Ninth consecutive year of double-digit growth

Financial and operational objectives met in spite of a difficult business environment
2017 objective: FFO +50%

• **Consolidated revenue**	**€1.584 billion**	**+42%**
• **Revenue like-for-like**[1]	**€1.259 billion**	**+13%**
• **FFO (Group share)**[2]	**€149.7 million**	**+11%**
FFO/share after dilution[3]	***€14.2/share***	***+8%***
• **EPRA NAV (Net asset value)**[4]	**€1.621 billion**	**+3.6%**
EPRA NAV/share after dilution[4]	***€148.6/share***	***-3.4%***
• **Loan to value**	**49.3%**	**-190 bps**
• **Dividend proposed**	**€10.0/share**[5]	**+11.1%**

An option for dividend payment in shares will be proposed at the General Shareholders' Meeting to take place on June 10, 2013[6]***.***

Paris, February 27, 2013, 6:00 pm. Following review by the Supervisory Board, Management approved the 2012 consolidated financial statements. The audit of the consolidated financial statements has been performed. The certification report will be issued once the necessary procedures have been finalized for the filing of the annual financial report.

[1] Excluding Rue du Commerce, recognized in the consolidated financial statements at January 1, 2012
[2] FFO (Funds From Operations) represents the result before changes in fair value, estimated non-cash expenses and transaction costs
[3] After dilution due to dividend payout in shares (732,624 shares created in June 2012)
[4] EPRA NAV: Market value of equity from the perspective of operations as a going concern
[5] O/w €0.30/share representing distribution of tax-exempt income and €9.7/share as repayment of share premiums
[6] On the basis of payment in shares representing 90% of the average stock price over the 20 trading days preceding the General Meeting

"We have followed the roadmap established in 2009 and arrived at our destination: despite the difficult business environment, we are finalizing all transformations we decided to launch. In the retail business, we have continued to focus the majority of our equity on a small number of large-sized assets exhibiting superior performance, while at the same time developing a management business for third parties. Thanks to this initiative, we now manage shopping centers worth a total of nearly €4 billion. For residential property, we have extended the scope of Cogedim's offering with operations in every product range. Finally, for office development, we implemented a dedicated investment vehicle in addition to our development and service activities. At the same time, we have fully incorporated the sustainable development approach into our business model thanks to our Altagreen program, which is taken into consideration for all our operations prior to launch.

These transformations, implemented in the context of the economic crisis, led us to achieve the goals we set for ourselves in terms of both FFO growth and reduction of LTV, which was brought under 50% this year. Nonetheless, our satisfaction does not prevent us from seeing the profound changes at work on each of our three markets, even if their magnitude is paradoxically occulted by current economic conditions.

For retail, we are thus convinced of the need to reinvent the retail Reit model to incorporate e-commerce. By acquiring Rue du Commerce, a leader in e-commerce in France, we became the first retail Reit to seize a substantial share of this market, which is sure to grow in the coming years. We also initiated the development of the first multi-channel property company model with the aim of offering retailers a vast range of services with high commercial value, from leases on brick-and-mortar retail space to online sales solutions and geolocation-based marketing.

For residential property, we are faced with an unprecedented industrial challenge. On the one hand, a depressed short-term market leads traditional purchasers (first-time buyers, individual investors) to adopt a pronounced wait-and-see attitude. At the same time, we must be ready for intense activity in the medium term as national authorities will promote large-scale construction of new homes. Cogedim must therefore prepare for a significant increase in volumes while still upholding the commitment to quality that sets the brand apart in property development in France.

For office development, we have taken advantage of the slowdown in activity in recent years to adjust our business model and are now primed for the future. Our teams are ready for a new growth cycle and we have full confidence in their ability to bring back the income levels we saw in previous cycles.

In spite of an extremely difficult economic context, we can distinguish unparalleled opportunities on each of our three markets. To seize these opportunities, we have decided to step up growth investments over the next two years, while still maintaining a prudent commitment policy. These investments will be focused mainly on developing new products and services, thus weighting on our results in the short term. Thanks to these future-looking investments and barring an economic blow with repercussions for France, we are setting a goal of +50% FFO growth by 2017."

Alain Taravella, Chairman and Founder of Altarea Cogedim

RETAIL

"Brick-and-mortar" retail: Fundamental changes over three years

In the space of three years, the Group has concentrated its portfolio around some 40 large assets exhibiting high performance on their markets. At the same time, it has significantly developed the management business for third parties. Shopping centers managed by the Group are now worth a total of €4 billion (+41% since 2009) and external fees increased by 9% in 2012 to €18 million (+73% since 2009).

In € millions including transfer duties	2012	2009	*2009 Change*
Controlled assets[7]	**3,216**	**2,465**	***+30%***
Group share	2,563	2,279	+12%
Share of minority interests	653	187	*x3.5*
Average unit value	€78 million	€48 million	*+62%*
No. of assets	41	52	*-21%*
Management for third parties[8]	**742**	**351**	***x2.1***
Total assets under management	**3,958**	**2,817**	***+41%***

France (€2.678 billion – 84% of the portfolio)[9]: A successful strategy

Thanks to the portfolio concentration initiative carried out in recent years, all indicators point to a new growth phase for the Group's portfolio, particularly a 7.3% increase in rental income on a like-for-like/same-floor-area basis in 2012.

	2012
Footfall[10]	+3.2%
Tenant revenue[11]	+2.0%
Rent increases upon renewals / re-lettings	+29%
Occupancy cost ratio[12]	10.1%
Bad debt ratio[13]	1.5%
Financial vacancy rate[14]	2.8%

CAP 3000: A new step forward

The remodeling of the shopping center has been completed. The floor area remains identical and rental income now comes to €30 million (vs. €23 million in 2010). The decision has been made to launch phase 2 (extension), leading partners to increase Altablue's equity (the holding company for the shopping center) and thus to restructure the 2010 governance agreements. Following these operations, Altarea increased its stake in Altablue to 61.8%[15], and the asset is now fully consolidated in the group's financial statements. This increase was partially financed through €109 million in subordinated perpetual notes (TSDI)[16] issued by Altarea and taken up by APG.

[7] Assets in which Altarea holds shares and for which Altarea exercises operational control
[8] Assets held entirely by third parties who entrusted management to Altarea Cogedim (also includes the Group's minority interests: €59 million in 2012 vs. €74 million in 2009)
[9] Assets controlled by the Group, in value terms including transfer duties. O/w €2.024 billion on a Group share basis and €653 million on a minority share basis
[10] Shopping centers equipped with the Quantaflow system
[11] Revenue change for shopping center tenants on a same-floor-area basis
[12] Rent and expenses charged to tenants (incl. taxes) over the past 12 months (including rent reductions) / sales over the same period (incl. taxes)
[13] (Net amount of allocations to and reversals of provisions for bad debt + Write-offs during the period) / Rent and expenses charged to tenants
[14] Estimated rental value (ERV) of vacant lots as a percentage of total estimated rental value (excluding property being redeveloped), at 100% in France
[15] vs. 33.34% previously
[16] Undated subordinated notes accounted for as minority interests' equity instruments in the Group's financial statements

International (€538 million – 16% of the portfolio)[17]: Relative resilience

The Group owns 6 assets in Italy and 1 asset in Spain. 83% of these assets (in value terms) are located in regions with high purchasing power[18]. In 2012, the performance of these assets was impacted by austerity policies. This was particularly true in Italy, where a new land tax[19] negatively affected the amount of rent collected.

	2012
Average value	€77 million
Tenant revenue[20]	-3.1%
Rent increases upon renewals / re-lettings	+1%
Occupancy cost ratio[21]	11.9%
Bad debt ratio[22]	5.7%
Financial vacancy rate[23]	2.5%

By launching the multi-channel property company concept, Altarea Cogedim is becoming a major player in e-commerce in France and reinventing the retail Reit business model.

In taking control of Rue du Commerce, Altarea Cogedim has become a leader in e-commerce in France, with online business volume of €423 million in 2012[24]. At the organizational level, the year was marked by incorporation of Rue du Commerce into the Group, as well as the initial implementation of the multi-channel property company concept. Experiments conducted in 2012 (particularly "shop in shop" for retailers and geolocation-based cross-marketing) offered extremely promising results and will be systematically rolled out in the coming months. At the operational level, 2012 was marked by strong growth for all Rue du Commerce indicators.

	2012	*2011 Change*
Visitor numbers[25]	**181 million**	*+17%*
o/w mobile[26]	7.8%	
No. of orders	**2.4 million**	*+10%*
o/w High-tech	1.3 million	
o/w *Galerie Marchande*	1.1 million	
Business volume	**€423 million**	*+10%*
o/w High-tech	€316 million	*+9%*
o/w *Galerie Marchande*	€108 million	*+14%*
***Galerie Marchande* Commissions**	**€9.4 million**	*+ 25%*
Average rate (as % of retail sales)	8.8%	*+80 bps*

At today's meeting of the Board of Directors of Altacom (holding company for Rue du Commerce) the Group announced its intention to definitively delist[27] Rue du Commerce. It currently holds 96.49% of the company's capital.

[17] Assets controlled by the Group, in value terms including transfer duties
[18] Northern Italy, Barcelona
[19] Imposta Municipale Unica (Municipal property tax), a land tax that entered into force in Italy on January 1, 2012 and which is only partially passed on to tenants
[20] Revenue change for shopping center tenants on a same-floor-area basis
[21] Calculated as rent and expenses charged to tenants (incl. taxes) over the past 12 months (including rent reductions), in proportion to sales over the same period (incl. taxes) at 100%
[22] Net amount of allocations to and reversals of provisions for bad debt plus any write-offs during the period as a percentage of total rent and expenses charged to tenants, at 100%
[23] Estimated rental value (ERV) of vacant lots as a percentage of total estimated rental value. Excluding property being redeveloped, at 100% in France
[24] I.e., +10% compared to 2011. 75% of business volume generated by own-brand distribution and 25% by the *Galerie Marchande*
[25] Total number of connections to the site in 2012 (source: Médiamétrie//NetRating)
[26] Applications and mobile site launched in November 2012 (downloaded 100,000 times in 2 months): 7.8% of traffic at December 31, 2012
[27] Via the launch of a public repurchase offer for Rue du Commerce shares followed by a squeeze-out

RESIDENTIAL: 15% growth and development of the entry-level & midscale offering

Over the past three years, the Group has broadened its product offering, which now encompasses all price segments: from luxury programs[28] to affordable developments[29] or housing for first-time buyers, as well as Serviced Residences[30] (seniors, students and business travelers) and "New Neighborhood" mixed-use programs. Cogedim thus reported revenue of €949 million (+15% compared with 2011, and +79% compared with 2009) and operating profit of €100.6 million (+17% compared with 2011, and +182% compared with 2009).

In 2012, Cogedim succeeded in preserving its market share for new reservations, which have experienced the same drop as the overall market (-29%).

	2012	2011	*Change*
Reservations	**€861 million**	**€1.205 billion**	*-29%*
Entry-level and midscale	€477 million	€537 million	*-11%*
High-end	€322 million	€636 million	*-49%*
Serviced residences	€62 million	€32 million	*+94%*
Revenue	**€949 million**	**€822 million**	*+15%*
Operating cash flow	**€100.6 million** 10.6% of revenue	**€86.1 million** 10.5% of revenue	*+17%*
Backlog[31]	**€1.414 billion** 18 months	**€1.62 billion** 24 months	*-13%*
Properties for sale and future offering[32]	**€4.068 billion**	**€3.621 billion**	*+12%*

OFFICE: A comprehensive approach in a persistently difficult market

Altarea Cogedim took advantage of the past three years to develop new activities that complement its traditional businesses as a developer and service provider: it now acts as an investor, fund and asset manager via the investment vehicle AltaFund[33]. AltaFund carried out its first investment this year by acquiring a 106,500-ft^2 (9,900-m^2) office building on Boulevard Raspail in Paris.

Altarea Cogedim carried out three transactions[34] in 2012 on surfaces totaling 1,171,000 ft^2 (108,800 m^2) for revenue of €248 million (incl. tax) on a Group share basis. For 2012, Altarea Cogedim Entreprise reported revenue of €118.8 million (+10%) and a significant increase in operating profit, which amounted to €5.1 million (compared to €0.1 million in 2011).

[28] Programs starting from <€5,000/m^2 in the Paris Region and <€3,600/m^2 in other regions
[29] Operations for which the selling price is capped, after land prices have been negotiated and reduced.
[30] Programs designed for seniors (under the Cogedim Club® brand), students or business travelers
[31] The backlog comprises revenues excluding tax from notarized sales to be recognized on a percentage-of-completion basis and individual and block reservations to be notarized
[32] Properties for sale include units available for sale (expressed as revenue incl. tax), and the future offering is made up of programs at the development stage (through sales commitments, almost exclusively unilateral in nature) that have yet to be launched (expressed as revenue incl. tax)
[33] In which the Group holds a stake limited to approximately 17%
[34] Rue des Archives (Paris), Euromed Center (Marseille), VEFA Mercedes Benz France (Montigny)

FINANCE: 9TH CONSECUTIVE YEAR OF DOUBLE-DIGIT GROWTH AND A STRENGTHENED BALANCE SHEET

In € millions	2012 FFO		2012 Changes in value, estimated expenses and transaction costs[35]	2012 TOTAL	2011 FFO	2011 Changes in value, estimated expenses and transaction costs	2011 TOTAL
Brick-and-mortar retail	190.9	*+5%*		190.9	182.3		182.3
Online retail	325.1	*+10%* [36]		325.1	-		-
Residential property	949.2	*+15%*		949.2	822.6		822.6
Office property	118.8	*+10%*		118.8	108.1		108.1
REVENUE	**1,584.0**	***+42%***		**1,584.0**	**1,113.1**		**1,113.1**
Brick-and-mortar retail	135.0	*-0%*	27.3	162.2	135.4	64.9	200.4
Online retail	(6.0)	*n/a*	(7.9)	(13.9)	-	(1.7)	(1.7)
Residential property	100.6	*+17%*	(4.8)	95.8	86.1	(9.0)	77.1
Office property	5.1	*n/a*	(1.0)	4.0	0.1	(7.6)	(7.4)
Other	(2.5)	*n/a*	(0.6)	(3.1)	(1.7)	(0.5)	(2.3)
OPERATING PROFIT	**232.2**	***+6%***	**12.9**	**245.0**	**219.9**	**46.1**	**266.1**
Net borrowing costs	(71.7)	*-9%*	(3.7)	(75.5)	(78.7)	(3.1)	(81.9)
Changes in value and profit / (loss) from disposal of financial instruments	-		(78.4)	(78.4)	-	(80.4)	(80.4)
Proceeds from the disposal of investments	-		0.7	0.7		(0.1)	(0.1)
Corporate income tax	(1.9)		(29.8)	(31.6)	(0.8)	(8.8)	(9.6)
NET PROFIT	**158.6**	***+13%***	**(98.4)**	**60.2**	**140.4**	**(46.3)**	**94.1**
Income attributable to equity holders of the parent	***149.7***		***(93.8)***	***55.9***	***134.3***	***(46.0)***	***88.3***
Average diluted number of shares (in millions)	*10.547*				*10.241*		
FFO (GROUP SHARE) / SHARE	**€14.19**	***+8.3%***			**€13.11**		

Reported revenue was up 42%, due in part to Rue du Commerce's first year of incorporation into the consolidation scope. Like-for-like, organic growth came to +13% with positive performances by all businesses (retail +5%, residential +15%, office property +10%).

In line with the stated goal, FFO[37] exhibited strong growth of +11.4%, coming to €149.7 million and driven in particular by results in residential property. The retail contribution was stable, the impact of disposals being offset by the increase in rental income on a same-floor-area basis, as well as by higher external fees. The contribution of online retail was negative as a result of investments decided in 2012[38] and which are recognized as expenses for accounting purposes. Finally, the office property business reported renewed profitability after hitting bottom in 2011. On a per-share basis, growth reached +8.3%, coming to €14.19 after taking account of the 732,624 shares created in June 2012 for the dividend payout in shares.

Finance costs recognized as expenses declined owing to the dual effect of a slight drop in average interest rates (to 3.52%, i.e. -7 bps) and an increase in capitalized finance costs on development projects[39]. The interest coverage to operating cash flow ratio (ICR) stood at 3.2, compared to 2.8 in 2011.

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[35] Allowances for depreciation and non-current provisions, stock grants, pension provisions, staggering of debt issuance costs
[36] Proforma
[37] Funds From Operations, represents the result before changes in fair value, estimated non-cash expenses and transaction costs
[38] Recruitments for the *Galerie Marchande*, technology investments (website, mobile application , IT systems) and marketing
[39] Mainly Villeneuve-la-Garenne and Nîmes

Net profit was boosted by a €49.7 million (+1.9%) upward change in value for French shopping centers, and negatively impacted by a €30.1 million (-5.6%) decline in the value of international assets. Most of the variation between FFO and consolidated net income is due to hedging instruments having declined in value by €78.4 million, as well as deferred tax accounting for expenses of €29.6 million (non-cash).

A STRENGTHENED BALANCE SHEET AND ENHANCED LIQUIDITY

Consolidated equity increased by 22% to €1.362[40] billion owing to the multiple effect of the €69 million capital increase following payout of the 2012 dividend in shares[41], the €109 million in TSDI taken up by APG and the takeover of Cap 3000 which contributed €159 million to equity.

The loan-to-value ratio (LTV) decreased to 49.3% (vs. 51.2%) and available liquidity increased sharply to €720 million[42] thanks to €530 million in corporate lines of credit signed in 2012, including €250 million at 5- and 7-year terms issued on debt markets at competitive rates[43], thus attesting market confidence in the quality of the Group's credit. The Group is thus refinancing all of its 2013 maturities and getting a head start for its upcoming refinancing program.

	2012	*Change*
Net debt	€2.186 billion	*+5%*
LTV	49.3%	*-190 bps*
ICR	3.2x	*vs. 2.8x*
Term	4.3 years	*vs. 4.7 years*
Average cost	3.52%	*- 7 bps*
WCR	€265.4 million	*+24%*
WCR (% of 2012 consolidated revenue)	16.7%	*- 2.4 points*

NET ASSET VALUE: EPRA NAV/SHARE of €148.6 (-3.4%)

2012 net asset value was stable or slightly up regardless of the methodology used (EPRA NAV, going-concern NAV, EPRA NNNAV). On a per-share basis, EPRA NAV[44] recorded a slight drop (-3.4% to €148.6) as a result of the 732,624 shares created for the dividend payout in shares.

In € millions	2012	2011	*Change*
EPRA NAV	1,620.7	1,564.6	*+3.6%*
Going concern NAV	1,511.1	1,498.4	*+0.8%*
EPRA NNNAV (liquidation NAV)	1,425.9	1,421.5	*+0.3%*

Please see the business review for details regarding calculation of each NAV

In € per share	2012	2011	*Change*
EPRA NAV	148.6	153.7	*-3.4%*
Going concern NAV	138.5	147.2	*-5.9%*
EPRA NNNAV (liquidation NAV)	130.7	139.7	*-6.4%*

Please see the business review for details regarding calculation of each NAV

[40] O/w €1.024 billion for Group share and €338 million for minority share

[41] When the 2012 dividend of €9.0 per share was paid, shareholders were offered the option of subscribing new shares at a price of €94.31 per share. This operation led to the creation of 732,624 shares (76.77% take-up rate)

[42] O/w €643 million in corporate sources of funds (cash and confirmed authorizations) and €77 million in unused loan authorizations secured against specific developments

[43] €100 million in the form of five-year bonds at 3.65% and €150 million through a seven-year private debt placement at 3.97%

[44] EPRA NAV: Market value of equity from the perspective of operations as a going concern

OUTLOOK AND GUIDANCE

Considering the economic environment and the decision to continue future-looking investments to meet its objective of a 50% increase in FFO by 2017, Altarea Cogedim is anticipating for 2013 a slight drop in FFO, as well as a continued reduction in LTV. The Group also maintains its objective of an unchanged dividend of €10.0 per share.

The Group's financial communication takes place after market.

This press release is accompanied by a presentation available for download on the Financial information page of Altarea Cogedim's website.

A French-language audiocast of the meeting held to present the 2012 results will be available as of March 1st 2013 on the Financial information page of Altarea Cogedim's website.

About Altarea Cogedim - FR0000033219 - ALTA

Listed on Compartment A of NYSE Euronext Paris (SRD Long Only), Altarea Cogedim is a leading property group. As both a commercial land owner and developer, it operates in all three classes of property assets: retail, residential and offices. It has the required know-how in each sector to design, develop, commercialize and manage made-to-measure property products. By acquiring Rue du Commerce, a leader in e-commerce in France, Altarea Cogedim became the first multi-channel property company.

Altarea Cogedim holds a shopping center portfolio of € 3.3 billion, with a market capitalization of approximately €1.3 billion in early 2013.

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NOTICE

This press release does not constitute an offer to sell or solicitation of an offer to purchase Altarea shares. For more detailed information concerning Altarea, please refer to the documents available on our website: www.altareacogedim.com.

This press release may contain forward-looking declarations. While the Company believes such declarations are based on reasonable assumptions at the date of publication of this document, they are by nature subject to risks and uncertainties which may lead to differences between real figures and those indicated or inferred from such statements.

BUSINESS REVIEW
December 31, 2012

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I. Business review

1.1. Retail

1.1.1 "Brick-and-mortar" retail

1.1.2 Online retail

1. Retail

Altarea Cogedim is the first retail REIT to develop a global multi-channel business model. One of the largest shopping center owners and developers in France, managing a €4-billion asset portfolio, the Group is also a leading French e-retailer thanks to its brand Rue du Commerce, whose online business volume came to €423 million.

With its unique offering combining traditional and web-based retail, Altarea Cogedim confirms its position as a pioneer in multi-channel retail, establishing itself as the only retail REIT to provide customers and retailers with overall solutions by offering them both brick-and-mortar and online retail space.

Quickening changes in consumer habits

Consumer trends are in the midst of a profound transformation as a result of somber economic conditions, as well as the clear generalization of online shopping. The emergence of new mobile devices (smartphones and computer tablets) has intensified this development. As such:

- **Household consumption in France recorded a 2.9%[45] drop over the year.** Moreover, the situation continued to deteriorate in Q4 2012 (2.5% drop in the first nine months of the year).

- **Concern about economic and social conditions gave rise to an ever higher level of precautionary savings**[46] among French consumers. The windfall effect generated by the increase of "Livret A" and "Livret Développement Durable" (LDD) savings account ceilings intensified this effect. These two accounts collected some €50 billion net in 2012.

- Price is a decisive criterion in the purchasing process, but consumers also demand **a greater number of services, as well as shopping convenience** made possible by a multi-channel offering (store to web / web to store).

- **"E-commerce is durably rooted in French consumer habits"[47]:**
  - Internet sales reached €45 billion in 2012 (+19% in one year), of which 20% were carried out in November and December.
  - The appearance of new customers (+5% over one year) supports this trend, as does the emergence of new e-retailer websites. The number of sites increased by 17%, reaching a total of 117,500 active merchants at the end of 2012.
  - With an estimated €1 billion in sales, m-commerce already accounts for 20% of internet sales.

[45] Source: Banque de France.
[46] Source: Le cercle des épargnants.
[47] Source: Fevad Review of e-commerce in 2012.

1.1. "Brick-and-mortar" retail

KEY FIGURES AT DECEMBER 31, 2012

December 31, 2012	Operating			Under development		
	GLA m²	Current gross rental income[49], in € millions	Appraisal value[50], in € millions	GLA m²	Provisional gross rental income, in € millions	Net investments[51], in € millions
Controlled assets[52]	**744,728**	**197.9**	**3,216**	**411,100**	**121.7**	**1,417**
Group share	616,738	158.2	2,563	243,000	71.8	838
Share of minority interests	127,989	39.6	653	168,100	49.8	580
Minority interests	**22,538**	**6.8**	**59**	-	-	-
Management for third parties[53]	**211,600**	**41.8**	**683**	-	-	-
Total assets under management	**978,866**	**246.5**	**3,958**	**411,100**	**121.7**	**1,417**

1.1.1. Net consolidated rental income

Net rental income (IFRS) came to €145.8 million at December 31, 2012, a 2.1% drop compared with 2011 as a result of disposals. **Like-for-like[54], rental income rose 4.5%.**

By source, the change in net rental income breaks down as follows:

In € millions

Net rental income at Dec. 2011	148.8	
Centers opened	0.9	*+0.6%*
Disposals	(10.1)	*+6.8%*
Acquisitions	-	-
Redevelopments	(0.6)	*-0.4%*
Like-for-like change	**6.7**	***+4.5%***
Total change in net rental income	**(3.1)**	***-2.1%***
Net rental income Dec. 2012	**145.8**	

Centers opened

2012 was marked by the delivery of the eastern extension of the Gramont regional shopping center in Toulouse. In addition to the Auchan "Drive," this extension includes the creation of 17 new shops and an addition of approximately 7,000 m² GLA (75,000ft²) to the Auchan superstore.

Disposals

€108 million in assets were sold in 2012[55]. Disposals include:

- a superstore shopping gallery and a small retail park, both located north of Bordeaux,
- as well as four minor assets in Mantes, Plaisir, Chambéry and outside of Grenoble.

These disposals, together with those carried out in 2011, resulted in a €10.1 million drop in net rents in 2012.

Redevelopments

The impact of redevelopments primarily concerns two centers. The first is Massy, whose surfaces are gradually being vacated in preparation for future redevelopment work. Regional authorization has already been granted for this project. The second is Aubergenville, for which the redevelopment plan has been revised to include an entertainment offering.

Like-for-like change in rental income[56]

	Change	%
France *(84% of the portfolio in value terms)*	+€8.5 mil.	*+7.3%*
International *(16% of the portfolio)*	-€1.8 mil.	*-5.5%*
Total Portfolio	**+€6.7 mil.**	***+4.5%***

The particularly pronounced increase in France **(+7.3%)** was driven for the most part by the major regional shopping centers (Cap 3000, Toulouse Gramont[57], Bercy Village, etc.), where asset

[49] Rental value on signed leases at January 1, 2013.
[50] Including transfer duties.
[51] Including interest expenses and internal costs.
[52] Assets in which Altarea holds shares and for which Altarea exercises operational control.
[53] Assets held entirely by third parties who entrusted Altarea with a management mandate for an initial period of three to five years, renewable annually.
[54] Excluding impact of openings, acquisitions, disposals and redevelopments.

[55] At 100% including transfer duties.
[56] Excluding impact of openings, acquisitions, disposals and redevelopments.
[57] Excluding the eastern extension.

management initiatives were especially intense (with a tenant turnover rate[58] greater than 11%).

Regarding rental income abroad, most of the 5.5% drop concerned the Due Torri shopping center (Lombardy), where a single tenant incident involving a household equipment retailer generated a €1.3 million loss. The drop in net rental income also reflects the impact of the new IMU[59] tax in Italy, which is only partially passed on to tenants.

1.1.2. Operational performance of shopping centers (France and International)

France (84% of the portfolio)

Merchant sales and footfall

Data at 100%	Sales (incl. tax)[60]	Footfall[61]
Total shopping centers	**+2.0**	**+3.2%**
CNCC index	+0.2%	-1.1%

Rental activity (gross rental income)

	Number of leases	New rent	Old rent	*Change*
Letting	173	€17.7 m	-	*n/a*
Lease renewals / Re-lettings	76	€8.8 m	€6.8 m	*+29%*
Total 2012	**249**	**€26.5 m**	**€6.8 m**	***n/a***
Note: 2011 Lease renewals / Re-lettings:				*+13%*

Lease expiry schedule

In € mill., at 100%	By lease expiry date	*% of total*	By 3-year termination option	*% of total*
Past years	13.8	*8.3%*	16.1	*9.6%*
2013	3.9	*2.4%*	19.8	*11.8%*
2014	10.7	*6.4%*	43.5	*25.9%*
2015	4.8	*2.9%*	30.6	*18.3%*
2016	5.0	*3.0%*	30.8	*18.4%*
2017	19.3	*11.5%*	9.2	*5.5%*
2018	23.0	*13.7%*	7.1	*4.2%*
2019	21.1	*12.6%*	0.6	*0.3%*
2020	27.9	*16.6%*	2.6	*1.5%*
2021	17.8	*10.6%*	6.3	*3.8%*
2022	17.7	*10.6%*	0.0	*0.0%*
2023	0.6	*0.4%*	0.0	*0.0%*
> 2023	1.9	*1.1%*	1.0	*0.6%*
Total	**167.6**	***100%***	**167.6**	***100%***

[58] Rental income from renewed/re-let leases, limited to total rental income at the start of the period.
[59] *Imposta Municipale Unica* (Municipal property tax), a land tax that entered into force in Italy on January 1, 2012.
[60] Lfl, revenue development for shopping center tenants.
[61] Shopping centers equipped with the Quantaflow system.

Occupancy cost ratio[62], bad debt ratio[63] and financial vacancy rate[64]

	2012	2011	2010
Occupancy cost ratio	10.1%	9.6%	9.4%
Bad debts ratio	1.5%	1.6%	1.9%
Financial vacancy rate	2.8%	3.9%	3.0%

International (16% of the portfolio)

The international shopping center portfolio comprises six Italian assets, mostly located in Northern Italy, and one Spanish asset located in Barcelona.

Operational indicators remain positive in Italy in spite of a very unfavorable economic climate, with merchant sales stable at +0.1%, an occupancy cost ratio of 12.6% and a financial vacancy rate of 2.6%.
Excluding the Due Torri incident (see above), the bad debt ratio remains at 4.4%.

In Spain, merchant sales recorded a 10.0% drop. The other operational indicators clearly outperformed the market, with an occupancy cost ratio of 10.0%, a financial vacancy rate of 3.0%, no bad debt (-0.1%) and a 12% rent uplift upon renewals/re-lettings.

1.1.3. Management for third parties

Over the past few years, the Group has significantly developed its management business for third parties. This management concerns both:

- shopping centers that have been sold but which Altarea Cogedim continues to manage,
- the centers whose owners called upon Altarea for its expertise in managing shopping centers.

At the end of 2012, these assets accounted for €41.8 million in rental income, for an overall value of nearly €683 million. They have contributed substantially to increasing Altarea France's revenues from third parties.

[62] Calculated as rent and expenses charged to tenants (incl. taxes) over the past 12 months (including rent reductions), in proportion to sales over the same period (incl. taxes) at 100% in France.
[63] Net amount of allocations to and reversals of provisions for bad debt plus any write-offs during the period as a percentage of total rent and expenses charged to tenants, at 100% in France.
[64] Estimated rental value (ERV) of vacant lots as a percentage of total estimated rental value. Excluding property being redeveloped, at 100% in France.

In € millions	2009	2010	2011	2012	CAGR
External services	10.4	13.6	16.5	18.0[65]	+20%

Combining controlled assets and assets managed for third parties, Altarea manages a total of 1,700 leases in France and 500 in Italy and Spain.

1.1.4. Portfolio[66]

Portfolio composition

Asset format (in € millions)		2012	2011	Change
France	Average value	€79 mil.	€68 mil.	+15%
	Number of assets	34	39	-13%
International	Average value	€77 mil.	€81 mil.	-5%
	Number of assets	7	7	-

Asset format (in € millions)	2012		2011		Change
Regional shopping centers	1,742	54%	1,661	51%	+3 pts
Large Retail Parks (Family V.)	697	22%	684	21%	+1 pt
Nearby / downtown	777	24%	893	28%	-4 pts
TOTAL	**3,216**	100%	**3,238**	100%	

Geographical distribution (in € millions)	2012		2011		Change
Paris Region	1,039	32%	1,027	32%	-
PACA / Rhône-Alpes / South	1,221	38%	1,224	38%	-
Other French regions	418	13%	420	13%	-
International	538	17%	567	18%	-1 pt
TOTAL	**3,216**	100%	**3,238**	100%	

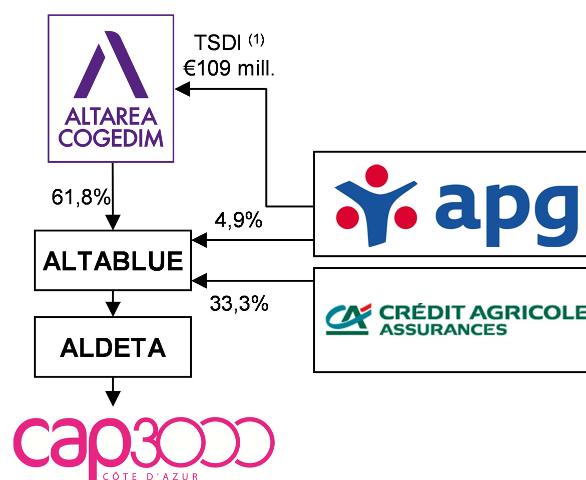
Bercy Village

Following nearly 15 years of legal proceedings, a December 26, 2012 decision by the Council of State definitively granted SCI Bercy Village a building permit for the creation of the shopping center of which it is the owner. This decision puts an end to the dispute regarding the legality of the initial authorizations for the Bercy Village shopping center.

Control taken of Cap 3000

The extention project regarding Cap 3000 shopping center was decided at the end of 2012. For this purpose, Altablue (holding owning the center) raised its equity to €409 million, which led to the rewriting of the governance agreement signed with APG and Predica in 2010.

Following these transactions, Altarea's share in Altablue reached 61.8% of the asset, which is accounted on a global integration basis in the Group's consolidated accounts, with an impact on the rental income starting January 1st, 2013.



(1) TSDI (*Titres Subordonnés à Durée Indéterminée*) or Undated Subordinated Notes, treated as minority interests' equity instruments in the Group's IFRS consolidated financial statements

Valuation

At December 31, 2012, controlled assets were valued at €3.216 billion, a slight drop compared with 2011 owing to disposals.

In € millions	Gross rental income	Value
TOTAL at Dec. 31, 2011	**192.7**	**3,238**
Centers opened	1.8	42
Acquisitions	-	-
Disposals	(7.1)	(109)
Like-for-like change	10.4	45
Sub-total	**5.1**	**(23)**
TOTAL at Dec. 31, 2012	**197.9**	**3,216**
o/w Group share	*158.2*	*2,563*
o/w share of minority interests	*39.6*	*653*

Like-for-like change	In € millions	%
France	73	+2.8%
International	(28)	-5.0%
TOTAL	**45**	**+1.4%**

The decrease in value of Italian assets is due in particular to the impact of the new IMU tax.

Capitalization rate[67]

In 2012, the average weighted capitalization rate remained virtually stable at 6.20% (+5 bps).

[65] Including €13.5 million in fees from rental management for third parties and €4.5 million in development fees for programs built with third parties.

[66] Assets controlled by the Group, in value terms including transfer duties.

[67] The capitalization rate is the net rental yield relative to the appraisal value excluding transfer duties.

Average net capitalization rate at 100%	2012	2011
France	6.10%	6.05%
International	6.70%	6.63%
TOTAL portfolio	**6.20%**	**6.15%**

Appraisal values

Asset valuation for Altarea Cogedim Group is entrusted to DTZ Eurexi and RCG (for shopping center properties located in France and Spain, hotels and business franchises) and to Retail Valuation Italia (for properties located in Italy). The appraisers use two methods:

- A method based on discounting projected cash flow over 10 years, taking into account the resale value at the end of the period determined by capitalizing forecast net rental income over the period. Amid the prevailing inefficient market conditions, appraisers have often opted to use the results obtained using this method.

- A method based on capitalization of net rental income: the appraiser applies a rate of capitalization based on the site's characteristics (surface area, competition, rental potential etc.) to rental income (including guaranteed minimum rent, variable rent and the market rent of vacant premises) adjusted for all charges incumbent upon the owner. The second method is used to validate the results obtained with the first method.

Rental income takes into account notably:

- Rent increases that should be applied on lease renewals,

- The normative vacancy rate,

- The impact of future rental gains resulting from the letting of vacant premises,

- The increase in rental income from incremental rents.

These valuations are conducted in accordance with the criteria set out in the Red Book – Appraised and Valuation Standards published by the Royal Institution of Chartered Surveyors in May 2003. The surveyors' assignments were all carried out in accordance with the recommendations of the COB/CNC "Barthes de Ruyter working group" and fully comply with the instructions of the Appraisal Charter of Real Estate Valuation (*Charte de l'Expertise en Evaluation Immobilière*) updated in 2012. Surveyors are paid lump-sum compensation determined in advance and based on the size and complexity of the appraised properties. Compensation is therefore totally independent of the results of the valuation assessment.

The value of the portfolio by appraiser breaks down as follows:

Expert	Assets	As % of value incl. transfer duties
RCG	France	41%
DTZ	France & Spain	46%
Retail Value Italia	Italy	13%

1.1.5. Shopping centers under development

At December 31, 2012, the volume of projects under development by Altarea Cogedim represented a forecast net investment[68] of approximately €838 million on a Group share basis, for potential rental income of €72 million, i.e., a forecast gross return on investment of 8.6%.

December 31, 2012	GLA m²	Forecast gross rental income, in € m.	Invest-ments, in € m.	Forecast return
At 100%				
Retail Parks & Family V.	112,200	16.8	198	8.5%
Shopping centers	298,900	104.9	1,219	8.6%
Total	**411,100**	**121.7**	**1,417**	**8.6%**
o/w redevelopments/ extensions	47,500	28.3	310	9.1%
o/w creations	363,600	93.4	1,107	8.4%
Group share				
Retail Parks & Family V.	83,000	13.0	156	8.4%
Shopping centers	160,000	58.8	682	8,6%
Total	**243,000**	**71.8**	**838**	**8,6%**
o/w redevelopments/ extensions	32,500	16.5	193	8,5%
o/w creations	210,500	55.3	645	8.6%

Altarea Cogedim only reports on projects that are underway or at the development stage.[69] This pipeline does not include identified projects on which development teams are currently in talks or carrying out advanced studies.

Given the Group's cautious criteria, the decision is made to commence work only once a sufficient level of pre-letting has been reached. In light of the progress achieved in 2012 from both an administrative and commercial point of view, most pipeline projects should be delivered between 2014 and 2016.

[68] Including interest expenses and internal costs.
[69] Projects underway: properties under construction.
Projects under development: projects either fully or partly authorized, where the land has been acquired or for which contracts have been signed, but on which construction has not yet begun.

At December 31, 2012, the level of commitments for these projects came to 28% (€269 million) on a Group share basis.

In € millions (net)	At 100%	Group Share
Paid out	297	216
Committed, not yet paid out	97	52
Total commitments	**395**	**269**

Investments carried out in 2012 for projects under development

Over the year, Altarea Cogedim invested[70] €118 million on a Group share basis in its project portfolio.

These investments mainly concern the two shopping centers under development (Villeneuve-la-Garenne and the Nîmes Costières Family Village) as well as properties undergoing redevelopment and/or extension (Toulouse, Cap 3000, Bercy and Massy).

Authorizations granted

For projects under development, authorizations are progressing as forecast in operational time lines.

1.1.6. Operating cash flow

In € millions	12-31-2012		12-31-2011
Rental income	160.4		162.1
Net rental income	**145.8**	***-2%***	**148.8**
% of rental revenues	*90.9%*		*91.8%*
External services[71]	18.0	*+10%*	16.5
Production capitalized & held in inventory	12.2		15.1
Operating expenses	(50.5)	*-5%*	(53.1)
Net overhead expenses	**(20.3)**		**(21.5)**
Share of affiliates[72]	9.4		8.2
Operating cash flow	**135.0**	***-0%***	**135.4**
% of rental income	*84.2%*		*83.5%*

Operating cash flow remained at the same level as at December 31, 2011. The negative impact of disposals was offset by an increase in external services to third parties (partnerships, shopping centers sold but which Altarea Cogedim continues to manage, etc.) as well as by controlled operating expenses.

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[70] Change in non-current assets net of changes in amounts payable to suppliers of non-current assets.
[71] Including €13.5 million in fees from rental management for third parties and €4.5 million in development fees for programs built with third parties.
[72] Companies consolidated using the equity method (Gare du Nord, SEMMARIS-Rungis).

BREAKDOWN OF RETAIL PORTFOLIO MANAGED AT DECEMBER 31, 2012

Center	GLA m²	GRI (in € m)[73]	Value (in € m)[74]	O/w Altarea Share	O/w Altarea Value (in € m)[74]	O/w third-party share Share	O/w third-party share Value (in € m)[74]
Toulouse Occitania	56,200			100%		-	
Paris - Bercy Village	22,824			85%		15%	
Gare de l'Est	5,500			100%		-	
CAP 3000	64,500			33%		67%	
Thiais Village	22,324			100%		-	
Carré de Soie	60,800			50%		50%	
Massy	18,200			100%		-	
Lille - Les Tanneurs & Grand' Place	25,480			100%		-	
Aix en Provence	3,729			100%		-	
Nantes - Espace Océan	11,200			100%		-	
Mulhouse - Porte Jeune	14,769			65%		35%	
Strasbourg - L'Aubette & Aub. Tourisme	8,400			65%		35%	
Strasbourg-La Vigie	16,232			59%		41%	
Flins	9,700			100%		-	
Toulon - Grand' Var	6,336			100%		-	
Montgeron - Valdoly	5,600			100%		-	
Chalon Sur Saone	4,001			100%		-	
Toulon - Ollioules	3,185			100%		-	
Tourcoing - Espace Saint Christophe	13,000			65%		35%	
Okabé	38,615			65%		35%	
Villeparisis	18,623			100%		-	
Herblay - XIV Avenue	14,200			100%		-	
Pierrelaye (RP)	9,750			100%		-	
Gennevilliers (RP)	18,863			100%		-	
Family Village Le Mans Ruaudin (RP)	23,800			100%		-	
Family Village Aubergenville (RP)	38,620			100%		-	
Brest - Guipavas (RP)	28,000			100%		-	
Limoges (RP)	28,000			75%		25%	
Misc. (6 assets)	34,170			n/a		n/a	
Sub-total France	**624,621**	**160.8**	**2,677**		**2,024**		**653**
Barcelone - San Cugat	20,488			100%		-	
Bellinzago	20,491			100%		-	
Le Due Torri	33,680			100%		-	
Pinerolo	8,108			100%		-	
Rome - Casetta Mattei	15,385			100%		-	
Ragusa	12,609			100%		-	
Casale Montferrato	8,288			100%		-	
Sub-total International	**120,107**	**37.0**	**538**		**538**		**-**
Controlled assets	**744,728**	**197.9**	**3,216**		**2,563**		**653**
Paris - Les Boutiques Gare du Nord	3,750			40%		60%	
Roubaix - Espace Grand' Rue	13,538			33%		67%	
Châlons - Hôtel de Ville	5,250			40%		60%	
Minority interests	**22,538**	**6.8**	**59**		**22**		**37**
Ville du Bois	43,000			-		100%	
Pau Quartier Libre	33,000			-		100%	
Brest Jean Jaurès	12,800			-		100%	
Brest - Coat ar Gueven	13,000			-		100%	
Thionville	8,600			-		100%	
Bordeaux - Grand' Tour	11,200			-		100%	
Vichy	13,794			-		100%	
Reims - Espace d'Erlon	12,000			-		100%	
Toulouse Saint Georges	14,500			-		100%	
Chambourcy (RP)	33,500			-		100%	
Bordeaux - St Eulalie (RP)	13,400			-		100%	
Toulon Grand Ciel (RP)	2,800			-		100%	
Assets managed for third parties	**211,600**	**41.8**	**683**		**-**		**683**
Total Actifs en gestion	**978,866**	**246.5**	**3,958**		**2,584**		**1,373**

(RP) Retail park

[73] Gross rental income, Rental value on signed leases at January 1, 2013.
[74] Including transfer duties.

BREAKDOWN OF SHOPPING CENTERS UNDER DEVELOPMENT AT DECEMBER 31, 2012

Center	Creation/ Redev./ Extension	At 100% GLA created (m²)	At 100% GRI (in € m)	At 100% Net invest.[75] (in € m)	At 100% Return	Group share GLA created (m²)	Group share GRI (in € m)	Group share Net invest.[75] (in € m)	Group share Return
Family Village Le Mans 2	Creation	16,200				16,200			
Family Village Aubergenville 2	Extension	10,200				10,200			
Family Village Roncq	Creation	58,400				29,200			
Family Village Nîmes	Creation	27,400				27,400			
Retail Parks		**112,200**	**16.8**	**198**	**8.5%**	**83,000**	**13.0**	**156**	**8.4%**
Villeneuve la Garenne	Creation	63,300				31,650			
La Valette du Var	Creation	38,400				38,400			
Massy -X%	Redev./Extensions	7,400				7,400			
Cap 3000	Redev./Extensions	18,800				6,300			
Coeur d'Orly	Creation	123,000				30,750			
Aix extension	Extension	4,800				2,400			
Shopping centers France		**255,700**	**88.7**	**1,050**	**8.4%**	**116,900**	**42.6**	**513**	**8.3%**
Ponte Parodi (Genoa)	Creation	36,900				36,900			
Le Due Torri (Lombardy)	Extension	6,200				6,200			
Shopping centers International		**43,100**	**16.2**	**169**	**9.6%**	**43,100**	**16.2**	**169**	**9.6%**
Total at December 31, 2012		**411,100**	**121.7**	**1,417**	**8.6%**	**243,000**	**71.8**	**838**	**8.6%**
o/w Redev./Extensions		*47,500*	*28.3*	*310*	*9.1%*	*32,500*	*16.5*	*193*	*8.5%*
o/w Assets creation		*363,600*	*93.4*	*1,107*	*8.4%*	*210,500*	*55.3*	*645*	*8.6%*

[75] Including interest expenses and internal costs.

1.2. Online retail

Altarea Cogedim Group is one of the leading names in e-commerce in France thanks to its brand Rue du Commerce, whose 2012 business volume came to €423 million (+10%).

1.2.1. Market trends[76]

In 2012, e-commerce reported sales of €45 billion in France (+19%). General merchandise websites reported a 7% like-for-like increase in sales[77].

This growth was driven in large part by the creation of 17,000 new retail websites (+17%), for a total of 117,500 retail websites in France. Of this total, fewer than 100 sites boast more than €100 million in business.

M-commerce is experiencing strong growth as well, with estimated business volume of €1 billion in 2012 (2.5 times 2011 sales, estimated at €400 million). M-commerce now accounts for 2% of the Internet sales.

1.2.2. RueduCommerce.com visitor numbers

Visitor numbers (total number of connections to the site)[78]

RueduCommerce.com recorded a 17% increase in traffic year-on-year, from 156 million to 181 million visitors over the year (an average of 15.1 million visitors per month). This growth exceeds that of all pure play general merchandise sites, which came to 9%[79].

7.8% of these visitors used mobile devises: dedicated applications or site navigation (classic or mobile versions) with smartphones or tablets.

Average number of unique visitors (UV) per month (internet users having visited the site at least once over a one-month period)[80]

Rue du Commerce further maintained its position as a leading site, ranking among the "Top 10" general e-retailer websites in France[81].

	General retailer websites	Average UV per month in 2012, in thousands
1	Amazon	12,428
2	Cdiscount	9,168
3	Fnac	8,592
4	PriceMinister	7,544
5	La Redoute	7,371
6	Carrefour	6,667
7	Vente-privée.com	6,047
8	**RueduCommerce.com**	**5,095**
9	3 Suisses	4,469
10	Pixmania	4,339

This "Top 10" ranking may exhibit little progress compared with 2011, but it is nevertheless important to note the significant growth of websites created by brick-and-mortar retailers. Indeed, 10 of these retailers are now included among the Top 40 leading e-commerce sites in France[82] (compared with 7 in 2011). This development endorses Altarea Cogedim's vision of being active on both channels (brick-and-mortar and online), just like its retail clients.

1.2.3. Rue du Commerce performance

Initially an online retailer of high-tech products, Rue du Commerce is the first site to have launched a marketplace in France (the "*Galerie*"). The *Galerie's* operating practices are similar in many respects to those of a shopping center.

In 2012, the site reported €423 million in business volume (+10%), with 75% generated by own-brand distribution and 25% by the *Galerie Marchande*.

In € millions	2012	2011	*Change*
Distribution	315.7	289.0	*+9%*
Galerie merchants' sales	107.5	94.7	*+14%*
Business volume	**423.2**	**383.7**	***+10%***

Rue du Commerce reported 2.4 million orders in 2012, for an average basket of approximately €201.

2012 Highlights

2012 was the year Rue du Commerce was incorporated into Altarea Cogedim and implemented a significant investment program. The principal technological innovations and "multi-channel" experiences include:

- Technological innovations:
  - creation of a more user-friendly site and simplification of the purchasing process,
  - launch of the mobile application in November 2012, becoming one of the primary m-commerce applications in

[76] FEVAD 2012 E-commerce review.
[77] FEVAD iCE 40 survey (like-for-like growth of leading sites).
[78] Xiti data.
[79] Médiamétrie//NetRating data, January-November 2012 average.
[80] Médiamétrie//NetRating data, January-November 2012 average.
[81] Médiamétrie//NetRating ranking according to the number of unique visitors per month (i.e., internet users having visited the site at least once over a one-month period) from January to November 2012.

[82] FEVAD iCE 40 survey

France. The application was downloaded more than 100,000 times by late December, less than two months after its launch,

- Multi-channel synergies:
  - Upmarket positioning and recruitment of 240 new merchants, including 14 chains featured in Altarea Cogedim Group's shopping centers[83];
  - Cross-marketing advertising operations (e.g. geolocation-based advertising for the Group's 25 leading shopping centers on Rue du Commerce).

The online *Galerie Marchande*

In 2007, Rue du Commerce launched the "*Galerie*," an online marketplace based on the RueduCommerce.com site whereby participating online merchants are provided with a sales platform in exchange for a percentage of the partners' sales.

	2012	2011	2010	*CAGR*
Partner merchants' sales (in € millions excl. tax)	107.5	94.7	67.9	*+26%*
RDC commissions	9.4	7.5	5.0	*+38%*
Commission rate	8.8%	8.0%	7.3%	*+1.5pt*
No. of orders (in millions)	1.10	0.93	0.74	*+22%*
Average basket (incl. tax)	€130.5	€138.2	€128.8	*+€ 1.60*

The *Galerie's* business volume increased sharply over the year (+14% compared with 2011). This boost is due in particular to strong growth in the fashion, household goods, gardening and DIY departments.

The average commission rate is 8.8%, up 0.8 points compared with 2011 thanks to a more lucrative product mix (mainly fashion, household goods and gardening, the *Galerie's* principal departments aside from consumer electronics).

The Group's medium-term objective is to attract the majority of retailers operating in its brick-and-mortar shopping centers towards the Rue du Commerce marketplace. To this end, Rue du Commerce launched the "shops-in-shop" initiative in 2012 (brand-specific spaces included on the RueduCommerce.com website). These spaces operate in a way relatively similar to department store corners. This unique offer provides merchants with both brick-and-mortar and online retail space. It serves to set the Group apart and ensure future growth as the multi-channel business model continues its lively development.

Distribution of high-tech products

In a highly depressed French market (2.8% drop in sales of high-tech products)[84], Rue du Commerce's high-tech sales exhibited strong growth, amounting to €315.7 million (+9%), for a substantial average basket (€241 incl. tax). This outperformance attests to Rue du Commerce's expertise in this sector.

	2012	2011	*Change*
Distribution revenue (in € millions excl. tax)	315.7	289.0	*+9%*
No. of orders (in millions)	1.29	0.93	*+5%*
Average basket (incl. tax)	€241	€237	*+2%*

Rue du Commerce Group results

In € millions	12-31-2012		12-31-2011
Distribution revenues	315.7	*+9%*	289.0
Purchases consumed and other	(291.3)		(262.1)
Gross margin	**24.4**	***-9%***	**26.9**
% of revenues	*7.7%*		*9.3%*
Galerie Marchande commissions	9.4		7.5
Net overhead expenses	(39.9)		(28.0)
Operating cash flow	**(6.0)**		**6.4**
% of revenues	*-1.9%*		*10.5%*

A number of investments - technical (site, mobile application, etc.), marketing and human (recruitment of experts) - were carried out for Rue du Commerce in FY 2012 to shore up its business and speed its development, particularly through growth of the *Galerie Marchande*.
These investments had a negative short-term impact on 2012 operating cash flow.

From an operational point of view, the Group aims for €1 billion in business volume in four to five years and a "Top 5" ranking among e-commerce sites in France. In financial terms, renewed profitability is one of the Group's medium-term objectives.

2012 was also marked by Altarea Cogedim Group's acquisition of stakes held by minority shareholders (20%) in Altacom, holding company of Rue du Commerce.

Furthermore, a compulsory delisting of Rue du Commerce (with the right to squeeze out minority shareholders) was initiated by Altacom on February 27, 2013. This event completed Rue du Commerce's incorporation into Altarea Cogedim Group.

[83] And 50 additional merchants under discussion.

[84] In the first 11 months of the year (source: GfK).

2. Residential

2.1. 2012 Trends

2012 saw a sharp drop in sales activity for new housing, with approximately 73,700 lots sold[85]. This represents the lowest level of activity in 16 years, with sales down about 28% compared to the 103,300 lots sold in 2011.

Several factors came together: a difficult economic climate that shook buyer trust, tightening of credit conditions despite low interest rates, diminishing tax incentives as of the end of 2011 and uncertainty over the direction the tax and regulatory environment would take.

Slackening construction starts (-24%[86]) and administrative authorizations (-12%[87]) in 2012 will further compound the lack of new housing.

This shortage, estimated at nearly 1 million in France, has made housing a real public policy issue, whether concerning affordable housing for all or private investment. Two systems to support new housing have already entered into force since January 1, 2013: the reform of the zero-interest loan (PTZ+) and the "Duflot" buy-to-let investment tax-break scheme. The latter will feature stronger incentives than the Scellier scheme (18% reduction in taxes verses 13% for Scellier) and will have a greater social dimension (caps on rent and tenant resources).

Discussions are also currently underway to encourage institutional investors to return to the new housing market.

2.2. A beneficial shift in our offering

Capitalizing on the strengths of the "Cogedim Brand"

Cogedim's "brand capital" is founded upon a strategy of enlarging its customer base. Relying on its teams and their proven adaptability, Altarea Cogedim provides solutions tailored to the market. **It is resolutely oriented towards entry-level and midscale products, while always remaining true to its principle of quality.**

Changes in the range of products

For several years now, Cogedim has enlarged its housing offering to align with demand trends, all while taking advantage of its fundamental strengths. Today, Cogedim's offering includes five ranges that may be grouped as follows:

- Three high-end ranges defined by their upscale positioning in terms of architecture, quality and location. These ranges offer housing priced at over €5,000/m² in the Paris Region and over €3,600/m² outside of Paris, and also include exceptional programs.

- Two ranges offering midscale and entry-level housing that upholds Cogedim's quality standards. The programs of these "A and B" offerings are designed specifically:
  - to meet the need for affordable housing suited to the **creditworthiness of our customers**;
  - to fulfill individual investors' desires to take advantage of the **new Duflot scheme**.
  - to take advantage of the willingness of local authorities to develop **affordable housing operations[88]**.

Altarea Cogedim is also developing a **broad range of serviced residences:**

- Cogedim Club ® senior residences (Sèvres, Pégomas, Chambéry, etc.);

- Business residences (Apparthotel Paris Nanterre, Courbevoie);

- Student residences (Toulouse, Nanterre, St. Ouen, etc.).

Launches suited to the reality of the market

In 2012, Cogedim gave priority to midscale programs for which market demand is high: 71% of commercial launches concerned these product ranges.

Reservations[89] in line with the market in 2012

Reservations in value terms and in number of lots[90]

Group reservations in 2012 amounted to €861 million (incl. tax) and 3,197 lots.

	2012	2011	*Change*
Individual reservations	€646 mil.	€843 mil.	*-23%*
Block reservations	€215 mil.	€362 mil.	*-41%*
Total in value terms	**€861 mil.**	**€1.205 bil.**	***-29%***
Individual reservations	2,103 lots	2,523 lots	*-17%*
Block reservations	1,094 lots	1,674 lots	*-35%*
Total in no. of lots	**3,197 lots**	**4,197 lots**	***-24%***

[85] Source: FPI estimate, press release dated February 14, 2013.
[86] Source: Ministry of Ecology: Figures and Statistics - December 2012 - change in Q3 2012 compared to the same period in 2011.
[87] Same as previous note.

[88] Operations with pre-agreed selling prices with local authorities, in exchange of affordable land. In 2012, Altarea Cogedim developed affordable housing operations both in the Paris Region (Saint Ouen, Nanterre, Bagneux, etc.) and outside of Paris (Nice Meridia).
[89] Reservations net of cancellations.
[90] Consolidated share.

The difference between the drop in value terms (-29%) and in number of lots (-24%) reflects increased reservations in the two midscale ranges, which feature a lower average sale price per unit.

Affordable housing sales accounted for 63% of reservations in 2012 (in value terms), attesting to the attractiveness of real estate as a safe haven.

Block reservations for institutional investors dropped 41% compared with 2011, which stood out for extremely high sales volumes to medical establishments in the Paris Region.

Reservations by product range

In € millions (incl. tax)	Mid-scale	High -end	Serviced resi-dences	Total	*% by region*
Paris region	274	172	25	**471**	*55%*
PACA	85	38	3	**126**	*15%*
Rhône-Alpes	74	83	0	**157**	*18%*
Grand Ouest	45	29	34	**107**	*12%*
TOTAL	**477**	**322**	**62**	**861**	***100%***
% by range	*56%*	*37%*	*7%*		

As a consequence of the above-mentioned launch strategy, the percentage of reservations in "A and B" ranges was substantially greater than reservations in high-end ranges.

The monthly absorption rate of new operations launched in "A and B" ranges came to 31% on average over the year, and take-up increased by 4% in value terms in comparison with 2011[91], despite a very sharp drop in the national market for the same ranges. Although this rise does not completely offset the overall drop in demand for high-end products, it is perfectly in line with the shift in demand, thus allowing Cogedim to maintain its market share.

Notarized sales

In € millions (incl. tax)	Mid-scale	High -end	Serviced resi-dences	Total	*% by region*
Paris region	177	302	26	**505**	*59%*
PACA	78	26	-	**104**	*12%*
Rhône-Alpes	66	97	-	**164**	*19%*
Grand Ouest	46	20	20	**87**	*10%*
TOTAL	**367**	**446**	**46**	**860**	***100%***
% by range	*43%*	*52%*	*5%*		
2011 excl. Laennec				**879**	
Change				*-2%*	
2011 Total				1,070	
Change				*-20%*	

Excluding the exceptional impact of the Laennec program in 2011, the level of notarized sales remained stable between 2011 and 2012.

[91] €477 million in 2012 vs. €460 million in 2011.

2.3. Operating income

Sales and net property income have grown significantly (15% and 26%, respectively) thanks to Cogedim's market share gains over the past three years.

Sales[92]

In € millions (incl. tax)	Mid-scale	High -end	Serviced resi-dences	Total	*% by region*
Paris region	177	413	8	**598**	*63%*
PACA	72	41	-	**113**	*12%*
Rhône-Alpes	50	86	4	**139**	*15%*
Grand Ouest	81	7	10	**98**	*10%*
TOTAL	**380**	**547**	**22**	**949**	***100%***
% by range	*40%*	*58%*	*2%*		
2011				**822**	
Change				*+15%*	

Net rental income[93] and operating cash flow

In € millions	12-31-2012		12-31-2011
Sales	948.6	*+15%*	821.5
Cost of sales	(820.7)		(719.9)
Net property income	**127.8**	***+26%***	**101.7**
% of revenues	*13.5%*		*12.4%*
Production held in inventory	57.4		63.0
Net overhead expenses	(84.3)		(83.1)
Other	(0.3)		4.5
Operating cash flow	**100.6**	***+17%***	**86.1**
% of revenues	*10.6%*		*10.5%*

The operating margin level was stable at 10.6%: business growth was accompanied by tight control of overhead expenses, in spite of future-looking investments.

Backlog

At the end of 2012, the residential backlog[94] amounted to €1.414 billion, equal to 18 months of sales. This level provides the Group with continued excellent visibility as to its future residential development income.

[92] Revenues recognized according to the percentage-of-completion method in accordance with IFRS standards. The percentage of completion is calculated according to the stage of construction not including land.

[93] Net property income is calculated after interest, after marketing and advertising fees and expenses.

[94] The backlog comprises revenues excluding tax from notarized sales to be recognized on a percentage-of-completion basis and from individual and block reservations to be notarized.

In € millions (excl. tax)	Notarized revenues not recognized	Sales reserved but not notarized	Total	*% by region*	*No. of months*
Paris Region	594	293	**887**	*63%*	
PACA	77	76	**153**	*11%*	
Rhône-Alpes	178	68	**245**	*17%*	
Grand Ouest	79	49	**128**	*9%*	
TOTAL	**928**	**486**	**1,414**	***100%***	***18***
Repartition	*66%*	*34%*			
2011	**1,137**	**483**	**1,620**		
Change			*-13%*		

2.4. Commitment management

BREAKDOWN OF PROPERTIES FOR SALE AT DECEMBER 31, 2012 (€611 MILLION INCL. TAX) BY STAGE OF COMPLETION

	-	<--- Risk --->		+
Operating phases	Preparation (land not acquired)	Land acquired/ project not yet started	Land acquired/ project in progress	**Stock of completed residential properties**
Expenses incurred (in € millions excl. tax)	15	12		
Cost price of properties for sale In € millions (excl. tax)		75	210	**1**
Properties for sale (€611 million incl. tax)	**226**	**109**	**275**	**1**
%	*37%*	*18%*	*45%*	***ns***
	O/w delivered	*in 2013 in 2014 in 2015*	*€57 mil. €146 mil. €72 mil.*	

Management of properties for sale

55% of properties for sale concern developments on which construction had not yet begun and on which the amounts committed correspond primarily to research and advertising costs and land order fees (or guarantees) paid upon the signature of preliminary land sales agreements with the possibility of retraction (mainly unilateral agreements).

45% of properties for sale are currently being built. Only €57 million (out of €275 million) concern lots to be completed by the end of 2013.
There is virtually no stock of finished products (€1 million).

This breakdown of developments by stage of completion reflects the cautious criteria implemented by the Group:

- The decision to give priority to signature of unilateral preliminary sales agreements rather than bilateral sale and purchase agreements;
- Requiring a high level of pre-marketing at the time the site is acquired, as well as at the start of construction work;
- Requiring agreement from the Commitments Committee at all stages of the transaction: signature of the purchase agreement, marketing launch, land acquisition and launch of construction;
- Withdrawing from or renegotiating transactions having generated inadequate marketing rates.

In the current economic climate, particular attention is paid to the launch of new programs, which is carried out according to the level and rhythm at which properties for sale are absorbed. This policy guarantees prudent management of the Group's commitments.

Managing the property cycle

Thanks to implementation of cautious criteria, Cogedim controls the bulk of its property assets through unilateral land options, which are only exercised in accordance with the commercial success of its programs.

Properties for sale[95] and future offering[96]

In € millions (incl. tax)	< 1 year	> 1 year	Total 2012	*Number of months*	2011
Properties for sale	611		**611**	*9*	633
Future offering	1,967	1,490	**3,457**	*48*	2,988
TOTAL Pipeline	**2,578**	**1,490**	**4,068***	***57***	**3,621**
2011	**2,906**	**715**	**3,621**		
Change	*-11%*	*+108%*	*+12%*		

** I.e., approximately 13,550 homes*

The residential pipeline (properties for sale + property portfolio) comprises the following:

- **At under one year**, operations directed primarily at entry-level and mid-range products meeting the expectations of the current market;
- **At over one year**, operations including all types of products, thus allowing the Group to seize opportunities in all ranges once the market recovers.

[95] Properties for sale include lots available for sale and are expressed as revenue including tax.
[96] The future offering is made up of programs at the development stage (through sales commitments, almost exclusively unilateral in nature) that have yet to be launched. It is expressed as revenue including tax.

3. Office property

3.1. Economic conditions and Group positioning

Investment in office property [97]

The investment market saw €11 billion in property change hands on the French market, down 8% compared with last year. Economic conditions inspired considerable prudence among investors, leading them to focus on new or refurbished "core" assets with long-term leases.

Office property take-up[98]

2012 take-up in the Paris Region amounted to 25,850,000 ft² (2,400,000 m²). After a calm first half, Q3 and Q4 business made it possible to limit the drop to 3% compared with 2011.
Companies' choice to move remains motivated essentially by floor-space optimization policies and, most importantly, a search for lower rent. In this inauspicious economic context, investors tend to be risk-averse, avoiding on-spec programs and attempting to mitigate risks with turnkey developments (however, such developments remain rare as companies put off making real estate decisions).
For the 3rd consecutive year, the immediate supply remained virtually stable with 38,750,000 ft² (3,600,000 m²) available in the Paris Region at January 1, 2013. The percentage of new / refurbished property gradually diminished, amounting to 19%.

Outside the Paris Region, the market remains considerably heterogeneous with a pronounced wait-and-see attitude: certain evolving business districts offer significant opportunities to develop the commercial property offering (e.g. Lyon's Part-Dieu neighborhood), while other cities currently have a large supply of property.

3.2. 2012 Activity

For commercial property, the Group works with institutional investors, offering the following three services:

1. As a property developer, signing off-plan sale agreements (*Vente en Etat Futur d'Achèvement* or VEFA) or property development contracts (*Contrat de Promotion Immobilière* or CPI) for which it guarantees the cost and time line of the construction.

[97] Jones Lang Lasalle data from Q4 2012.
[98] CBRE data from Q4 2012.

Thanks to its particular expertise, the Group is able to provide users with efficient "turnkey" solutions, as can be seen through the following projects:

- *Delivery of the head office of POMONA in Antony (Croix-de-Berny),* a building with a net floor area of 144,500 ft² (13,425 m²) built jointly with Life Invest.

- *Launch of construction for the head office of Mercedes-Benz France in Montigny-le-Bretonneux:* a 209,000-ft² (19,400-m²) building complex (office space + training center) featuring a firm 12-year lease with Mercedes France (delivery slated for late 2013).

Despite a somber context for launching on-spec operations, the Group nonetheless succeeded in positioning itself as a property developer, assuming performance and delivery risks. Withdrawal from these developments is guaranteed by an investor willing to assume the rental risk.

- *Construction of "Sisley" in Saint-Denis (Landy 2 Business Park)*: 237,000-ft² (22,000-m²) office building leased to Siemens.

- *Paris - Laennec:* development of a commercial property complex for an institutional investor.

- *Paris – Rue des Archives:* renovation of two commercial buildings for an international investor.

- *Marseille – Euromed Center:* mixed-use district covering 678,000 ft² (63,000 m²) and including four office buildings, a 4-star hotel, shops and a public parking lot. The first phase of work began in June.

- *Lyon:* 2 office buildings sold to a French insurance company.

The Group affirmed its *savoir-faire* in terms of hotels:

- *Delivery of Radisson Blu in Nantes:* refurbishment of the former Nantes Courthouse, transforming it into a 142-room 4-star hotel with net floor area of 116,750 ft² (10,850 m²).

- *Transformation of the Hôtel Dieu in Marseille into a 5-star hotel (Intercontinental):* work in progress for a grand opening scheduled for 2013.

- *MASSY – Place du Grand Ouest:* construction of a hotel featuring approximately 150 rooms as part of a 1,076,000-ft² (100,000-m²) mixed-use project.

2. As a consultant and service provider (Delegated project manager, etc.), such as providing development services for the owner of a property in return for fees.

- *Delivery on Avenue Matignon, Paris:* delegated project management for construction of an 86,650-ft² (8,050-m²) building fully let prior to delivery.

3. As an investor, fund and asset manager through AltaFund (in which the Group holds a stake limited to approximately 17%).

On July 5, 2012, AltaFund acquired a prime office building featuring 106,500 ft² (9,900 m²) of useful space and 220 parking spaces located at 128/130 Boulevard Raspail in Paris (6th *arrondissement*). This building will undergo comprehensive redevelopment as of April 1, 2013, once it is vacated by the current occupants (Crédit Agricole). The risk and investment profile of this first acquisition is a perfect illustration of AltaFund's investment criteria.

2012 transactions

Since the beginning of the year, the Group has carried out three transactions on surfaces totaling 1,171,000 ft² (108,800 m²) for forecast sales of €248 million (incl. tax) on a Group share basis.

	Net floor area	Value
Paris, Rue des Archives	284,000 ft² (26,400 m²)	
Marseille, Euromed Center	678,000 ft² (63,000 m²)	
Montigny, Mercedes B. (off-plan)	208,800 ft² (19,400 m²)	
Total	**1,171,000 ft² (108,800 m²)**	**€248 mil.**

Deliveries

In 2012, Altarea Cogedim Group developed a total of 347,850 ft² (32,325 m²), delivering two office buildings and a 4-star hotel.

	Net floor area
Paris, Avenue de Matignon (Offices)	8,050
Antony, Croix de Berny (Pomona head office)	13,425
Nantes, Courthouse (Radisson Blu Hotel)	10,850
Total	**32,325**

Projects at the development stage

At December 31, 2012, the Group had 22 commercial property projects under development, covering a total potential net floor area of 6,071,000 ft² (564,000 m²) and including four hotels.

In thousands of m² (net floor area), at 100%	Delegated project managem.	Property developm.	Total
Office property	76	425	**502**
Hotels		57	**57**
Other (logistics, etc.)		5	**5**
Total at the development stage	**76**	**488**	**564**

3.3. Sales and operational cash flow

In € millions	12-31-2012		12-31-2011
Sales	113.6	*+11%*	102.0
Net property income	**7.3**	***+134%***	**3.1**
% of revenues	*6.5%*		*3.1%*
Services to third parties	**5.3**	***-13%***	**6.1**
Production held in inventory	5.1		3.9
Net overhead expenses	(12.2)		(11.7)
Other	(0.4)		(1.3)
Operating cash flow	**5.1**	***n/a***	**0.1**
% of revenues	*4.4%*		*0.1%*

In 2012, in a difficult economic context, Altarea Cogedim reported sales of €113.6 million (+11%) and renewed profitability.

Net property income came to €7.3 million with a return on sales up 3.4 points. This progression was due to a greater number of developments underway offering higher profitability.

Considering the backlog and 2012 sales achievements, the Group expects the Office Property Division to make a significantly larger contribution in 2013 with a considerable impact from ongoing operations, particularly Raspail, Mercedes and Euromed.

3.4. Backlog[99] (off-plan, property development contracts and delegated project management)

The off-plan and property development contract backlog amounted to €176.9 million at December 31, 2012, compared with €157 million the previous year. The Group also has a stable delegated project management backlog of €5.3 million.

[99] Revenues excluding VAT on notarized sales to be recognized according to the percentage-of-completion method, take-ups not yet subject to a notarized deed and fees owed by third parties on contracts signed.

II. Consolidated results

1. Results

2. Net asset value (NAV)

1. Results

- **The Group registered strong consolidated sales growth in 2012, reaching €1.584 billion (+42%). This growth particularly reflected Rue du Commerce's contribution to the income statement following first-time consolidation. Like-for-like[100], consolidated sales were up 13% to €1.259 billion with positive performances by all businesses (brick-and-mortar retail: +5%; residential: +15%; offices: +10%).**

- **At December 31, 2012, funds from operations totaled €158.6 million (+13%). The Group share of funds from operations amounted to €149.7 million, or €142 per share (+8.3%).**

In € millions	2012				2011		
	Funds From Operations (FFO)		Changes in value, estimated expenses and transaction costs[101]	TOTAL	Funds From Operations (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL
Brick-and-mortar retail	190.9	*+5%*		190.9	182.3		182.3
Online retail	325.1	*+10%* [102]		325.1	-		-
Residential	949.2	*+15%*		949.2	822.6		822.5
Offices	118.8	*+10%*		118.8	108.1		108.1
REVENUE	**1,584.0**	***+42%***		**1,584.0**	**1,113.1**		**1,113.1**
Brick-and-mortar retail	135.0	*-0%*	27.3	162.2	135.4	64.9	200.4
Online retail	(6.0)	*n/a*	(7.9)	(13.9)	-	(1.7)	(1.7)
Residential	100.6	*+17%*	(4.8)	95.8	86.1	(9.0)	77.1
Offices	5.1	*n/a*	(1.0)	4.0	0.1	(7.6)	(7.4)
Other	(2.5)	*n/a*	(0.6)	(3.1)	(1.7)	(0.5)	(2.3)
OPERATING PROFIT	**232.2**	***+6%***	**12.9**	**245.0**	**219.9**	**46.1**	**266.1**
Net borrowing costs	(71.7)	*-9%*	(3.7)	(75.5)	(78.7)	(3.1)	(81.9)
Changes in value and profit / (loss) from disposal of financial instruments	-		(78.4)	(78.4)	-	(80.4)	(80.4)
Proceeds from the disposal of investments	-		0.7	0.7		(0.1)	(0.1)
Income tax	(1.9)		(29.8)	(31.6)	(0.8)	(8.8)	(9.6)
NET PROFIT	**158.6**	***+13%***	**(98.4)**	**60.2**	**140.4**	**(46.3)**	**94.1**
Income attributable to equity holders of the parent	***149.7***		***(93.8)***	***55.9***	***134.3***	***(46.0)***	***88.3***
Average diluted number of shares (in millions)	*10.547*				*10.241*		
FFO ATTRIBUTABLE TO THE GROUP PER SHARE	**€14.19**	***+8.3%***			**€13.11**		

1.1. Revenue: € 1.584 billion (+42%)

Brick-and-mortar retail: €190.9 million (+5%)

Revenue from brick-and-mortar retail included rental income of €160.4 million[103] (-1.1%) and €18.0 million from services provided to third parties (+9.6%). This also includes €12.3 million relating to sales in connection with the property development program (Villeneuve la Garenne hypermarket building shell sold in large part on an off-plan basis to Carrefour).

Following transactions that resulted in the acquisition of a controlling interest in Cap 3000, this latter entity was fully consolidated. In light of the completion date of the transactions in late December 2012, the percentage of revenue recognized in the income statement for Cap 3000 in 2012 was maintained at 33.33%[104].

Online retail: €325.1 million (+10%)

Reported revenue (statutory accounts) originated mainly from the distribution of own brands (€315.7 million or +9%). Commissions generated from the marketplace (€9.4 million or +25%) experienced strong growth both from greater volume for merchants (€107.5 million or +13%) and an increase in the average commission rate to 8.8% (+80 bp).

[100] Excluding Rue du Commerce.
[101] Allowances for amortization and depreciation and non-current provisions, bonus share retirement provisions, amortization of bond issuance costs.
[102] Proforma.
[103] Recognized in accordance with 17 IAS "Leases".

[104] 2012 Cap 3000 rental income: €30.5 million at a 100% basis.

Residential property: € 949.2 million (+15%)

Property development revenue is recognized according to the percentage-of-completion method[105] in proportion to the percentage of actual completion (costs incurred / total budgeted costs excluding land) and the pre-letting rate (actual sales relative to the total for budgeted sales) of programs.

This strong growth was driven by momentum in market share gains in recent years.

Offices: € 118.8 million (+10%)

Revenue rose 10%. Breaking down into some ten programs, significant growth is expected in 2013 as a consequence of the buildup in the backlog over the last two years.

1.2. FFO[106] €158.6 million (+13%)

Funds from operations represent operating cash flow after net interest and corporate income tax expenses.

2012 was the ninth consecutive year in which the Group registered double-digit growth in FFO.

Operating cash flow[107] (+6%)

In 2012, operating cash flow rose 6% to €232.2 million, driven mainly by residential property development (+17%) and the office property business, which began once again making a significant positive contribution. Rue du Commerce's negative impact exclusively reflects the acceleration in capital investments decided by the Group in 2012. In terms of accounting, investments for this activity were fully expensed.

Net borrowing costs (-9%)

The decline in net borrowing costs reflects the combined impact of a marginal decrease in the average cost of debt (3.52% or -7 bp) and the rise in capitalized finance costs as projects included under the line item of construction work in progress are ramped up[108] .

[105] Recognized, in accordance with IAS 18 "Revenue" and interpretation IFRIC 15 "Agreements for the construction of real estate".
[106] Funds From Operations.
[107] Or consolidated EBITDA.
[108] Finance costs of €9.6 million were capitalized relating to property development in 2012 mainly for the Villeneuve-la-Garenne, Nîmes and Cap 3000 programs.

Tax payment

This represents a tax paid by entities not having adopted the SIIC tax status, for the most part within the Altareit tax group and including property development operations and Rue du Commerce. In 2012, the Group benefited from tax loss carryforwards that limited the amount of income tax payments to €2,0 million. In light of the profile of future results and stricter rules for the application of tax losses, the Group expects this item to increase in the coming years.

1.3. Changes in value and estimated expenses: -€98.4 million

	In €m
Change in value – Investment properties (France)	49.7
Change in value – Investment properties (Inter'l)	(30.1)
Change in value of financial instruments	(78.4)
Asset disposals	(5.4)
Deferred tax	(29.6)
Estimated expenses[109]	(4.6)
TOTAL	**(98.4)**

The loss in 2012 represents mainly fair value changes in the interest rate swaps portfolio following the significant drop in rates during the year.

The non-cash expense of deferred tax relates almost entirely to property development and reflects timing differences between IFRS and the tax result.

Average number of shares after dilution

The average number of shares after dilution is the average number of shares in circulation plus shares under stock option and option bonus share plans granted at December 31, 2012, minus treasury shares and dividends paid in the form of shares[110].

[109] Allowances for amortization and depreciation and non-current provisions, bonus share retirement provisions, amortization of bond issuance costs.
[110] Creation of 732,624 shares on June 11, 2012

2. Net asset value (NAV)

At December 31, 2012, Altarea Cogedim's EPRA NAV amounted to €1,620.7 million, up 3.6% from a year earlier.

NAV per share amounted to €148.6, down 3.4% after the dilutive effect of the 2012 dividend paid in the form of shares[111].

GROUP NAV	12-31-2012 (In € millions)	Per share		12-31-2011 (In € millions)	Per share
Consolidated equity, Group share	**1,023.7**	**93.8**		**988.1**	**97.1**
(1) Impact of securities convertible into shares	-			-	
(2) Deferred tax on the balance sheet for non-SIIC assets (international assets)	38.0			42.9	
(2) Effective tax for unrealized capital gains on non-SIIC assets*	(50.3)			(53.1)	
(3) Restatement of transfer duties deducted from the carrying amount of assets	134.5			131.6	
(3) Estimated transfer duties and selling fees*	(86.2)			(77.8)	
(4) Other unrealized capital gains or losses	381.9			406.5	
(5) Partners' share**	(15.7)			(16.8)	
DILUTED EPRA NNNAV (liquidation NAV)* **	**1,425.9**	**130.7**	**-6.4%**	**1,421.5**	**139.7**
Restatement of estimated transfer duties and selling fees*	86.2			77.8	
Partners' share**	(0.9)			(0.9)	
DILUTED GOING CONCERN NAV* **	**1,511.1**	**138.5**	**-5.9%**	**1,498.4**	**147.2**
Transfer duties deducted from the carrying amount of assets added back	(134.5)			(131.6)	
Restatement of the effective tax for unrealized capital gains on non-SIIC assets*	50.3			53.1	
Restatement of financial instruments	177.1			127.0	
Restatement of partners' share**	16.6			17.7	
DILUTED EPRA NAV* **	**1,620.7**	**148.6**	**-3.4%**	**1,564.6**	**153.7**
**** Number of diluted shares.*	*10,909,159*			*10,176,535*	

** Varies according to the type of disposal, i.e. sale of asset or sale of shares.*
*** Maximum dilution of 120,000 shares.*
**** Number of diluted shares.*

2.1. Calculation basis

EPRA NNNAV

EPRA NNNAV (Triple-Net NAV) is a property company performance indicator that represents the liquidation value of the Group's total assets and liabilities. This indicator is calculated from IFRS consolidated equity (Group share) to which certain adjustments are made.

(1) Impact of securities convertible into shares

This relates to the impact of in-the-money stock options exercised and the purchase of shares to cover bonus share plans not covered by shares held in treasury (excluding the liquidity agreement).

At December 31, 2012, all plan grants were covered by shares held in treasury.

The diluted number of shares recognizes all shares subscribed for the payment of stock dividends, i.e. 732,624 shares[111].

(2) Deferred taxation

Under the SIIC regime, most of the Group's property portfolio is exempt from taxes on capital gains (with the exception of selected assets not eligible for this exemption because of their ownership method and assets owned outside France). For these assets, capital gains tax on disposals is deducted directly from the consolidated financial statements at the standard tax rate in the host country, based on the difference between the open market value and the tax value of the property assets.

For Altarea Cogedim, EPRA NNNAV (liquidation NAV) takes into account the ownership methods of non-SIIC assets, since the tax reflects the effective tax liability if the shares of the company were sold or if the assets were sold building by building.

[111] When the 2012 dividend of €9.0 per share was paid, shareholders were offered the option of subscribing new shares at a price of €94.31 per share. This operation resulted in the creation of 732,624 new shares (with a 76.77% take-up rate), increasing Group's shareholders equity by €69 million.

(3) Transferred duties

Investment properties have been recognized in the IFRS consolidated financial statements at appraisal value, excluding transfer duties. For the calculation of EPRA NNNAV (liquidation NAV), the same amount of transfer duties payable having been deducted are added back and new transfer duties are estimated according to the method of disposal (shares or assets), thus minimizing the amount.

(4) Other unrealized capital gains or losses

These arise from updated estimates of the value of the following assets:

- Two hotel business franchises (Hotel Wagram and Résidence Hôtelière de l'Aubette)
- The Rental Management and Commercial Property Development Division (Altarea France)
- The property development division (Cogedim)
- The e-commerce division (Rue du Commerce)
- The office property investment division (AltaFund)

These assets are appraised at the end of each financial year by external experts (CBRE for the hotel business franchises and Accuracy for Altarea France and Cogedim). Both CBRE and Accuracy use the discounted cash flow method (DCF) in conjunction with a terminal value based on normalized cash flow. CBRE provides a single appraisal value, while Accuracy provides a range of values calculated using different scenarios. In addition to its DCF valuation, Accuracy also provides a valuation based on listed peer group comparables.

The value of Cogedim shares has remained unchanged in relation to December 31, 2011 and corresponds to the mid-range of Accuracy's valuation. In consequence, the unrealized gain of Cogedim shares mechanically decreases by the amount of its contribution to the Group's consolidated income for the year.

The value of Rue du Commerce shares has also remained unchanged in relation to the prior year.

(5) Partners' share

The partners' share represents the maximum dilution provided for under the Group's Articles of Association in the case of liquidation by a partner (where the general partner would be granted 120,000 shares).

GOING CONCERN NAV

Going concern NAV represents the amount of equity that would be required to reform the assets of the Group while maintaining the same financial structure. It is calculated after deferred taxes and based on EPRA NNNAV, adding back the value of transfer rights.

EPRA NAV

EPRA NAV represents the market value of the equity from the perspective of long-term operations as a going concern. This implies a traditional management activity under which assets are destined to be held and operated on a long-term basis.

Restatements in relation to going concern NAV are as follows:

- Cancellation of transfer rights for property assets;
- Cancellation of the tax on unrealized capital gains (as the assets are not destined to be sold);
- Restatement of financial instruments valued at mark-to-market (as they are supposed to be held until maturity);
- Cancellation of the partners' share.

2.2. Change in EPRA NAV

	€/share
EPRA NAV at December 31, 2011	**153.7**
2012 dividend	(9.0)
Dilution on 2012 stock dividend	(3.9)
NAV after impact of the 2012 dividend	**140.8**
FFO	14.2
Change in value of assets – France	4.9
Change in value of assets – International	(2.8)
Change in capital gains on Cogedim	(4.4)
Deferred tax liabilities	(2.8)
Other	(1.2)
EPRA NAV at December 31, 2012	**148.6**

III. Financial resources

1. Financial position

2. Hedging and maturity

1. Financial position

Altarea Cogedim Group has a solid financial position:

- €720 million in cash and cash equivalents,

- Robust consolidated bank covenants (LTV<60% and ICR>2) with significant leeway at December 31, 2012 (LTV of 49.3% and ICR of 3.2x).

This strong position results primarily from a diversified business model (brick-and-mortar and online retail, residential and office properties) that generates substantial cash flow at the top of the cycle and is highly resilient at the bottom.

1.1.1. Sources of funds

Financing activities in 2012 highlighted the ability of Altarea Cogedim Group to raise funds at competitive terms while diversifying its sources of financing.

The sources of financing implemented by Altarea-Cogedim Group are as follows:

- **Corporate debt financing (€530 million)**
  - €100 million in the form of unsecured five-year bonds issued on December 21, 2012 with a fixed coupon rate of 3.65%;
  - €150 million through an unsecured seven-year private debt placement issued on December 28, 2012 with a fixed coupon rate of 3.97%[112];
  - €280 million in corporate debt financing from the Group's traditional banking partners with an average maturity of 4 years.

- **Mortgage financing (€42 million for various projects)**

Furthermore, the Group has secured financing through a medium-term note program that may be activated as opportunities arise as well as a commercial paper program for which the first issues began with success in early January 2013 under particularly competitive terms.

The different debt financing facilities highlight the confidence of the Group's banking partners as well as new investors in the solidity of its creditworthiness amidst a marked deterioration in the European economic environment in 2012.

[112] This financing is accompanied by specific covenants on Foncière Altarea (LTV ≤ 50% and ICR ≥ 2,0x).

For property development, net debt decreased significantly in 2012 (from €234 million to €135 million[113], or by €99 million), highlighting the strong cash flows generated by this business. Most financing requirements related to performance bonds (GFA) for residential property developments sold off-plan (forward sales).

1.1.2. Available cash and cash equivalents: €720 million

Available cash and cash equivalents increased significantly in the period to €720 million at December 31, 2012. This included:

- €643 million in corporate sources of funds (cash and confirmed authorizations), already covering future maturities;

- €77 million in unused loan authorizations secured for specific developments.

1.1.3. Debt by category

Altarea Cogedim's net debt stood at €2.186 billion at December 31, 2012 compared with €2.081 billion at December 31, 2011 (+ €105 million).

(In € millions)	Dec-2012	Dec-2011
Corporate debt	776	738
Mortgage debt	1,302	1,172
Debt relating to acquisitions[114]	288	271
Property development debt	142	163
Total gross debt	**2,508**	**2,344**
Cash and cash equivalents	(322)	(263)
Total net debt	**2,186**	**2,081**

- Corporate debt is subject to consolidated bank covenants (LTV<60% and ICR>2).
- Mortgage debt is subject to covenants specific to the property financed in terms of LTV, ICR and DSCR.
- Property-development debt secured against development projects is subject to covenants specific to each development project, including a pre-commercialization threshold.
- Debt relating to the acquisition of Cogedim is subject to corporate covenants (LTV < 65% and ICR > 2); and covenants specific to Cogedim (EBITDA leverage and ICR).

[113] Excluding debt related to acquisitions.
[114] Cogedim and Rue du Commerce.

1.1.4. Financial covenants

Main corporate debt covenants

	Covenant	12/31/2012	12/31/2011	Delta
LTV[115]	≤ 60%	49.3%	51.2%	- 190 bps
ICR[116]	≥ 2.0 x	3.2 x	2.8 x	+0.4 x

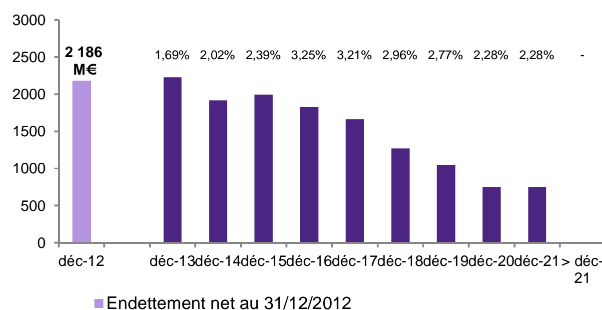
Other specific covenants

At December 31, 2012, the Group was in compliance with all covenants.

2. Hedging and maturity

Portfolio profile of hedging instruments:

Nominal amount (€ millions) and average hedge rate[117]



In 2012, the Group restructured a portion of its portfolio of swaps to reduce the average hedge rate to market interest rates for the next two years.

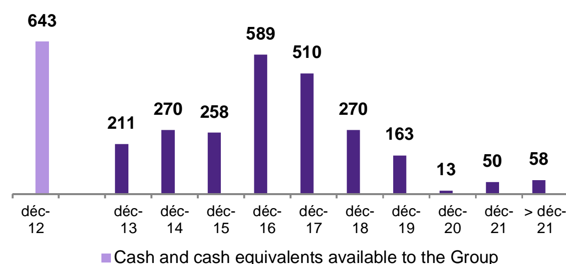
Cost of debt

The Altarea Cogedim Group average financing cost including the credit spread was 3.52% at December 31, 2012, compared with 3.59% at the end of 2011.

Debt maturity

The average debt maturity was 4.3 years at December 31, 2012, compared with 4.7 years at the end of 2011. 51.9% of outstanding debt comprises mortgage loans backed by long-term assets and/or assets under construction.

MATURITY SCHEDULE FOR GROUP DEBT (EXCLUDING PROPERTY DEVELOPMENT, IN € MILLIONS)



Corporate debt financing in 2012 generated resources to cover the next debt repayment installments while at the same time making it possible to move forward with Altarea Cogedim's refinancing strategy.

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[115] LTV: Loan-to-Value = Net debt / Restated value of assets including transfer duties.
[116] ICR = Operating profit / Net borrowing costs (under the "Operating cash flow" column).
[117] Swaps and fixed rate debt after the restructuring of the portfolio of hedging instruments in January 2013.

Costing-based profitability analysis at December 31, 2012

In € millions	2012 Funds From Operations (FFO)	2012 Changes in value, estimated expenses and transaction	2012 TOTAL	2011 Funds From Operations (FFO)	2011 Changes in value, estimated expenses and transaction	2011 TOTAL
Rental income	160.4	–	160.4	162.1	–	162.1
Other expenses	(14.6)	–	(14.6)	(13.4)	–	(13.4)
Net rental income	**145.8**	**–**	**145.8**	**148.8**	**–**	**148.8**
External services	18.0	–	18.0	16.5	–	16.5
Capitalized production and change in inventories	12.2	–	12.2	15.1	–	15.1
Operating expenses	(50.5)	(1.5)	(52.0)	(53.1)	(2.8)	(55.8)
Net overhead expenses	**(20.3)**	**(1.5)**	**(21.7)**	**(21.5)**	**(2.7)**	**(24.2)**
Share of affiliates	**9.4**	**(3.0)**	**6.4**	**8.2**	**(6.2)**	**2.0**
Net allowances for depreciation, amortization and reserves	**–**	**(1.7)**	**(1.7)**	**–**	**(1.8)**	**(1.9)**
Net proceeds from the disposal of assets	**–**	**4.8**	**4.8**	**–**	**6.3**	**6.3**
Gains/(losses) in value and impairment of investment property	**–**	**19.6**	**19.6**	**–**	**70.0**	**70.0**
Transaction costs	**–**	**9.1**	**9.1**	**–**	**(0.6)**	**(0.6)**
NET RETAIL PROPERTY INCOME (B&M FORMATS)	135.0	27.3	162.2	135.4	64.9	200.4
Retail revenue	315.7	(0.0)	315.7	–	–	–
Purchases consumed	(289.0)	–	(289.0)	–	–	–
Net charge to provisions for risks and contingencies	(2.3)	–	(2.3)	–	–	–
Retail margin	**24.4**	**(0.0)**	**24.4**	**–**	**–**	**–**
***Galerie Marchande* Commissions**	**9.4**	**–**	**9.4**	**–**	**–**	**–**
Operating expenses	**(39.9)**	**(0.3)**	**(40.2)**	**–**	**–**	**–**
Net overhead expenses	**(39.9)**	**(0.3)**	**(40.2)**	**–**	**–**	**–**
Net allowances for depreciation, amortization and reserves	**–**	**(6.4)**	**(6.4)**	**–**	**–**	**–**
Transaction costs	**–**	**(1.2)**	**(1.2)**	**–**	**(1.7)**	**(1.7)**
NET RETAIL PROPERTY INCOME (ONLINE FORMATS)	(6.0)	(7.9)	(13.9)	–	(1.7)	(1.7)
Revenue	948.6	–	948.6	821.5	–	821.5
Cost of sales and other expenses	(820.7)	–	(820.7)	(719.9)	–	(719.9)
Net property income	**127.8**	**–**	**127.8**	**101.7**	**–**	**101.7**
External services	0.6	–	0.6	1.0	–	1.0
Change in finished goods and in-progress inventory	57.4	–	57.4	63.0	–	63.0
Operating expenses	(84.9)	(1.9)	(86.9)	(79.7)	(3.3)	(83.0)
Net overhead expenses	**(26.9)**	**(1.9)**	**(28.8)**	**(15.7)**	**(3.3)**	**(18.9)**
Share of affiliates	**(0.3)**	**–**	**(0.3)**	**0.1**	**–**	**0.1**
Net allowances for depreciation, amortization and reserves	**–**	**(2.9)**	**(2.9)**	**–**	**(1.1)**	**(1.1)**
Transaction costs	**–**	**–**	**–**	**–**	**(4.6)**	**(4.6)**
NET RESIDENTIAL PROPERTY INCOME	100.6	(4.8)	95.8	86.1	(9.0)	77.1
Revenue	113.6	–	113.6	102.0	–	102.0
Cost of sales and other expenses	(106.2)	–	(106.2)	(98.9)	–	(98.9)
Net property income	**7.3**	**–**	**7.3**	**3.1**	**–**	**3.1**
External services	5.3	–	5.3	6.1	–	6.1
Change in finished goods and in-progress inventory	5.1	–	5.1	3.9	–	3.9
Operating expenses	(12.2)	(0.7)	(13.0)	(11.7)	(0.9)	(12.6)
Net overhead expenses	**(1.9)**	**(0.7)**	**(2.6)**	**(1.7)**	**(0.9)**	**(2.6)**
Share of affiliates	**(0.4)**	**–**	**(0.4)**	**(1.3)**	**–**	**(1.3)**
Net allowances for depreciation, amortization and reserves	**–**	**(0.3)**	**(0.3)**	**–**	**(0.3)**	**(0.3)**
Transaction costs	**–**	**–**	**–**	**–**	**(6.4)**	**(6.4)**
NET OFFICE PROPERTY INCOME	5.1	(1.0)	4.0	0.1	(7.6)	(7.4)
Other (Corporate)	**(2.5)**	**(0.6)**	**(3.1)**	**(1.7)**	**(0.5)**	**(2.3)**
OPERATING PROFIT	**232.2**	**12.9**	**245.0**	**219.9**	**46.1**	**266.1**
Net borrowing costs	**(71.7)**	**(3.7)**	**(75.5)**	**(78.7)**	**(3.0)**	**(81.8)**
Debt and receivables discounting	**–**	**(0.0)**	**(0.0)**	**–**	**(0.1)**	**(0.1)**
Changes in value and income from disposal of financial instruments	**–**	**(78.4)**	**(78.4)**	**–**	**(80.4)**	**(80.4)**
Proceeds from the disposal of investments	**–**	**0.7**	**0.7**	**–**	**(0.1)**	**(0.1)**
PROFIT BEFORE TAX	**160.4**	**(68.6)**	**91.8**	**141.2**	**(37.5)**	**103.7**
Income tax	**(1.9)**	**(29.8)**	**(31.6)**	**(0.8)**	**(8.8)**	**(9.6)**
NET PROFIT	**158.6**	**(98.4)**	**60.2**	**140.4**	**(46.3)**	**94.1**
Non-controlling interests	**(8.9)**	**4.6**	**(4.3)**	**(6.1)**	**0.3**	**(5.8)**
NET PROFIT, ATTRIBUTABLE TO GROUP SHAREHOLDERS	**149.7**	**(93.8)**	**55.9**	**134.3**	**(46.0)**	**88.3**
Average number of shares after dilution	*10,547,562*	*10,547,562*	*10,547,562*	*10,241,241*	*10,241,241*	*10,241,241*
DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO GROUP SHAREHOLDERS (€)	**14.19**	**(8.90)**	**5.30**	**13.11**	**(4.49)**	**8.62**

Balance sheet at December 31, 2012

In € millions	12/31/2012	12/31/2011
NON-CURRENT ASSETS	**3,617.5**	**3,241.2**
Intangible assets	276.7	264.9
o/w goodwill	*166.6*	*193.1*
o/w brands	*98.6*	*66.6*
o/w other intangible assets	*11.5*	*5.2*
Property, plant and equipment	11.4	12.9
Investment properties	3,200.3	2,820.5
o/w investment properties measured at fair value	*3,037.3*	*2,625.5*
o/w investment properties measured at cost	*163.0*	*195.0*
Investments in associates and other non-consolidated investments	84.7	76.5
Receivables and other non-current financial assets	18.3	16.9
Deferred tax assets	26.0	49.5
CURRENT ASSETS	**1,504.3**	**1,402.1**
Non-current assets held for sale	4.8	55.3
Net inventories and work in progress	702.6	684.2
Trade and other receivables	456.7	390.2
Income tax receivables	1.8	1.0
Receivables and other current financial assets	16.3	7.4
Derivative financial instruments	0.3	0.8
Cash and cash equivalents	321.8	263.2
TOTAL ASSETS	**5,121.8**	**4,643.3**
EQUITY	**1,362.0**	**1,116.1**
Equity attributable to owners of the parent	**1,023.7**	**988.1**
Share capital	131.7	120.5
Other paid-in capital	481.6	509.9
Reserves	354.6	269.4
Net profit attributable to owners of the parent	55.9	88.3
Equity attributable to non-controlling interests	**338.2**	**128.0**
Non-controlling interests in reserves	224.9	122.2
Other equity components, Undated subordinated notes	109.0	–
Non-controlling interests' share of profit	4.3	5.8
NON-CURRENT LIABILITIES	**2,371.8**	**2,259.9**
Non-current borrowings and financial liabilities	2,254.2	2,185.4
o/w participating loans and shareholders' advances under option	*14.8*	*81.5*
o/w bank borrowings	*250.0*	*2,088.0*
o/w bank borrowings backed by VAT receivables	*1,972.7*	–
o/w other borrowings and financial liabilities	*16.7*	*15.8*
Other non-current provisions	25.7	23.6
Deposits and guarantees received	29.1	25.2
Deferred tax liabilities	62.9	25.6
CURRENT LIABILITIES	**1,388.0**	**1,267.3**
Current borrowings and financial liabilities	311.1	275.4
o/w bank borrowings (excluding overdrafts)	*282.3*	*251.0*
o/w bank overdrafts	*2.7*	*5.3*
o/w other borrowings and financial liabilities	*26.1*	*19.2*
Derivative financial instruments	181.2	130.2
Accounts payable and other operating liabilities	892.9	860.5
Tax payables	2.8	1.2
TOTAL EQUITY AND LIABILITIES	**5,121.8**	**4,643.3**