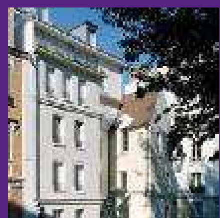
# 2010 Half-Year Results

1

# Summary



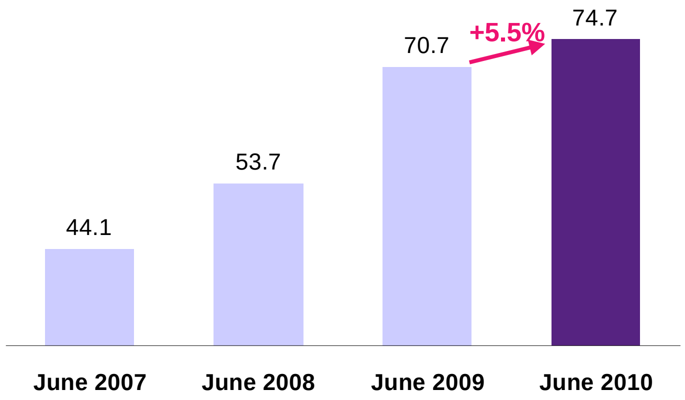
# 1 Introduction

- **A promising first half**
  - ✓ Sharp rise in residential take-up
  - ✓ Tenant sales improving
  - ✓ Two shopping centres delivered 95% let
  - ✓ Acquisition of Cap 3000

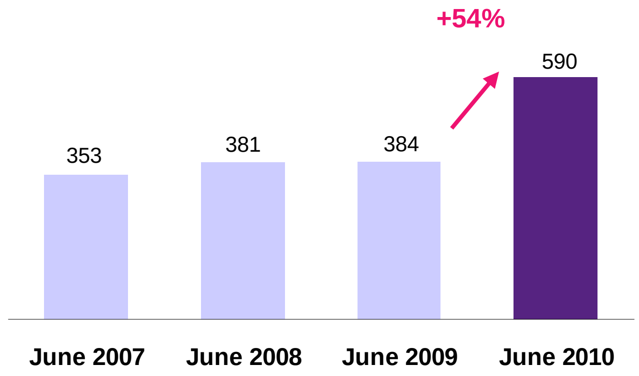
- **Change in scale**
  - ✓ Residential properties: increase in market share to 4%-5% (vs. 2%-3% in 2007 when Cogedim was acquired)
  - ✓ Portfolio: Improvement of the portfolio size (up 15%) and of its quality

# 1 2010 Half-year Results summary

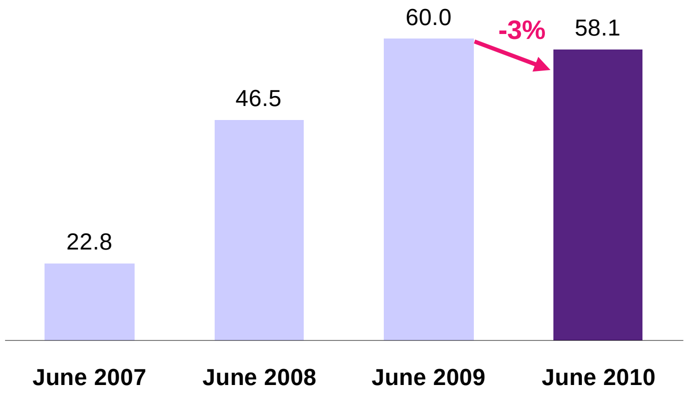
## Net rental income (€m)




## Residential take-up (€m inc. taxes)




## Recurring net profit (€m)

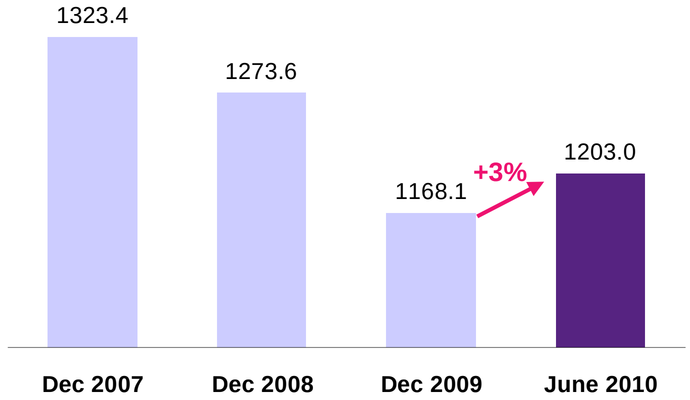



*€ per share*

| | | | |
|---|---|---|---|
| 3.07 | 5.80 | **5.86** | **5.57** |

-4.9%

## On-going NAV (€m)




*€ per share*

| | | | |
|---|---|---|---|
| 165.0 | 124.2 | **113.3** | **114.5** |

+1.1%

# 1 2010 highlights

## Shopping centres: change in scale

- Two completions (Okabé and Le Due Torri) :
  - ✓ 95% let
  - ✓ €284m increase in value
  - ✓ €15.7m gross rental income (signed contracts)
  - ✓ GLA of 57 500 sqm
- Acquisition of Cap 3000
  - ✓ €450m at 100% in partnership with ABP and Crédit Agricole Assurances
  - ✓ 2nd best yield per sqm in France
  - ✓ Strong potential of reversion and extension

## Property development

- Residential property: rise in market share
  - ✓ First half of 2010 reservations: €590m (+54% vs. first half of 2009 and +55% vs. first half of 2008)
  - ✓ Market share: between 4% and 5% vs. 2.4% in 2007 when Cogedim was acquired
  - ✓ Laënnec: marketing in July 2010
- Office property :
  - ✓ Take-up: €171m
  - ✓ Marketing of Altafund

## Portfolio: value and quality increase

- Capitalisation rate: 6.45% vs. 6.58% at the end of 2009
- Value of operating properties rose by €27.6m like-for-like in the first half of the year
- Disposals : €114m
- Investments: €267m

## Financial ressources

- Decrease of the LTV ratio: 54.7% vs. 55.7% at the end of 2009
- €152m in cash and cash equivalents (after dividend)
- €116m new mortgage loans (group share) in the first half of 2010

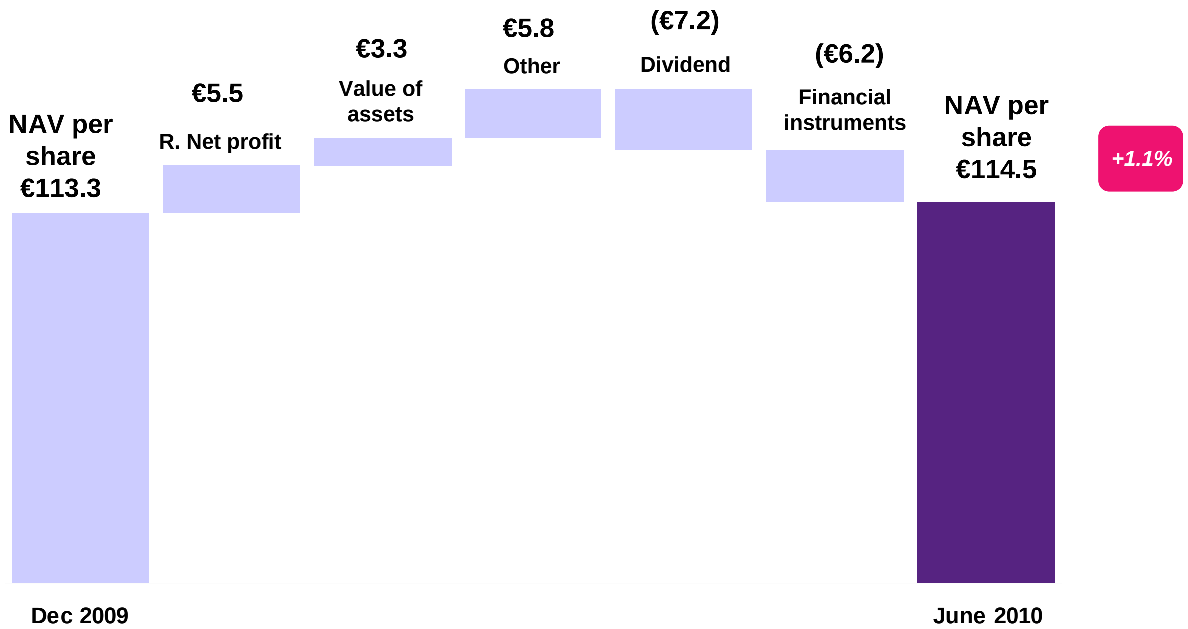
# 1 Consolidated net profit

| €m (IFRS) | Shopping centres | Property development | Total June 2010 | Total June 2009 | % |
|---|---|---|---|---|---|
| Net rental income | 74.7 | - | 74.7 | 70.7 | +5.5% |
| Net property income | - | 28.2 | 28.2 | 37.6 | |
| External fees | 4.0 | 6.8 | 10.8 | 13.5 | |
| Net overhead expenses | (9.3) | (12.0) | (21.3) | (21.6) | |
| Other | (2.5) | 0.2 | (2.3) | (2.7) | |
| **Operating profit** | 66.9 | 23.1 | 90.0 | 97.5 | -7.6% |
| *% change vs. 2009* | +5.0% | -31.6% | | | |
| Net cost of debt | (28.1) | (6.7) | (34.8) | (37.2) | |
| Other | 3.5 | (0.7) | 2.8 | (0.3) | |
| **Consolidated net profit (Group share)** | 42.4 | 15.8 | 58.1 | 60.0 | -3.1% |
| **Earnings per share (€)** | | | 5.57 | 5.86 | -4.9% |

- **Shopping centres: effect of 2009 and 2010 completions**
- **Property development: significant fall of offices contribution, hold in residential properties**
- **Cost of debt: lower interest rates**

# 1 Going-concern NAV

- **Positive impacts:**
  - ✓ Recurring net profit
  - ✓ Change in fair value of property assets
- **Negative impacts:**
  - ✓ Dividend payment (€7.2 per share)
  - ✓ Change in value of financial instruments




➔ Value creation (including dividend): €8.4 per share

➔ NAV excluding financial instruments: €128.4 per share (+4.3%)

2

# Operating performance: shopping centre development

# 2 Shopping centre development: Operating profit

- **Increasing operating profit (+5.1%)**

| (en M€) | June 2010 | June 2009 | |
|---|---|---|---|
| Rental income | 80.9 | 76.6 | *+5.6%* |
| Land expense | (2.0) | (1.7) | |
| Unrecoverable rental expenses | (1.6) | (1.4) | |
| Bad debt | (2.6) | (2.7) | |
| Net rental income | 74.7 | 70,7 | *+5.5%* |
| Net overhead expenses | (5.3) | (5.3) | |
| Other | (2.5) | (1.8) | |
| Operating profit | 66.9 | 63.7 | *+5.1%* |
| *% of rental income* | *82.7%* | *83.1%* | |

→ **Net rental income: growth driven primarily by proprietary development**

→ **Cap 3000: no impact on the 2010 half-year rental incomes**

# 2 Shopping centre portfolio (1/2)

- **Improvement of the tenant economic situation in the first half of 2010**
  - ✓ Tenant sales rose by 1.7% in the first half vs. -1.6% in 2009 and -3.8% in the first half of 2009
  - ✓ Occupancy cost ratio: 9.1% (vs. 9.5% in 2009 and 9.9% in the first half of 2009)
  - ✓ Bad debts dropped relatively: 3.3% of rental income, vs. 3.8% in the first half of 2009

- **Retail Parks:**
  - ✓ Increase in tenant sales: +6.1%
  - ✓ Economic environment adapted (lower rents, accessibility…)
  - ✓ Ambiance and comfort identical to a typical shopping centre

- **Like-for-like change**
  - ✓ Like-for-like net rental income change: -2.4%
  - ✓ Negative indexation
  - ✓ Fall of  variable rental incomes (calculated from the 2009 income)
  - ✓ Increase in incremental rents and rent-free periods granted to tenants
  - ✓ Drop reached in the first half of 2010

➔ Improvement of the tenant economic situation and outperformance of Retail Parks

# Shopping centre portfolio (2/2)

- **Increase in value of portfolio mainly thanks to completion of 2 properties**
- **Capitalisation rate down -13bp at 6.45%**


| | December 2009 | June 2010 |
|---|---|---|
| ***Cap. rate (excl. transfer duties)*** | ***6.58%*** | ***6.45%*** |
| *France* | *6.53%* | *6.35%* |
| *International* | *6.78%* | *6.81%* |

# 2 First half of 2010 Completions and acquisitions

- **2 properties completed representing 57,500 sqm (Group share)**

**Okabé**


- ✓ Area: GLA of 25,100 sqm
- ✓ Signed rental income: €7.7m
- ✓ Percentage let: 98%

**Dalmine**


- ✓ Area: GLA of 32,400 sqm
- ✓ Signed rental income: €8.0m
- ✓ Percentage let: 93%

- **Acquisition of Cap 3000**

**Cap 3000**

- ✓ Area: GLA of 65,000 sqm(100%)
- ✓ Signed rental income: €22,8m
- ✓ 2nd best yield in France: €11,000 per sqm

2 ↗

# Arbitrage and investment policy

- **Wagram disposal**
  - ✓ Hotel walls, shops and Salle Wagram
  - ✓ €113.8m (9% more than appraised value at December 31st 2009)
  - ✓ Disposal to a German fund

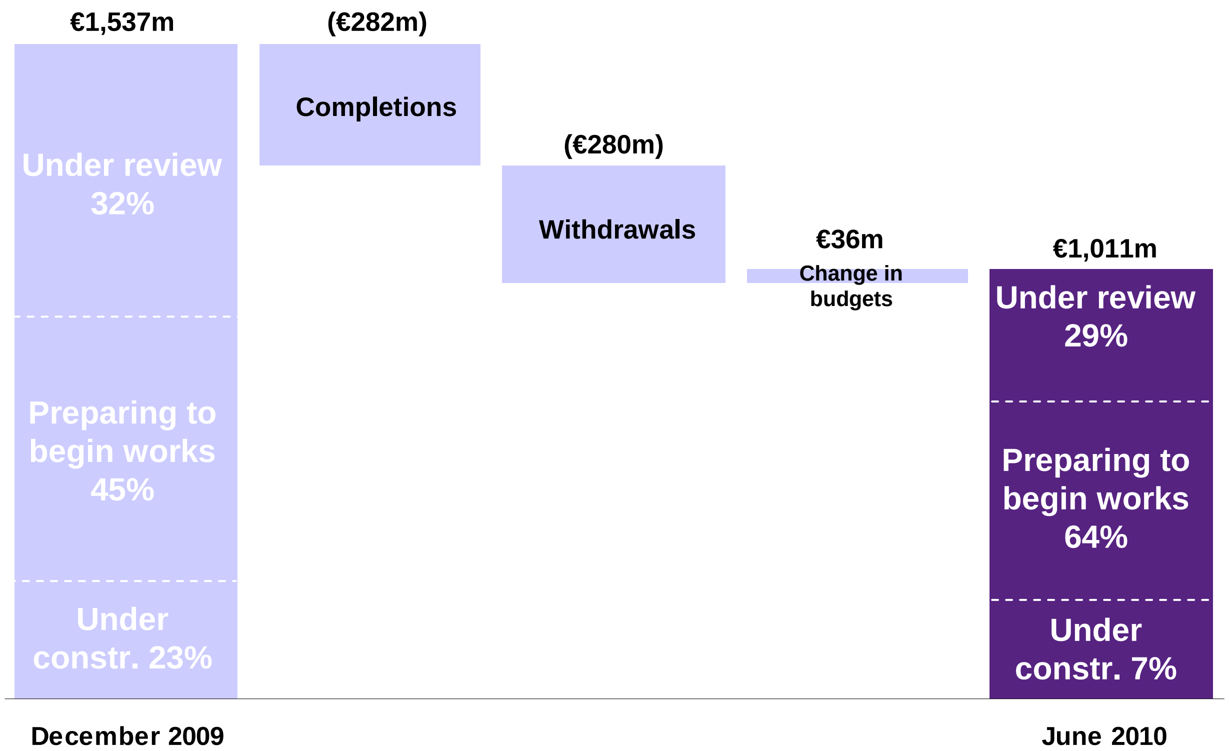
- **The group is currently negotiating the disposal of several mature properties on a value basis at least equal to the June 30th expertises**

➔ Depending on the market opportunities and new commitments in its activity, the Group may dispose of other assets (weak reversion potential or from a category that no longer matches with its profitability criteria)

# 2 Shopping centre projects portfolio: Controlled investment

## Shopping centres pipeline

- ✓ 2 properties completed
- ✓ €267m invested in the first half of 2010
- ✓ Withdrawals (essentially from projects in Italy)
- ✓ Yield on projects at 8.9% vs. 8.8% in 2009




| | December 2009 | June 2010 |
|---|---|---|
| GLA | 547,900 sqm | 382,200 sqm |
| Gross rental inc. | €135.3m | €90.4m |
| Yield | 8.8 % | 8.9 % |

# 2 Development project portfolio: Breakdown of commitments

## Operational classification of risks and commitments

- ✓ **Already invested**: all investment costs recognised at the accounting date
- ✓ **Committed investments still to be made**:
  - Projects under construction: all of the remaining amount to be paid on completion
  - Projects at the preparation stage: payment commitments
- ✓ **Remaining investments not committed**: remaining investment in projects at the presentation stage, for which the decision is up to Altarea

| *(€m)* | Projects under construction | Preparing to begin works | Projects at advanced stage of review | Total |
|---|---|---|---|---|
| Already invested | 50.3 | 89.2 | 10.2 | 149.8 |
| **Committed inv. still to be made** | 24.4 | **14.5** | **1.4** | **40.3** |
| Remaining inv. not committed | - | 540.8 | 280.2 | 821.0 |
| Total | 74.7 | 644.5 | 291.8 | 1,011.0 |
| *Yield* | *7.7%* | *9.1%* | *9.0%* | *8.9%* |

→ **Of the rest to be invested, just 5% is committed**

→ **These commitments are currently covered by available cash without new loans (see slide 29)**

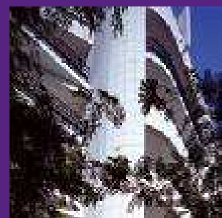


ALTAREA COGEDIM

3 ↘

# Operating performance: Residential property development





3 ↗

# Residential property development: Operating profit

■ **Drop in operating profit**

| (€m) | June 2010 | June 2009 | |
|---|---|---|---|
| Revenues | 248.8 | 262.5 | -5.2% |
| Cost of sales | (224.2) | (237.3) | |
| Net property income | 24.6 | 25.2 | -2.1% |
| *% of revenues* | *9.9%* | *9.6%* | |
| Fees | 2.3 | 2.2 | |
| Production held in inventory | 26.9 | 20.1 | |
| Net overhead expenses | (34.7) | (26.9) | |
| Other | (0.4) | (1.3) | |
| Operating profit | 18.7 | 19.3 | -2.9% |
| *% of revenues* | *7.5%* | *7.3%* | |

➔ **Revenues recognised on a percentage-of-completion basis reflect decline in commercial activity at the end of 2008, while holding a stable marginal rate**

➔ **Stable margin thanks to the control of costs**

# 3 Residential property development: Business activity 1/3

## Very significant increase in residential sales

- ✓ Average price of units sold: €265,000 vs. €236,000 in the first half of 2009
- ✓ Rate of disposals: 21% at June 30th 2010, vs. 13% at June 30th 2009
- ✓ Rate of pull-outs: 19% at June 30th 2010 (vs. 22% in June 2009)

| | June 2010 | June 2009 | June 2008 |
|---|---|---|---|
| **Number of lots sold** | **2,832** | 1,887 | 1,463 |
| *% change (June 2010 vs.)* | | *+50%* | *+94%* |
| **Reservations *(€m incl. tax)*** | **590** | 384 | 381 |
| *% change (June 2010 vs.)* | | *+54%* | +55% |
| **Notarisations *(€m incl. tax)*** | **455** | 322 | 242 |
| *% change (June 2010 vs.)* | | *+41%* | +88% |

- ✓ Backlog represents 25 months of activity
- ✓ €325m should be recognised in the 2nd half of 2010, already promising a yearly revenue greater than the 2009 one

| *€m excl. tax* | |
|---|---|
| Notarised revenues not recognised on a percentage of completion basis | 635 |
| Reserved revenues not notarised | 484 |
| **Total backlog** | **1,119** |

# 3 Residential property development: Business activity 2/3

- **Reservations in the first half 2010: €590m**
  - ✓ 78% of  reservations sold to individuals (vs. 79% in 2009 and 72% in the first half of 2009)
  - ✓ Private investors (Scellier tax breaks): 55% of reservations sold to individuals
  - ✓ Last 12 months: €1,094m of net reservations (vs. €668m in 2007, at the top of the cycle)

- **Group sales driven by sales in the Paris region**
  - ✓ Sales in Paris region has been multiplied by 2.1x compared to the first half of 2009
  - ✓ The PACA region shows a very sharp increase: +90% to €112m
  - ✓ Consequently, the average unit price rises to €265,000 (vs. €236,000 in the first half of 2009)

- **The new products confirm their business performance**
  - ✓ New district properties: €79m (13% of the reservations)
  - ✓ Serviced residences: €25m (4% of the reservations)



ALTAREA COGEDIM

# 3 Residential property development: Business activity 3/3

- **An exceptional operation**
  - ✓ Operation in central Paris, a positive environment with a very low supply
  - ✓ Almost 4Ha covered, 191 homes, 80 social housing units
  - ✓ Construction works should start at the beginning of 2011
  - ✓ Completion planned in 2013



ALTAREA COGEDIM

# 3 Properties for sale and land portfolio

## Properties for sale

- ✓ At June 30th 2010, properties for sale reached €366m, which is 4 months of activity
- ✓ 69% of the properties for sale relate to developments on which construction has not yet begun
- ✓ Very few finished products on sale (€3m at June 30th 2010)

## Land portfolio

- ✓ At June 30th 2010, land portfolio totalled €1.5bn, which is 17 months of activity (vs. 18 months at the end of 2009)
- ✓ The portfolio remains stable despite the sharp increase in reservations within the 12 last months

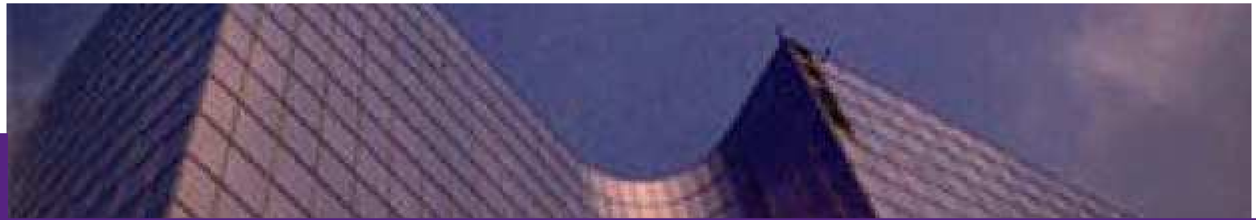
**➔ Control of properties for sale**

**➔ The land portfolio will ensure a response to demand and a consolidation of the Group’s market share.**



ALTAREA COGEDIM

# 3



# Operating performance: Office property



# 3 Office property
## Operating profit

- **Sharp decline in the operating profit**

| (€m) | June 2010 | June 2009 | |
|---|---|---|---|
| Revenues | 35.3 | 81.6 | -57% |
| Cost of sales | (32.8) | (68.6) | |
| Net property income | 3.6 | 12.4 | -71% |
| *% of revenues* | *10.1%* | *15,2%* | |
| Fees | 4.5 | 7.5 | -41% |
| Production held in inventory | 3.5 | 1.9 | |
| Net overhead expenses | (7.7) | (7.7) | |
| Other | 0.6 | 0.4 | |
| Operating profit | 4.4 | 14.5 | -70% |
| *% of revenues* | *12.5%* | *17.8%* | |

➔ **Important fall in operating profit in comparison to a particularly busy first half in 2009**



ALTAREA COGEDIM

# 3 Office property
## Completions and transactions

### Activity

- ✓ 3 completions representing 44,000 sqm
- ✓ Take-up of €171m essentially from property development contracts (Hôtel Dieu in Marseille and Palais de Justice in Nantes)

### Transactions

- ✓ 3 main transactions in the first half of 2010
- ✓ Beginning of July 2010: signature of a property development contract of about €50m for the redevelopment of a large industrial group's futur headquarters

### Backlog

- ✓ Off-plan sales/property development contract backlog up to €159m (vs. €90m at the end of 2009)

**Toulouse - Porte Sud**

- Development alongside Vinci
- 23,000 sqm of offices

**Nice Meridia - Premium**

- 10,000 sqm
- HQE environmental certification

**Marseille - Hôtel Dieu**

- Property dev. contract for €94m
- Transformation of the former historical site
- Opening planned in early 2013

**Nantes - Palais de Justice**

- Property dev. contract for €35m
- Transformation of the former Palais de justice
- Completion planned for September 2012



ALTAREA COGEDIM

3

# Office property Investment fund

## Investing in office property

- ✓ Focused on Paris region
- ✓ Benefiting from an attractive economical entry environment into the office property cycle
- ✓ Real Estate context: shortage in high-quality office space by 2012 and obsolescence of assets not complying with new environmental standards

## Target :

- ✓ Properties requiring a new rental marketing and/or upgrading works to meet services and energy efficiency standards
- ✓ Value-add strategy with an IRR target between 12% and 18% (post leverage)

## Shape and size

- ✓ Institutional, private and discretionary investment fund
- ✓ Up to €500m
- ✓ Altarea Cogedim may own 20% of the fund

## Schedule :

- ✓ Very positive feedbacks from investors about the investment profile
- ✓ Closing expected at the end of 2010

4

# Financial position

Debt

Liquidity

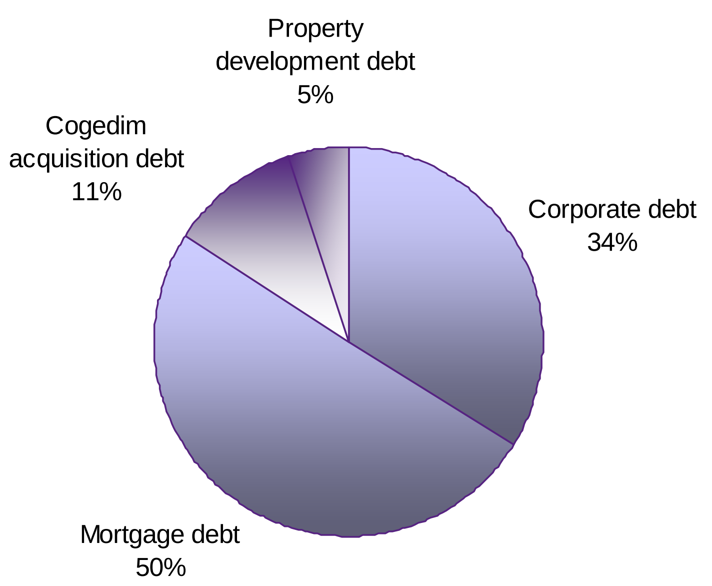
# 4 Debt Summary

## Net debt at June 30th 2010 : €2.099m[1]

✓ Consolidated covenants (corporate debt)

| | LTV | ICR |
|---|---|---|
| June 2010 | 54.7% | 2.6x |
| December 2009 | 55.7% | 2.6x |
| Covenant | ≤65% | ≥2x |

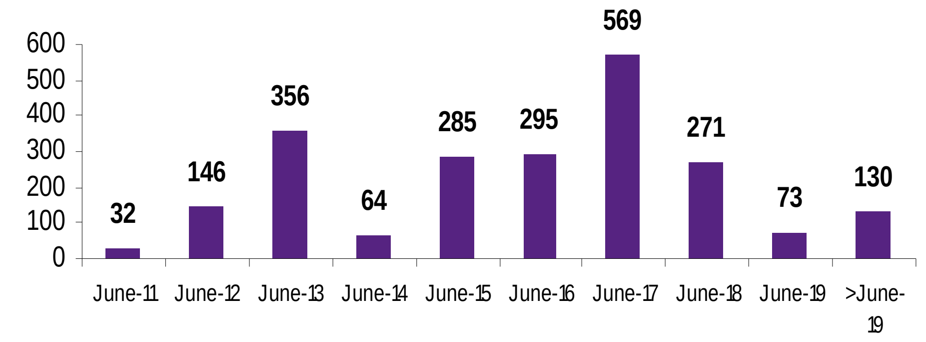
**Breakdown of gross debt**




## Contractual debt repayment schedule

- ✓ Average maturity of 6 years and 6 months
- ✓ No significant repayments due before 2013

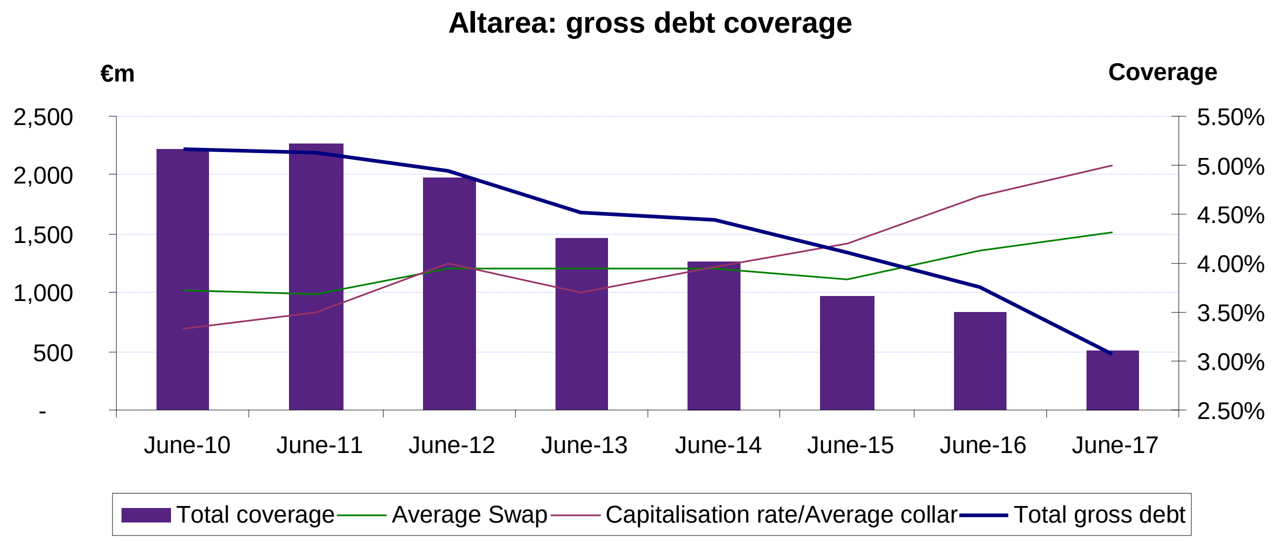
**Group debt repayment schedule**
(excl. property development)




(1) Gross debt: €2,312m. Cash and cash equivalents: €214m

# 4 Debt Coverage

## 100% of debt covered at end-2009




- ✓ Average cost of debt of 3.53% in the first half of 2010 vs. 4.21% in 2009

## Valuation issue

- ✓ Due to the reduction in interest rates in the first half of 2010, the Group recognised a book loss of -€65m (IAS 32 and 39)

# Cash and cash equivalents
## Summary

- **Net cash position of €152m[1]**
  - ✓ Corporate resources: €126m
  - ✓ Confirmed authorisations: €26m

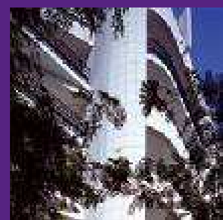
- **Current cash and cash equivalents covers identified commitments**
  - ✓ Shopping centres: €40m (see slide 15 « Breakdown of commitments »)
  - ✓ Property development: no needs beyond allocation of existing capital
  - ✓ No significant debt repayments due before mid-2013

**➔Altarea's cash position is sufficient to cope with commitments identified**

(1) After payment of dividend

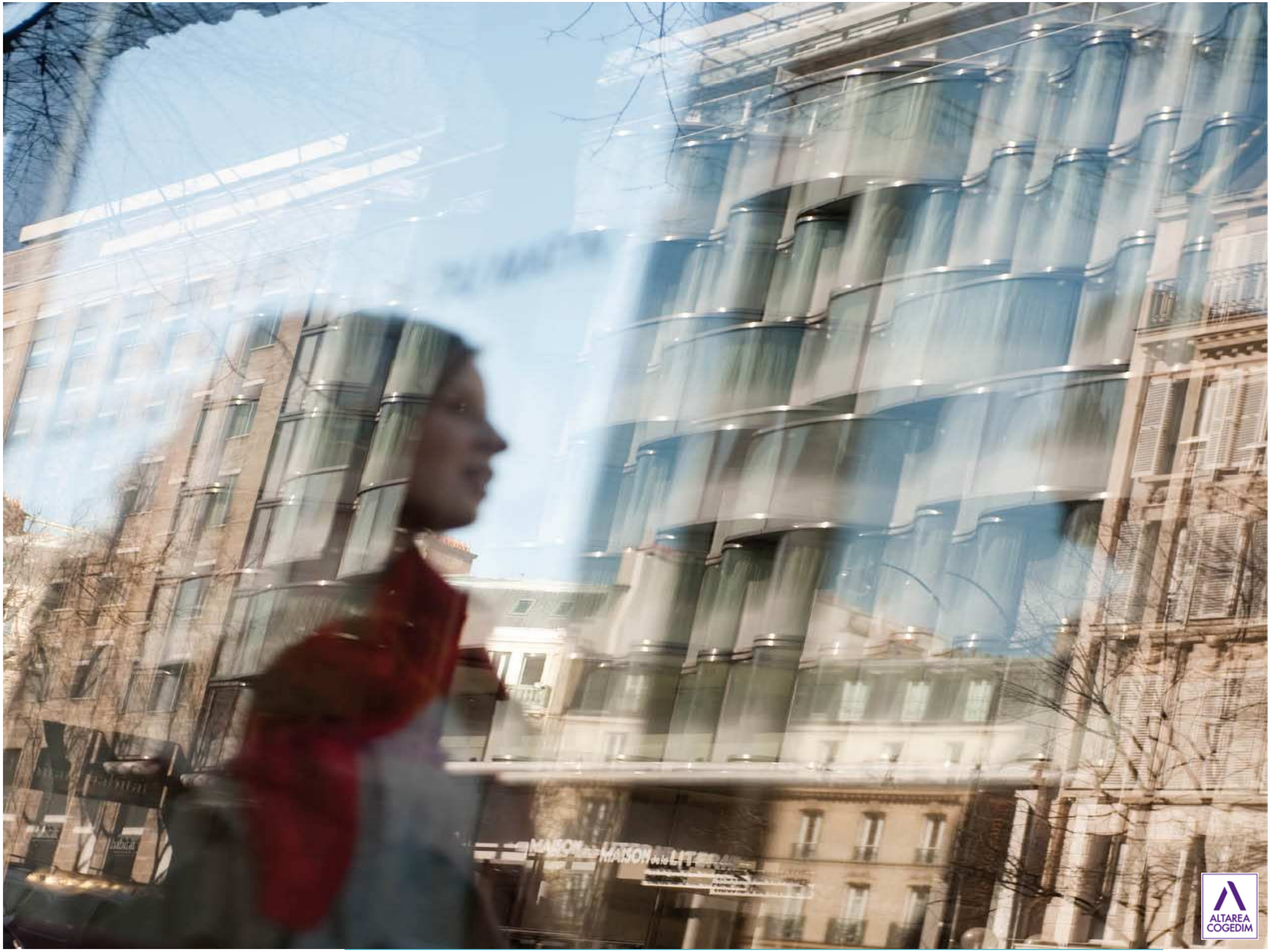
5

# Outlook



# 5 Outlook

- **Reinforce the presence in the large shopping centres**
  - ✓ Extensions (Toulouse, Cap 3000)
  - ✓ New Development projects (Villeneuve la Garenne)
- **Arbitrage of small assets or others**
  - ✓ 2009: €110m of assets disposal
  - ✓ 1rst half of 2010: €114m of assets disposal
  - ✓ 2nd semester 2010: several projects under review
- **Consolidate the market share in the residential property business**
  - ✓ 4% to 5% market share in 2010
  - ✓ 2010 reservations: significantly greater than €1bn
  - ✓ 30 business launchings in the 2nd half of 2010, including Laënnec
- **Seize opportunities in the office property business**
  - ✓ Depending on economic outlooks
  - ✓ Achievement of Altafund in the 2nd half of 2010
- **Financial outlooks**
  - ✓ Profit growth goal: c.+10%
  - ✓ Growth for 2011 and 2012 even sharper
  - ✓ Dividend: €8 per share


ALTAREA
COGEDIM