

Based on these NAVs, the share price represented a discount ranging from 50% to 60%.

5) DIVIDEND

The payment of a dividend of €0.42 per share (i.e. a total of €1.2m) for the year 2010 will be proposed to the General Meeting on 27 April 2011; this represents a yield of 5.4% based on the share price at year-end 2010.

6) OUTLOOK

The deterioration in real estate markets over recent years has not allowed AffiParis to implement the strategy that the company defined when it was initially listed on the stock exchange in 2007. However, depending on market conditions, the company is prepared to resume developing its portfolio of assets in Paris by direct investment or additional properties through partnerships. At the same time, the company will maintain its policy of disposing of properties in other regions.

7) SCHEDULE

- 27 April 2011: Annual General Meeting
- 16 May 2011: First quarter revenues
- 16 May 2011: Payment of dividend (€0.42)
- September 2011: 2011 Half-year revenues and results

NB: The presentation of financial statements was slightly modified in 2010 in response to best practice recommendations published by the EPRA, the primary goal of which is to achieve greater transparency in the real estate industry.

CONSOLIDATED INCOME – NEW PRESENTATION

(€m)	2008	2009	2010
Gross rental income	10.9	12.8	12.2
Net rental income	10.1	11.4	9.9
Corporate expenses	(0.9)	(0.9)	(1.6)
Current EBITDA⁽¹⁾	9.1	10.5	8.4
Current operating profit	9.1	10.5	8.4
Other income and expenses	0.3	0.0	0.0
Net profit or loss on disposal	(0.5)	0.1	(0.3)
Operating profit (before value adjustments)	8.9	10.5	8.1
Net balance of value adjustments	(10.2)	(12.7)	3.5
Net operating profit⁽²⁾	(1.3)	(2.1)	11.6
Net financial cost	(7.6)	(7.3)	(6.5)
Fair value adjustments of hedging instr.	(6.7)	(1.6)	0.1
Taxes	1.1	0.1	(0.0)
Miscellaneous	(0.1)	(0.1)	(0.1)
Net profit	(14.6)	(11.0)	5.1
Net profit – Group share	(14.5)	(11.0)	5.1

(1) Current EBITDA represents the current operating profit excluding current depreciation and amortisation expenses.

(2) Net operating profit represents the operating profit after taking value adjustments into account.

EPRA EARNINGS

(€m)	2008	2009	2010
Net income – Group share	(14.5)	(11.0)	5.1
Change in fair value of investment properties	10.0	12.7	(3.5)
Profit from asset disposals	0.5	(0.1)	0.3
Change in goodwill	0.2	-	-
Change in fair value of financial instruments	6.7	1.6	(0.1)
Non-current, deferred and exit taxes	(1.1)	(0.1)	-
Other non-current items	(0.2)	0.1	0.1
EPRA earnings⁽³⁾	1.6	3.2	1.9

(3) The European Public Real Estate Association (EPRA) issued Best Practices Policy Recommendations in October 2010, which gives guidelines for performance measures. As detailed in the EPRA adjustments note, the EPRA earnings measure excludes the effects of fair value changes, gains or losses on sales and other non-current items.

The operating margin table has been replaced by a presentation which is more in line with best practices and a facilitated reading with the financial appendices. From now on, EPRA earnings will represent the current net income from the real estate activity in the strict sense (i.e. net profit - group share excluding changes in fair values, gains or losses on sales and other non-current items).

The new presentation provides greater transparency, already aimed at by the previous current profit the amounts of which (see below) differ very little compared to EPRA earnings (see above).

NET CONSOLIDATED INCOME – PREVIOUS PRESENTATION

(€m)	2008	2009	2010
Operating margin⁽¹⁾⁽²⁾	10.2	11.4	10.1
Net financial income ⁽¹⁾	(7.7)	(7.4)	(6.6)
Operating and miscellaneous	(0.8)	(0.9)	(1.7)
Corporate income taxes	(0.0)	(0.0)	(0.0)
Current profit	1.7	3.0	1.7
Net capital gains on property sales	(0.5)	0.1	(0.3)
Current profit after property sales	1.3	3.1	1.5
Change in fair value of properties	(10.0)	(12.7)	3.5
Change in fair value of financial instruments	(6.7)	(1.6)	0.1
Miscellaneous non-operating	(0.2)	-	-
Deferred tax net of exit tax	1.1	0.1	-
Net profit	(14.6)	(11.0)	5.1

(1) Excluding change in fair value.

(2) Net proceeds of Group activities, primarily composed of net rental income

About AffiParis

Specialised in commercial property in Paris, particularly office property, AffiParis holds assets comprising 13 buildings with a value of €214m and a total surface area of 46,000 sqm as of the end of December 2010.

AffiParis adopted the special tax treatment applicable to listed real estate investment trusts (Sociétés d'Investissements Immobiliers Cotées (SIIC)) in 2007. Its shares are traded on NYSE Euronext Paris (Ticker: FID FP / FID.PA; code ISIN: FR0010148510)

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