2003, first year as SIIC: a promising move for Affine

New operations: + 97%
NAV: + 32%
Share price: + 22%
Dividend: + 10%

PRESS RELEASE

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For Affine, 2003 was a year filled with decisions and actions which enhance the group's development over the next few years.

New operations doubled

2003 was a record year for new operations, which amounted to EUR 56.8m, nearly double the previous year's total. This dynamism was impressive both in leasing operations, where new contracts rose by 66% to EUR 16.5m, and, even more, in rental properties: the market value of buildings bought directly or granted of a call option under a leasing contract was EUR 40.3m (+113% compared to 2002).

Shareholders' equity increased by 80%

Affine group strengthened its financial structure in 2003, raising consolidated shareholders' equity to EUR 168.3m at the end of 2003, compared with EUR 94.1m at the end of 2002, as a result of two factors. Firstly, the balance sheet revaluation related to the change to SIIC status gave rise to valuation differences of EUR 57.7m, after deduction of an exit tax. Secondly, in the autumn, Affine held a successful EUR 20m issue of mandatorily convertible bonds (*obligations remboursables en actions*, or ORA) maturing in 2023, nearly all of which were subscribed by Forum Partners acting for the US pension fund Teachers. As a result Affine's solvency ratio rose from 26.3% at end-2002 to 34.7% at end-2003.

Consolidation of debt

With debt unchanged (at EUR 371m), Affine took advantage of favourable conditions on the financial market to refinance part of its liabilities, lengthening its duration and converting some of its variable-rate borrowings, previously hedged with caps, to fixed-rate debt.

Dynamic stock market performance

The deep discount at which Affine's shares had been trading, the increase in the free float to nearly 40% of market capitalisation, and the change to SIIC status are some of the reasons for the sharp rise in Affine's share price in 2003 (+22%) and since the start of 2004 (+20%). Its current share price of around EUR 57 gives a market capitalisation of over EUR 130m, and, when compared to a NAV per share of EUR 74 (based on consolidated shareholders' equity group share, including the ORA, unrealised capital gains net of transfer taxes, and before dividend distribution), still represents a discount of 23%.

Encouraging profit trend

Affine made a pre-tax profit on ordinary activities of EUR 16.5m, up 10% on the previous year. But the exceptional tax charge resulting from the change to SIIC status led to a net profit unchanged at EUR 13.3m.

Due to the non-recurrent nature of their business, the subsidiaries' overall contribution to consolidated net profit was negative in 2003. Consolidated net profit (group share) was EUR 10.3m, down by 13% on the previous year.

Dividend increased by 10%

The switch to SIIC status should allow shareholders to benefit from the company's tax exemptions without diminishing its growth potential. At the Annual General Meeting the company will propose to pay a 2003 dividend of EUR 8.4m, in cash or shares, compared to the previous year's EUR 7.6m (+11%). This equates to a dividend per share of EUR 3.66 (+10%), with no tax credit (avoir fiscal).

Outlook for 2004

The volume of new operations should remain high in 2004. Over EUR 40 million has already been invested in rental properties since the start of the year.

Under currently prevailing economic conditions, in 2004 Affine can expect to generate company net profit at least equal to that of 2003, while consolidated net profit should be boosted by the positive impact of the logistics development projects initiated in 2003.

EUR m	2002	2003
Company results		
Leasing	20.7	15.8
Properties	14.1	15.2
Other income and expenses	(13.6)	(8.1)
Net banking product	**21.2**	**22.9**
Operating expenses	(6.2)	(6.4)
Pre-tax profit on ordinary activities	**15.0**	**16.5**
Tax and miscellaneous	(1.8)	(3.2)
Net profit	**13.2**	**13.3**
Consolidated results		
Consolidated net profit	12.3	9.8
o/w group share	**11.8**	**10.3**

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