Press release

2014 Half-year results

Paris, July 31, 2014, 5:45 pm

Good performances in all the business lines
Limited dilution of per-share indicators in 2014
Powerful dynamics of the pipeline of projects

- **Good business performances, in a difficult environment**

Retail	-	Increase in rental income: +2.9% like-for-like growth
	-	Portfolio concentration on premium projects and assets
Residential	-	Strong reservation growth: €535 million (+22% in value / +43% in volume)
	-	Market share gains on the new entry-level and midscale offering
Offices	-	Many transactions
	-	Ramp-up of the business model (investor, developer, project manager)

- **Very strong financial structure**

Massive debt reduction achieved and substantial improvement of the risk profile:

- LTV: 41.6%
- €580 million in cash available with no significant repayment before 2017
- Ability to implement a sizable project pipeline

Dilution of the main per-share indicators:

- FFO[1]: €84.6 million (+3.1%), i.e., €5.53/share (-13.8%)
- NAV[2] : €1,596.3 million (+2.7%), i.e., €127.6 €/share (-4.9%)

- **Outlooks**

2014	-	Continued pursuit of the strategy in each business line
	-	FFO per share: dilution slightly above 10% in 2014, as a result of the recent operations that enabled to strongly enhance the balance sheet
Mid-term	-	A very significant pipeline (21,500,000 ft² or 2 million m²), all businesses cumulated
	-	€1.8 billion of investments in Retail at a 8.8% yield
	-	Expected increase of the main per-share financial indicators

Paris, July 31, 2014, 5:45 pm. Management has approved the H1 2014 consolidated financial statements following review by the Supervisory Board. The audit of the individual (Altarea SCA) and consolidated financial statements has been performed. The certification report was issued with no reservations on July 31, 2014.

[1] Funds from operations FFO represents operating cash flow after net interest and corporate income tax expenses.
[2] Diluted Going-Concern NAV: Market value of equity from the perspective of long-term operations as a going concern, recognizing all shares subscribed for the payment of dividends in shares.

OPERATIONS

1. RETAIL

Shopping centers: a well-performing portfolio of assets and a "premium" high-yield project pipeline

At June 30, 2014	Assets in operation	Assets under development
Portfolio managed[3]	**€4.272 billion**	**€1.815 billion**
o/w Group share	*€2.499 billion*	*€1.264 billion*
Gross rental income[4]	**€249.7 million**	**€160.1 million**
o/w Group share	*€138.5 million*	*€109.2 million*
Yield[5]	**6.1%**	**8.8%**

Portfolio: robust performance in France and stabilization abroad

In France (86% of the portfolio), operational indicators remain strong with a 2.9% like-for-like growth in rental income[6]. Rental income was up 2.6%[7] and tenant occupancy cost ratio stood at 9.7%.

In Italy and Spain (14% of the portfolio), the asset repositioning initiated two years ago has begun to be fruitful. Net rental income was stable with growth in visitor numbers (+0.8%).

Property development: a "premium" project portfolio, for a strong value-creation momentum

The retail project pipeline amounts to €1.8 billion at June 30, 2014 at a net initial yield of 8.8%, highlighting an average development spread of 300 bps[8]. The pipeline represents 80%[9] of the existing portfolio in rental income terms.

The half-year saw two iconic events for the Group: the successful and highly recognized opening of "Qwartz," the first connected shopping center located North-West of Paris, and the contract awarded to the Group following the consultation for modernization of Paris-Montparnasse train Station (4th largest train station in Paris in number of passengers), thus confirming Altarea's expertise in this area following Gare de l'Est and Gare du Nord.

The Group took the opportunity of the Qwartz opening to implement for the 1st time several innovations related to new technologies, which makes it the 1st new generation multi-channel shopping center in France.

Furthermore, the Group is developing a new "high-street retail" offering, in synergy with the Residential and Office development businesses. These assets[10], intended to be sold shortly after leasing, will contribute to the Group's results starting 2015/2016.

---

[3] Assets in operation: appraisal value incl. transfer duties. Assets under development: total budget including interest expenses and internal costs.
[4] Assets in operation: rental value on signed leases at July 1, 2014. Assets under development: forecast rental income.
[5] Assets in operation: capitalization rate. Assets under development: forecast yield.
[6] Excluding impact of openings, acquisitions, disposals and redevelopments as well as that of changes in consolidation method (IFRS 10 and 11).
[7] Revenue development for shopping center tenants on a "same-floor-area basis" over the first five months of the year (January to May).
[8] Difference between the yield of the projects under development and the estimated capitalization rate at opening.
[9] 80% on a Group-share basis and 78.4% at 100%.
[10] 915,000 ft² (85,000 m²) of projects are currently active at various stages (84 projects).

Rue du Commerce: strengthening of the positioning on the men's department

	6/30/2014	*Change*
Business volume	**€172.2 million**	**-6%**
o/w High-tech	*€119.2 million*	*-11%*
o/w Galerie	*€52.9 million*	*+6%*
***Galerie Marchande* Commissions**	**€5.1 million**	*+12%*

In an increasingly competitive environment, Rue du Commerce is strengthening its acknowledged positioning among male shoppers with a reinforced offer ("High-Tech - Home Appliances – DIY"). The refocus initiated during the half-year and the reduction in overhead expenses should limit the operating loss expected this year.

2. RESIDENTIAL: market share gains and strong sales growth (+22% in value / +43% in volume)

	6/30/2014	6/30/2013	*Change*
Reservations (in value terms, excl. tax)[11]	**€535 million**	**€440 million**	**+22%**
Reservations (in volume)	**2,152 units**	**1,503 units**	**+43%**
o/w entry-level and mid-range	*60%*	*51%*	*+9 pts*
Operating cash flow[12]	**€16.2 million**	**€30.2 million**	**-46%**
			+22% excl. Laënnec
Backlog[13]	**€1.395 billion**	**€1.331 billion**	**+5%**
	20 months	17 months	+3 months
Offering and portfolio[14] (in € mil. incl. tax, vs. 12/31/2013)	**€4.677 billion**	**€4.430 billion**	**+6%**

Cogedim recorded strong reservation growth in a tough market environment thanks to the new entry-level and mid-range offering (60% of the volume sold) and doubled sales to institutional investors. The Group's strategy is now to increase volumes at lower margins in order to get back to the same level of net income, in absolute value, as seen in previous years. The decline in H1 results was further emphasised by a base effect linked to the Laënnec program, which contributed very strongly in 2013.

Finally, Cogedim acquired 55% of Histoire & Patrimoine[15], leader in the renovation of urban heritage properties classified or recognized as historical monuments. This acquisition enables the Group to complement its offering for local governments while generating sales and development synergies with all Group businesses.

3. OFFICES: growing strength of the business model and direct impact on cash flow (+21%)

Office property saw a particularly strong level of activity over the semester, with the signature of several agreements and transactions. At the end of June, the pipeline amounted to €1.3 billion (4,574,500 ft² or 425,000 m²).

The Group's business model (investor, developer, project manager), which has been implemented three years ago in a tough economic environment, is strengthening and starting to be fruitful with the current recovery. Operating cash flow went up 21% to €8.6 million, contributing significantly to the Group's results for this semester.

---

[11] Like-for-like (excl. the acquisition of Histoire & Patrimoine), growth amounted to 17% in value terms and 38% in volume.
[12] Operating cash flow corresponds to the sum of net rental income, net development income and fees less overhead expenses.
[13] 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.
[14] 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)
[15] Acquisition of 55% of the company's capital in June 2014 for €15.5 million.

FINANCE

1. Results

In € millions	6/30/2014 Funds from operations (FFO)		6/30/2014 Changes in value, estimated expenses and transaction costs	6/30/2014 TOTAL	6/30/2013 Restated * Funds from operations (FFO)	6/30/2013 Restated * Changes in value, estimated expenses and transaction costs	6/30/2013 Restated * TOTAL
Shopping centers	84.9	*7.8%*	(27.1)	57.8	78.8	71.4	150.1
Online retail	(6.5)	*(10.1)%*	(0.5)	(7.0)	(5.9)	(3.8)	(9.7)
Residential	16.2	*(46.4)%*	(2.7)	13.5	30.2	(1.9)	28.3
Offices	8.7	*20.5%*	2.5	11.2	7.2	(1.7)	5.5
Other	(0.4)	*51.0%*	(3.5)	(3.9)	(0.3)	(1.3)	(1.6)
OPERATING INCOME	**102.7**	***(6.5)%***	**(31.3)**	**71.5**	**109.9**	**62.8**	**172.7**
Net borrowing costs	(16.5)	*(36.3)%*	(2.7)	(19.1)	(25.8)	(2.8)	(28.6)
Changes in value & profit/loss from disposal of financial instruments	–		(44.5)	(44.5)	–	27.1	27.1
Proceeds from the disposal of investments	–		0.0	0.0	–	(0.0)	(0.0)
Corporate income tax	(1.7)		82.3	80.6	(2.0)	(2.6)	(4.6)
NET CONSOLIDATED INCOME	**84.6**	***3.1%***	**3.8**	**88.4**	**82.0**	**84.5**	**166.5**
Non-controlling interests	(20.2)	67.3%	(1.3)	(21.5)	(12.1)	(19.1)	(31.1)
NET PROFIT, GROUP SHARE	**64.4**	***(7.9)%***	**2.6**	**67.0**	**69.9**	**65.4**	**135.3**
Average diluted number of shares (in millions)	*11.645*				*10.904*		
FFO (Group share) PER SHARE	**5.53**	***(13.8)%***			**6.41**		

**The information provided takes account of consolidation standards IFRS 10, 11 and 12. Application of these methods has no impact on net earnings within or outside the Group.*

Operating cash flow[16] is down 6.5% to €102.7 million, with strong performance in Retail REIT and Office property partially offsetting the decline in the contribution of the Residential property and the losses recorded in online retail. Excluding the 2013 "Laënnec" base effect, consolidated operating cash flow rises 10.6%.

Consolidated FFO[17] is up 3.1% to €84.6 million[18], due to lower net cost of debt (€-16.5 million). Net profit is negatively impacted by the mark-to-market value of financial instruments and positively by the tax effect, amounting to €88.4 million[18].

2. Dilution of FFO per share

Over the past 12 months, the Group has raised equity in a cumulative amount of €570 million[19], thus significantly improving its risk profile (LTV at 41.6% and ICR at 6.2 x). The dilutive effect of these transactions on FFO per share came to €1.12/share and breaks down as follows:

	In €/share	
FFO at June 30, 2013	**6.41**	*Change*
H1 2014 FFO growth	0.24	
FFO at June 30, 2014 on a same financial structure basis	**6.65**	***+3.1%***
Dilution from partnership (Allianz)	(0.75)	*€-1.12*
Dilution from creation of new shares	(0.37)	
FFO at June 30, 2014	**5.53**	*-13.8%*

This dilution is very limited considering the amount of equity raised over the past 12 months, which represents 42% of market capitalization at June 30, 2013.

[16] *Operating cash flow corresponds to the sum of net rental income, net development income and fees less overhead expenses.*
[17] *Funds from operations: operating cash flow after net interest and corporate income tax expenses.*
[18] *Group and minority interests.*
[19] *€395 million in equity raised from Allianz as part of an initiative to share a portfolio of five assets, resulting in an increase in the share of profit attributable to minority interests (dilution of profit attributable to the Group), and a €175 million capital increase leading to the creation of a 1,604,056 shares in total (dilution of profit per share).*

3. Tax litigation: definitive settlement of the 2011 dispute

The Group was granted full relief concerning the tax claim of 2011. This dispute has been definitively concluded with no outflow of financial resources for the Group.

4. Extremely solid balance sheet with strengthened liquidity

	June 30, 2014	December 31, 2013	*Change*
Net debt	€1.858 billion	€2.070 billion	*€-212 million*
LTV	41.6%	41.7%	*-0.1%*
ICR	6.2 x	4.5 x	*+1.7 x*
Duration	4.0 years	4.1 years	*-0.1 years*
Average cost	2.30%	2.80%	*-50 bps*

Nearly €805 million in corporate financing[20] agreements were signed over the semester, including a €230 million 7-year private bond issue[21]. These financings include €455 million of new money and €350 million of refinancing of existing lines of credits, extended under more advantageous terms.

These transactions significantly impacted the Group's financing structure, with higher recourse to credit markets and a relative decrease in the share of mortgage and bank loans.

	June 30, 2014	*December 31, 2013*
Mortgage debt	*44%*	*48%*
Credit markets	*24%*	*12%*
Corporate and bank debt	*21%*	*32%*
Property development debt	*11%*	*8%*
Total gross debt	***100%***	***100%***

5. Going-Concern NAV: €1,596.3 million (+2.7%), €127.6/share (-4.9%)

	In € millions			*In €/share*		
	6/30/2014	6/30/2013	*Change*	6/30/2014	6/30/2013	*Change*
Diluted Going-Concern NAV	**1,596.3**	1,554.1	+2.7%	**127.6**	134.1	-4.9%
EPRA NNNAV (liquidation NAV):	**1,532.5**	1,491.2	+2.8%	**122.5**	128.7	-4.8%

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

NAV grew slightly in value (+2.7%), and declined by 4.9% on a per-share basis (€127.6/share) due to the dilutive effect linked to the dividend payout in shares[22].

[20] *Average duration of 5.1 years.*
[21] *With a 195 bps spread.*
[22] *The option of a share-based payment was chosen for 87.66% of the 2014 dividend, leading to the creation of 922,692 new shares (i.e., approximately 8% of total shares).*

OUTLOOK

The ongoing transformation in all our business lines will continue until the end of the year 2014 which will be a transition year from a financial standpoint.

As announced at the beginning of the year, we forsee a slightly above 10% dilution in the per-share FFO in 2014, as a result of the recent operations that enabled the strong enhancement of the balance sheet. Also as announced previously, a €10 per share dividend will be proposed as regards fiscal year 2014.

In the medium term, the Groupe will benefit from its solid financial structure to implement its substantial high-value creative pipeline of projects.

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

About Altarea Cogedim - FR0000033219 - ALTA

Altarea Cogedim is a leading real estate 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. With operations in France, Italy and Spain, Altarea Cogedim manages a shopping center portfolio of €4.3 billion and operates as a leader in e-retail in France with its subsidiary Rue du Commerce. Listed in compartment A of Euronext Paris, Altarea had a market capitalization of €1.7 billion at June 30, 2014.

ALTAREA COGEDIM CONTACTS

Eric Dumas, Chief Financial Officer
edumas@altareacogedim.com, tel: + 33 1 44 95 51 42

Guylaine Mercier, Director of Communication
gmercier@altareacogedim.com, tel: + 33 1 56 26 25 36

CITIGATE DEWE ROGERSON CONTACTS

Agnès Villeret, Analyst and Investor Relations
agnes.villeret@citigate.fr, tel: + 33 1 53 32 78 95

Nicolas Castex, Gwenola de Chaunac, Press relations
nicolas.castex@citigate.fr, tel: + 33 1 53 32 78 88

BUSINESS REVIEW
June 30, 2014

CONTENTS

1 INTRODUCTION

1.1 EARLY APPLICATION OF IFRS 10, 11 AND 12 AS OF JANUARY 1, 2013

The Group chose to apply IFRS consolidation standards 10, 11 and 12 as of January 1, 2013 (application mandatory as of January 1, 2014).

1.1.1 General Principles

IFRS 10 redefines the principles used to determine control of an entity. Control is based on governance of the entity and decision-making powers on relevant activities (i.e. ones that have an impact on the entity's return).

IFRS 11 changes the principles governing consolidation of jointly controlled entities. Jointly controlled entities must be consolidated via the equity method (bringing an end to proportionate consolidation).

IFRS 12 governs disclosure of information on interests in other entities (subsidiaries, affiliate companies, structured entities), as well as on partnerships. The standard aims to provide clear information on the risks to which an entity is exposed owing to its associations with structured entities.

Application of these methods has no impact on net earnings, Group share and minority share.

1.1.2 Application to Group companies

The Group has carried out a control analysis of all partnerships with property companies and real estate development companies. The Group's recent transactions have already been analyzed with regard to new standards.

The consequences on the control of companies affected by the elimination of proportionate consolidation, as well as the main impacts on the Group's consolidated financial statements, are as follows.

PROPERTY COMPANIES

16 assets or projects previously consolidated using the proportionate consolidation method have been consolidated through the equity method. The following table illustrates the impacts of restatement on the main aggregates concerned at June 30, 2013[23]:

In € millions	At 6/30/2013
Investment properties	(209.7)
Net rental income	(3.0)

DEVELOPMENT COMPANIES

68 companies originally consolidated using the proportionate consolidation method became equity-method affiliates as of June 30, 2013. These include 47 entities completed more than one year ago, one completed during the half-year, 10 currently under construction, three for which land has been acquired but construction not yet begun, 6 under preliminary agreements and one holding.

In € millions	At 6/30/2013
Revenue	(47.9)
Net property income	(7.7)

Unless otherwise specified, all accounting data in this report is taken from the consolidated financial statements at June 30, 2013, restated to reflect the impact of IFRS standards 10, 11 and 12.

1.1.3 Details on published operational indicators

To ensure greater clarity, Altarea Cogedim Group provided the following details on select operational indicators associated with adoption of IFRS standards 10, 11 and 12.

PROPERTY INVESTMENT BUSINESS

• Portfolio assets: in this business review, the Group distinguishes between assets in which it is a shareholder and over which it exercises operational control within the meaning of accounting standards, and those in which it is a shareholder but over which it does not exercise operational control for accounting purposes. As

[23] *The impact primarily concerns the assets Carré de Soie in Lyon and Qwartz in Villeneuve-La-Garenne.*

regards these two asset categories, values are stated at 100%, specifying for each asset the share over which the Group has economic ownership.

• Pipeline: The same principle is applied as for portfolio assets, distinguishing projects over which the Group exercises operational control within the meaning of accounting standards, while indicating what falls within its economic share for both controlled and non-controlled projects.

• All data regarding management of shopping centers (revenue, footfall, leases, occupancy cost ratio, bad debt, financial vacancy rate) are calculated at 100% on the scope of assets in which Altarea is a shareholder, for both controlled and non-controlled assets. Shopping centers managed entirely for third parties are not included in this scope.

DEVELOPMENT BUSINESS

• Reservations: reservations controlled by the Group within the meaning of accounting standards are recognized at 100%. Transactions on "co-development" programs (jointly controlled) are recognized according to ownership interest. This method is identical to that used in previous publications and serves to measure Cogedim's market share.

• Backlog, properties for sale, property portfolio: the principle is the same as for reservations. It is expressed at 100% for controlled programs and according to the Company's share for jointly-controlled programs.

2 BUSINESS REVIEW

2.1 RETAIL

2.1.1 Shopping centers

KEY FIGURES AT JUNE 30, 2014

June 30, 2014	In operation: GLA m²	In operation: Current gross rental income (in € millions)[d]	In operation: Appraisal value (in € millions)[e]	Under development: GLA m²	Under development: Provisional gross rental income (in € millions)	Under development: Net investments (in € millions)[f]
Controlled assets (fully consolidated)[a]	**640,409**	**166.0**	**2,903**	**369,000**	**144.0**	**1,613**
Group share	*514,959*	*120.3*	*2,209*	*286,000*	*103.3*	*1,192*
Share of minority interests	*125,449*	*45.7*	*694*	*83,000*	*40.7*	*421*
Equity assets[b]	**148,598**	**38.0**	**593**	**98,000**	**16.1**	**202**
Group share	*70,822*	*18.2*	*290*	*39,000*	*5.9*	*72*
Share of third parties	*77,776*	*19.8*	*303*	*59,000*	*10.3*	*130*
Management for third parties[c]	**242,300**	**45.7**	**776**	**-**	**-**	**-**
Total assets under management	**1,031,307**	**249.7**	**4,272**	**467,000**	**160.1**	**1,815**
Group share	*585,781*	*138.5*	*2,499*	*325,000*	*109.2*	*1,264*
Share of third parties	*445,525*	*111.2*	*1,773*	*142,000*	*50.9*	*551*

(a) Assets in which Altarea holds shares and over which Altarea exercises operational control. Fully consolidated in the consolidated financial statements.
(b) Assets in which Altarea is not the majority shareholder, but for which Altarea exercises joint operational control or has a significant influence. Consolidated using the equity method in the
(c) Assets held entirely by third parties who entrusted Altarea with a management mandate for an initial period of three to five years, renewable.
(d) Rental value on signed leases at July 1, 2014
(e) Appraisal value including transfer duties
(f) Total budget including interest expenses and internal costs.

2.1.1.1 Market trends

Household consumption in France was up slightly (+0.5%)[24] in the first half of FY 2014. Online sales are reaching similar levels (+2% in France at the end of May, and +1% like-for-like for general merchandise websites[25]), which points to a certain level of maturity for e-commerce in France.

However, the CNCC recorded a slight 0.1% decline in revenue for shopping center tenants[26].

Against this backdrop, Group shopping centers demonstrated solid performance with rental income up 2.6%[27], attesting to the relevance of the concentration strategy the Group has been implementing for the past five years.

2.1.1.2 Net consolidated rental income

Net rental income (IFRS) came to €77.5 million (-2.6%) at June 30,2014. Like-for-like, the increase amounts to +2.9% in France, with inflation close to zero[28].

	In € millions	
Net rental income at June 30, 2013, restated	**79.6**	
Disposals	(1.8)	
Redevelopments	(1.9)	
Like-for-like change France	1.7	*+2.9% (a)*
Like-for-like change International	(0.0)	*-0.1% (b)*
Total change in net rental income	**(2.1)**	***(2.6)%***
Net rental income at June 30, 2014	**77.5**	

(a) As a like-for-like percentage in France
(b) As a like-for-like percentage outside of France

24 Source: INSEE, late May 2014 (sale of manufactured goods).
25 FEVAD iCE 40 survey (like-for-like growth of leading sites) as of late May 2014 (five months).
26 Source: CNCC, Revenue development for shopping center tenants on a "same-floor area basis" over a 5-month period (January to May).
27 Revenue development for shopping center tenants on a "same-floor area basis" over the first six months of the year.
28 ILC (Commercial Rent Index), Q1 2014: -0.03%.

CENTERS OPENED

The half-year saw the delivery of QWARTZ in Villeneuve-la-Garenne, a 721,000-ft² (67,000-m²) regional shopping center featuring a Carrefour hypermarket, Primark, Marks & Spencer, H&M, Zara and more than 165 retailers and restaurants.

50% owned by Altarea, this center is consolidated using the equity method in the Group's consolidated financial statements. As such, its impact does not appear in the total net rental income recognized for the period.

DISPOSALS

In July 2014, the Group signed sales commitments for two assets for a total net sale price of €78.5 million.

REDEVELOPMENTS

The impact of redevelopments concerns three centers:

• Massy, whose surfaces are gradually being vacated in preparation for future redevelopment work for which regional authorization (CDAC) has been granted,

• Aubergenville, for which the redevelopment plan has been revised to include a outlet shopping center offer,

• Casale Montferrato in Italy, where a project to create mid-sized stores has made it necessary to reorganize the center's operations.

2.1.1.3 Operational performance

FRANCE (86% OF THE PORTFOLIO)

Increase in rental income (+2.9% like-for-like[29])

In France, growth of rental income was driven by the major shopping centers (Cap 3000, Toulouse Gramont and Bercy Village).

[29] *Excluding impact of openings, acquisitions, disposals and redevelopments.*

Merchant sales[30]

Data at 100%	Sales (incl. tax)
Total shopping centers	**2.6%**
CNCC index	(0.1)%

Lease expiry schedule

In € millions, at 100%	Lease expiry date	% of total	Three-year termination option	% of total
Past	9.8	*5.8%*	13.2	*7.8%*
2014	8.7	*5.1%*	8.9	*5.3%*
2015	4.5	*2.7%*	28.5	*16.8%*
2016	4.8	*2.8%*	39.2	*23.1%*
2017	14.6	*8.6%*	41.6	*24.5%*
2018	20.3	*11.9%*	9.7	*5.7%*
2019	12.4	*7.3%*	7.8	*4.6%*
2020	22.8	*13.4%*	10.5	*6.2%*
2021	16.3	*9.6%*	6.6	*3.9%*
2022	17.8	*10.5%*	–	*0.0%*
2023	17.0	*10.0%*	2.5	*1.5%*
2024	18.1	*10.7%*	–	*0.0%*
>2024	2.5	*1.5%*	1.0	*0.6%*
Total	**169.6**	**100%**	**169.6**	**100%**

The Group signed 89 leases during the half-year for total rental income of €8.5 million.

Occupancy cost ratio[31], bad debt ratio[32] and financial vacancy rate[33]

	H1 2014	2013	2012
Occupancy cost ratio	9.7%	10.2%	10.1%
Bad debt ratio	2.4%	1.5%	1.5%
Financial vacancy rate	3.3%	3.4%	2.8%

INTERNATIONAL (14% OF THE PORTFOLIO)

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

After several years of deterioration due to the macroeconomic context in Italy and Spain, the operational performance of the Group assets has stabilized. Net rental income and rental income remained stable over the half-year (+0%).

[30] *Revenue development for shopping center tenants on a "same-floor area basis" over the first five months of the year.(January to May)*
[31] *Calculated as rent and expenses charges to tenants (incl. taxes) over the first six months of the year (including rent reductions), in proportion to sales over the same period (incl. taxes) at 100% in France.*
[32] *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.*
[33] *Estimated rental value (ERV) of vacant lots as a percentage of total estimated rental value. Excluding property being redeveloped.*

2.1.1.4 Management for third parties

Over the past several years, the Group has significantly developed its management business for third parties.

At the end of June 2014, these assets represented €45.7 million in rental income for an overall value of €776 million. They contributed significantly to the growth of Altarea Commerce's fees (€9.5 million).

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.

2.1.1.5 Asset portfolio

PORTFOLIO COMPOSITION

At June 30, 2014, the value of the Group's portfolio assets was up €216 million, amounting to €3.496 billion. This increase was essentially due to the opening of the Qwartz regional shopping center.

Breakdown by type (in € millions)	H1 2014		2013		Change
Regional shopping centers	2,061	*59%*	1,703	*52%*	*7 pts*
Large Retail Parks (Family V.)	746	*21%*	779	*24%*	*(2) pts*
Proximity / downtown	689	*20%*	798	*24%*	*(5) pts*
TOTAL	**3,496**	*100%*	**3,280**	*100%*	
o/w Group share	*2,499*		*2,283*		

Geographical distribution (in € millions)	H1 2014		2013		Change
Paris Region	1,193	*34%*	944	*29%*	*5 pts*
PACA / Rhône-Alpes / South	1,377	*39%*	1,386	*42%*	*(3) pts*
Other French regions	430	*12%*	443	*13%*	*(1) pts*
International	497	*14%*	506	*15%*	*(1) pts*
TOTAL	**3,496**	*100%*	**3,280**	*100%*	
o/w Group share	*2,499*		*2,283*		

Asset format		H1 2014	2013	Change
France	Average value	€83 million	€75 million	11%
	Number of assets	36	37	-1
International	Average value	€71 million	€72 million	(2)%
	Number of assets	7	7	–

CAPITALIZATION RATE[34]

Average net capitalization rate at 100%	H1 2014	2013
France	5.98%	5.98%
International	6.88%	6.75%
TOTAL portfolio	**6.11%**	**6.10%**
o/w Group share	*6.30%*	*6.30%*
o/w share of third parties	*5.62%*	*5.62%*

APPRAISAL VALUES

The task of valuating Altarea Cogedim Group assets is entrusted to DTZ Valuation and CBRE Valuation. 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;

• a method based on capitalization of net rental income: the appraiser applies 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.

Rental income takes into account:

• rent increases to be applied upon lease renewals,

• the normative vacancy rate,

• the impact of future rental gains resulting from 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 – Appraisal 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 comply fully 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 breaks down by appraiser as follows:

Expert	Assets	% of the value
CBRE	France	28%
DTZ	France & International	72%

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

2.1.1.6 Shopping centers under development

At June 30, 2014, the volume of projects under development by Altarea Cogedim represented a forecast[35] net investment of approximately €1.3 billion on a Group share basis. This represents a potential rental income of €109 million (€1.8 billion for €160 million in rental income at 100%).

	GLA m² (c)	Forecast gross rental income (€ millions)	Net investment (€ millions) (d)	Forecast return
Controlled projects (fully consolidated)(a)	**369,000**	**144**	**1,613**	**8.9%**
Group share	*286,000*	*103*	*1,192*	
Share of minority interests	*83,000*	*41*	*421*	
Equity projects (b)	**98,000**	**16**	**202**	**8.0%**
Group share	*39,000*	*6*	*72*	
Share of third parties	*59,000*	*10*	*130*	
Total	**467,000**	**160**	**1,815**	**8.8%**
Group share	*325,000*	*109*	*1,264*	**8.6%**

(a) Projects in which Altarea holds shares and over which Altarea exercises operational control. Fully consolidated in the consolidated financial statements.

(b) Projects for which Altarea is not the majority shareholder. Consolidated using the equity method in the consolidated financial statements. (application of IFRS 11)

(c) Total GLA (Gross Leasable Area) built and/or redeveloped, excluding off-plan developments for third parties.

(d) Total budget including interest expenses and internal costs.

Altarea Cogedim Group only reports on projects that are underway or at the development stage[36]. 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 to commence work is only made once a sufficient level of pre-letting has been reached. In light of the progress achieved in the first half of 2014 from both an administrative and commercial point of view, most pipeline projects should be delivered between 2015 and 2018.

At June 30, 2014, the level of commitments for these projects came to 17% (€210 million on a Group-share basis), with a very small committed balance to be paid (€41 million on a Group-share basis).

[35] *Including interest expenses and internal costs.*

[36] *Projects underway: properties under construction. Secured projects: projects either fully or partly authorized, where the land has been acquired or for which contracts have been exchanged, but on which construction has not yet begun.*

In € millions (net)	At 100%	Group share
Paid out	225	170
Committed, remaining to be paid out	77	41
Total commitments	**302**	**210**
%	*17%*	*17%*

INVESTMENTS MADE IN 2014 FOR PROJECTS UNDER DEVELOPMENT

Over the half-year, Altarea Cogedim invested[37] €43 million on a Group-share basis in its project portfolio.

These investments mainly concern the three shopping centers under construction or renovation over the half-year (Villeneuve-la-Garenne, Toulon-La Valette and Aix-en-Provence).

MONTPARNASSE RAIL STATION

Following the consultation launched by Gares & Connexions, Altarea Cogedim was selected as a partner for the modernization of Montparnasse Rail Station in Paris. The Group will thus be responsible for the design and construction of the station's retail spaces, as well as operation of these spaces for 30 years. This exceptional project aims to bring Montparnasse connected with the new lifestyles of all of its users by taking account of the 50% increase in traffic expected by 2030.

2.1.1.7 Operating cash flow

In € millions	6/30/2014		6/30/2013 restated
Rental income	85.0		87.7
Net rental income	**77.5**	*(3)%*	**79.6**
% of rental revenues	*91.1%*		*90.7%*
External services	9.5		11.0
Own work capitalized and production held in inventory	11.3		7.7
Operating expenses	(24.5)	*(6)%*	(26.1)
Net overhead expenses	**(3.7)**		**(7.4)**
Contribution of EM companies(a)	11.1		6.6
Operating cash flow	**84.9**	*8%*	**78.8**

(a) EM: Equity-method. Including the contribution of Qwartz as of April.

Operating cash flow witnessed strong growth, amounting to €84.9 million (+8%): the impact of disposals was more than offset by the like-for-like increase in rental income, the opening of Qwartz

[37] *Change in non-current assets net of changes in amounts payable to suppliers of non-current assets.*

(consolidated using the equity method) and especially the decline in net overhead expenses (6% drop in operating expenses).

2.1.1.8 New product line: high-street retail

A product of development synergies with Cogedim's Residential teams, in 2013 the Group created a structure dedicated to “high-street retail” to enhance the value of retail and business surfaces connected to development programs.

This pooling of expertise among the Retail, Residential and Office teams makes it possible for the Group to provide local governments with the best solution, particularly when it comes to creating new neighborhoods.

This business concerns various formats:

• ground-floor shops,

• shopping streets,

• mid-size stores,

• retail complexes covering several thousand m² (new neighborhoods).

These assets are ultimately intended for sale following leasing.

At June 30, 2014, the Group was working on 84 programs, some of which have already been leased and are currently in the disposal phase. This new business is expected to contribute actively to the Group's FFO as of 2015/2016.

	Number	Surface area
Secured programs[38]	36	21,000 m²
Under development	48	64,000 m²
Total programs underway	**84**	**85,000 m²**

[38] *Programs secured by a sale commitment.*

Breakdown of the portfolio managed at June 30,2014

Center	GLA m²	Gross rental income (in € millions) (d)	Value (in € millions) (e)	o/w Altarea share: Group share	o/w Altarea share: Value (in € millions) (e)	o/w share of third parties: Group share	o/w share of third parties: Value (in € millions) (e)
Toulouse Occitania	56,200			51%		49%	
Paris - Bercy Village	22,824			51%		49%	
Gare de l'Est	5,500			51%		49%	
CAP 3000	64,500			33%		67%	
Thiais Village	22,324			100%		–	
Massy	18,200			100%		–	
Lille - Les Tanneurs & Grand' Place	25,480			100%		–	
Aix en Provence	3,729			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%		–	
Toulon - Ollioules	3,185			100%		–	
Tourcoing - Espace Saint Christophe	13,000			65%		35%	
Okabé	15,077			65%		35%	
Villeparisis	18,623			100%		–	
Herblay - XIV Avenue	14,200			100%		–	
Pierrelaye (RP)	9,750			100%		–	
Gennevilliers (RP)	18,863			51%		49%	
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%	
Nimes (RP)	27,500			100%		–	
Various shopping centers (4 assets)	7,491			n/a		n/a	
Sub-total France	**520,302**	**131.6**	**2,407**		**1,713**		**694**
Barcelona - San Cugat	20,488			100%		–	
Bellinzago	21,069			100%		–	
Le Due Torri	33,691			100%		–	
Pinerolo	8,106			100%		–	
Rome - Casetta Mattei	15,301			100%		–	
Ragusa	13,060			100%		–	
Casale Montferrato	8,392			100%		–	
Sub-total International	**120,107**	**34.4**	**497**		**497**		**–**
Controlled assets (fully consolidated) (a)	**640,409**	**166.0**	**2,903**		**2,209**		**694**
Villeneuve la Garenne - Qwartz	42,980			50%		50%	
Carré de Soie	60,800			50%		50%	
Paris - Gare du Nord shops	3,750			40%		60%	
Roubaix - Espace Grand' Rue	13,538			33%		68%	
Châlons - City Hall	5,250			40%		60%	
Various shopping centers (2 assets)	22,279			n/a		n/a	
Equity assets (b)	**148,598**	**38.0**	**593**		**290**		**303**
Chambourcy	33,500			–		100%	
Bordeaux - St Eulalie	13,400			–		100%	
Orange - Les Vignes	30,700			–		100%	
Toulon Grand Ciel	2,800			–		100%	
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	13,800			–		100%	
Reims - Espace d'Erlon	12,000			–		100%	
Toulouse Saint Georges	14,500			–		100%	
Assets managed for third parties (c)	**242,300**	**45.7**	**776**		**–**		**776**
Total assets under management	**1,031,307**	**249.7**	**4,272**		**2,499**		**1,773**

(a) Assets in which Altarea holds shares and over which Altarea exercises operational control. Fully consolidated in the consolidated financial statements.
(b) Assets in which Altarea is not the majority shareholder, but for which Altarea exercises joint operational control or has a significant influence. Consolidated using the equity method in the consolidated financial statements.
(c) Assets held entirely by third parties who entrusted Altarea with a management mandate for an initial period of three to five years, renewable.
(d) Rental value on signed leases at July 1, 2014
(e) Including transfer duties
(RP) Retail Park

Breakdown of shopping centers under development at June 30, 2014

Center	SC / RP	Creation / Redevelopment / Extension	At 100%: GLA m² created (a)	At 100%: Gross rental income (in € millions)	At 100%: Net invest. (in € millions) (b)	At 100%: Return	Group share: GLA m² (a)	Group share: Gross rental income (in € millions)	Group share: Net invest. (in € millions) (b)
Cap 3000	SC	Redev./Extensio	37,000				12,000		
Aix extension	SC	Extension	5,000				2,000		
La Valette du Var	SC	Creation	37,000				19,000		
Le Mans 2 Family Village	RP	Creation	16,000				16,000		
Aubergenville 2 Family Village	RP	Redev./Extensio	n/a				n/a		
Massy -X%	SC	Redev./Extensio	12,000				12,000		
Chartres	SC	Creation	59,000				59,000		
Paris Region	SC	Redev./Extensio	56,000				56,000		
Eastern France	SC	Redev./Extensio	52,000				31,000		
Entrepôt Macdonald	SC	Creation	32,000				16,000		
Montparnasse Rail Station	SC	Creation	19,000				19,000		
Developments - France			**325,000**	**129.3**	**1,455**	**8.9%**	**242,000**	**88.6**	**1,033**
Ponte Parodi (Genoa)	SC	Creation	37,000				37,000		
Le Due Torri (Lombardy)	SC	Extension	7,000				7,000		
Developments - International			**44,000**	**14.7**	**158**	**9.3%**	**44,000**	**14.7**	**158**
Controlled developments (fully consolidated)			**369,000**	**144.0**	**1,613**	**8.9%**	**286,000**	**103.3**	**1,192**
Promenade de Flandres - Lille Métropole	RP	Creation	58,000				29,000		
Cœur d'Orly - Retail	SC	Creation	40,000				10,000		
Equity-method developments			**98,000**	**16.1**	**202**	**8.0%**	**39,000**	**5.9**	**72**
Total at June 30, 2014			**467,000**	**160.1**	**1,815**	**8.8%**	**325,000**	**109.2**	**1,264**
o/w redevelopments / extensions			*169,000*	*88.7*	*948*	*9.4%*	*120,000*	*57.1*	*653*
o/w Assets creation			*298,000*	*71.4*	*868*	*8.2%*	*205,000*	*52.1*	*611*

(a) Total GLA (Gross Leasable Area) created, excluding off-plan developments for third parties. For renovation/extension projects, figures represent additional GLA created.

(b) Total budget including interest expenses and internal costs.

2.1.2 Online retail

Altarea Cogedim Group is one of the leading names in e-commerce in France thanks to its Rue du Commerce brand, whose business volume came to €172 million in the first half of 2014 (-6%).

2.1.2.1 Market trends[39]

At the end of May 2014, e-commerce recorded a 2% growth in France. General merchandise websites reported less pronounced sales growth at 1% like-for-like.

2.1.2.2 RueduCommerce.com visitor numbers

Rue du Commerce maintained its position as a leading website, ranking among the Top 10 general merchandise sites in France[40].

	General merchandise sites	Average 4-month UV in 2014, in thousands
1	Amazon	15,156
2	Cdiscount	8,651
3	Fnac	8,201
4	PriceMinister	7,274
5	Carrefour	6,027
6	La Redoute	5,835
7	Vente-privee.com	5,317
8	**Rue du Commerce**	**4,982**
9	Auchan	4,226
10	E.Leclerc	4,038

2.1.2.3 Rue du Commerce performance

At June 30, 2014, the site reported €172 million in business volume (-6%), with 69% generated by own-brand distribution and 31% by the *Galerie Marchande*. One million orders were placed, for an average basket of approximately €212 including tax.

In € millions	H1 2014	H1 2013	*Change*
Distribution business volume	119.2	133.8	*(11)%*
Galerie Marchande business volume	52.9	50.0	*6%*
Total business volume	**172.2**	**183.8**	***(6)%***

In € millions	H1 2014	H1 2013	*Change*
Distribution business volume	119.2	133.8	*(11)%*
Galerie Marchande Commissions	5.1	4.5	*12%*
Commission rate	*9.3%*	*8.8%*	*0.5 pts*
Rue du Commerce revenue	**124.3**	**138.3**	***(10)%***

[39] Source: FEVAD and iCE 40 survey (like-for-like growth of leading sites) as of late May 2014 (five months).
[40] 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 April 2014.

Over this half-year, Rue du Commerce refocused its retail offering on men's departments ("High-Tech - Home appliances - DIY") to better meet the expectations of its principal customers (men, high-income segments): "1,200 brands to inspire men."

The offering has been reduced in select departments, which helps explain the decline in overall business volume.

At the same time, commission rates were increased in *Galerie Marchande* departments where Rue du Commerce holds the leading position.

RUE DU COMMERCE GROUP RESULTS

In € millions	6/30/2014		6/30/2013 restated
Distribution revenues	119.2	*(11)%*	133.8
Purchases consumed and other	(111.8)		(123.7)
Galerie Marchande commissions	5.1	*12%*	4.5
Net overhead expenses	(19.0)		(20.5)
Operating cash flow	**(6.5)**		**(5.9)**
% of revenue	*(5.5)%*		*(4.4)%*

The refocus initiated over this half-year and the reduction of overhead expenses (-8%) is expected to have a positive short-term impact on Rue du Commerce's operating expenses, and sould enable to limit the operating loss expected this year.

2.2 RESIDENTIAL

2.2.1 H1 2014 situation and outlook

New housing sales in France recorded a 2% decline[41]. Developers strongly reduced the number of homes offered for sale, which reached the lowest level since the FPI Observatory was created in 2010[42].

In this context, on June 25 the French government announced measures intended to revive construction with the aim of:

• Improving the zero-rate loan (PTZ+) for new residential property[43];

• Reviving rental investments[44] ;

• Simplifying administrative procedures.

The announcement of these measures and the decision to maintain interest rates at historically low levels (2.85%[45] on average for May 2014) come as encouraging signals to revive the sector.

2.2.2 Cogedim: reservations up[46] 22% in value terms (43% in volume)

Reservations of new Group residential properties amounted to €535 million in H1 2014, i.e., 2,152 units. **Compared to H1 2013, this represents 22% growth in value terms and 43% growth in volume.**

Like-for-like (excluding Histoire & Patrimoine acquisition), growth is up +17% in value and +38% in volume.

[41] Source: Chiffres et statistiques No. 521, May 2014: Marketing of new homes in Q1 2014 (Commissariat Général au Développement Durable).
[42] Source: FPI press release, May 15, 2014.
[43] Increase in the resource ceiling for zones B2 and C, implementation of a more advantageous scale for all zones, etc.
[44] The map of regions experiencing a housing shortage was revised with, in particular, a higher rent ceiling in Paris, Lyon, Marseille and Montpellier. Furthermore, tax deduction rates are improving, increasing from 18% to 21% if the term of the rental is extended from 9 to 12 years.
[45] Source: Crédit Foncier Immobilier (average rates for purchasers)
[46] Reservations net of cancellations, with Histoire & Patrimoine reservations accounted for in proportion to the Group share of ownership.

RESERVATIONS IN VALUE TERMS AND IN NUMBER OF UNITS[47]

	H1 2014	H1 2013	*Change*
Individual reservations	385 mil.	342 mil.	*+ 13%*
Block reservations	150 mil.	98 mil.	*+ 53%*
Total in value terms	**535 mil.**	**440 mil.**	**+ 22%**
Individual reservations	1,437 units	1,152 units	*+ 25%*
Block reservations	715 units	351 units	*+ 104%*
Total in number of units	**2,152 units**	**1,503 units**	**+ 43%**

43 programs were launched (primarily entry-level and mid-range) for sales of approximately €700 million (inc. tax) and 2,700 units, i.e. 12% more than in H1 2013.

This strong growth is due in particular to sales to institutional investors, which now account for 28% of sales.

Reservations by product range

Number of units	H1 2014	%	H1 2013	%	*Change*
Entry-level / mid-range	1,281	*60%*	768	*51%*	
Upscale	613	*28%*	430	*29%*	
Serviced residences	179	*8%*	305	*20%*	
Renovation	79	*4%*			
Total	**2,152**		**1,503**		**+ 43%**

Most significantly, sales growth in the first half is associated with entry-level and midscale programs, which now account for 60% of sales in terms of number of units (compared to 51% in H1 2013).

NOTARIZED SALES

In € millions (incl. tax)	H1 2014	%	H1 2013	%	*Change*
Entry-level / mid-range	198	*56%*	202	*56%*	
Upscale	119	*34%*	133	*37%*	
Serviced residences	30	*8%*	28	*8%*	
Renovation	8	*2%*			
Total	**355**		**363**		**(2)%**

[47] Consolidated, except for jointly controlled operations, which are recognized in proportion to the interest held.

2.2.3 Operating income

PERCENTAGE-OF-COMPLETION REVENUES [48]

In € millions (excl. tax)	H1 2014	%	H1 2013 restated	%	*Change*
Entry-level / mid-range	165	*45%*	160	*37%*	
Upscale	167	*45%*	260	*60%*	
Serviced residences	36	*10%*	17	*4%*	
Total	**368**		**438**		**(16)%**

Residential sales came to €368 million, compared to €438 million in H1 2013[49], keeping in mind that last year included a significant contribution from the Paris Laënnec program. Excluding Laënnec, sales levels are comparable overall[50].

NET RENTAL INCOME[51] AND OPERATING CASH FLOW

In € millions	6/30/2014		6/30/2013 restated
Revenue	368.2	*(16)%*	438.4
Cost of sale	(337.5)		(389.1)
Net property income	**30.7**	***(38)%***	**49.3**
% of revenue	*8.3%*		*11.2%*
Production held in inventory	20.5		23.8
Net overhead expenses	(37.2)		(45.2)
Other (a)	2.2		2.2
Operating cash flow	**16.2**	***(46)%***	**30.2**
% of revenue	*4.4%*		*6.9%*

(a) Includes the contributions of companies consolidated using the equity method (no contribution from Histoire & Patrimoine, whose initial impact will be felt in H2 2014).

In H1 2014, net property income amounted to 8.3% of sales, compared to 11.2% in H1 2013, the Laënnec program having led to a rise in net property income in 2013.

Moreover, profit levels over this half-year reflected the current transition period. The Group is now driven by the objective to increase the volumes with a lower margin. Eventually, it will enable to retrieve profitability levels (in absolute terms) comparable to previous years.

BACKLOG

In € millions (excl. tax)	H1 2014	End-2013	Change
Backlog in € millions (excl. tax)	1,395	1,331	+ 5%
Number of months	*20*	*17*	*+ 3*

2.2.4 Commitment management

Breakdown of properties for sale at June 30, 2014 (€838 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)	40	11		
Cost price of properties for sale (in € millions excluding tax)			212	7
Property for sale (€838 mil. incl. tax)	**485**	**63**	**280**	**10**
%	*58%*	*8%*	*33%*	*1%*
o/w to be delivered		*in 2014*	*€26 mil.*	
		in 2015	*€154 mil.*	
		in 2016	*€100 mil.*	

MANAGEMENT OF PROPERTIES FOR SALE[52]

58% 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).

33% of properties for sale are currently being built. Only €26 million (out of €280 million) relate to units to be completed by the end of 2014.

There is virtually no stock of finished products (1%).

[48] *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.*

[49] *Restated.*

[50] *H1 2014 sales excl. Laennec: - 4% vs H1 2013.*

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

[52] *Properties for sale include lots available for sale and are expressed as revenue including tax.*

MANAGING THE PROPERTY CYCLE

Thanks to the use 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.

SUPPLY [53]

	Revenue incl. tax (in € mil.)	Number of units
Programs supplied in H1 2014	**1,008**	**5,081**
o/w entry-level and mid-range	753	3,806
as a % of programs supplied in H1 2014	*75%*	*75%*

Sales commitments signed over the half-year account for the equivalent of €1 billion in sales (incl. tax). 75% of such agreements concern entry-level and mid-range programs, with prices particularly well suited to purchasers' creditworthiness.

PROPERTIES FOR SALE[54] AND FUTURE OFFERING[55]

In € mil. (incl. tax)	< 1 year	> 1 year	Total at 6/30/2014	No. of months	At 12/31/201
Properties for sale	838		**838**	*9*	*711*
Future offering	2,196	1,644	**3,839**	*42*	*3,719*
Total Pipeline	**3,034**	**1,644**	**4,677**	**51**	**4,430**
12/31/2013			**4,430**		
Change			*+6%*		

The residential pipeline (properties for sale + future offering) 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.

[53] *New programs comprised in the future offering.*
[54] *Properties for sale include units available for sale and are expressed as revenue including tax.*
[55] *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 values including tax.*

2.2.5 EQUITY INVESTMENT IN HISTOIRE & PATRIMOINE

In June 2014, Altarea Cogedim acquired 55% of the capital of Histoire & Patrimoine for €15.5 million.

Histoire & Patrimoine specializes in the renovation and redevelopment of urban heritage properties (classified or recognized historical monuments). With 100 employees, the company carries out €100 million in investments annually. Histoire & Patrimoine develops programs throughout France[56], with a comprehensive real estate offering ranging from program design to administration of completed properties, as well as monitoring of restoration procedures and marketing of renovated properties.

Altarea Cogedim thus expanded its urban renovation *savoir-faire* thanks to a complementary field expertise that enable to provide a comprehensive solution for cities looking to preserve their architectural heritage.

The Group has a sales commitment for the remaining 45% of the capital by 2018/2019, ultimately providing an opportunity to take full control of Histoire & Patrimoine. In the meantime, Histoire & Patrimoine is consolidated using the equity method in the Group's consolidated financial statements.

[56] *In the Paris Region: renovation of Hôtel Voysin located on Rue de Turenne in Paris or Cité Meissonnier in Saint-Denis, etc.*
Outside of Paris: restoration and transformation of Hôtel d'Aux in Nantes, renovation of a 17th-century residential building in the heart of a preserved area in Avignon, etc.

2.3 OFFICES

2.3.1 H1 Economic conditions and business levels

INVESTMENT IN OFFICE PROPERTY[57]

At June 30, 2014, the office property investment market showed 73% growth over one year, with €10.7 billion in investments.

The market was driven by several exceptional transactions (five transactions exceeding €500 million), which masks the weakness of mid-size investments, traditionally the backbone of the market.

High liquidity coupled with attractive financing costs led investors to focus on large-scale assets. Competition for rare "core" offerings led to a drop in "prime" rates for office property, which was close to 4% for Paris' central business district.

OFFICE PROPERTY TAKE-UP[58]

With 11.8 million ft² (1.1 million m²) marketed, H1 2014 saw a 24% increase compared to the same period last year. This vitality was primarily due to the signature of a few major cluster projects that had been under review for several months.

User behavior remains unchanged, motivated essentially by floor-space optimization policies and, most importantly, a search for lower rent. The economic environment leads users to avoid risks and give priority to renegotiating current leases.

At June 30, 2014, immediate supply was stable at 41.9 million ft² (3.9 million m²).

2.3.2 H1 2014 Activity

In office property, the Group continued implementing its strategy, harnessing its expertise in investment (through AltaFund), development (off-plan sale or lease; property development contracts), and services (delegated project management).

H1 ACHIEVEMENTS

Project	Descrip-tion	Surface area at 100%	H1 achievements
Villeurbanne	OP sale	172,000 ft² 16,000 m²	Secured
DPM, Paris 8th *arrondissement*	DPM	280,000 ft² 26,000 m²	Secured
DPM, Paris 8th *arrondissement*	DPM	114,000 ft² 10,600 m²	Secured
Lyon Gerland - SANOFI	OP lease	165,000 ft² 15,310 m²	Signature of OP lease
Toulouse Blagnac - SAFRAN	OP lease	244,000 ft² 22,700 m²	Signature of off-plan lease
Paris - Raspail	AltaFund	115,000 ft² 10,650 m²	Sale by user
Cœur d'Orly - Ilot Askia	PDC	212,000 ft² 19,694 m²	Construction start
Montpellier - Mutuelle des Motards	PDC	97,000 ft² 9,000 m²	Construction start
Montigny - Mercedes France	Off-plan	212,000 ft² 19,714 m²	Delivery
La Défense - Tour Blanche	DPM	320,000 ft² 29,700 m²	Delivery
St Denis Landy - Sisley	PDC	239,000 ft² 22,221 m²	Delivery
Lyon - Opale	Off-plan	143,000 ft² 13,262 m²	Delivery

During H1 2014, the Group secured[59] three new projects for potential business amounting to €102 million, thus bringing the Group's volume of secured programs at €1.294 billion at June 30, 2014.

2.3.3 Sales and operational cash flow

In € millions	6/30/2014		6/30/2013 restated
Revenue	17.4	*(71)%*	60.5
Net property income	**2.2**	***(68)%***	**7.0**
% of revenue	*12.7%*		*11.5%*
Services to third parties	2.2	*18%*	1.9
Production held in inventory	4.9		1.3
Operating expenses	(5.6)		(6.6)
Net overhead expenses	**1.5**		**(3.4)**
Other (Profit attributable to EM associates) (a)	4.9		3.6
Operating cash flow	**8.7**	***21%***	**7.2**
% of revenue	*49.9%*		*11.9%*

(a) incl. AltaFund (Raspail).

The profit structure varied considerably over the half-year due to the "mix" of contributing programs

[57] *CBRE data from Q2 2014 – Investissement France.*
[58] *All transactions for rent or sale, carried out by final users. CBRE data from Q2 2014 – Offices in Ile de France.*

[59] *Secured program: program for which the Group has signed an Off-plan sale, an Off-Plan lease, a PDC or DPM or also program for which AltaFund has acquired an asset.*

(fewer off-plan sales, a greater volume of fees and a higher contribution from AltaFund). In total, operating cash flow grew strongly to €8.7 million (+21%).

BREAKDOWN OF SECURED PROGRAMS (AT VARIOUS STAGES OF DEVELOPMENT) AT JUNE 30, 2014

Nature of project	Surface area at 100%	Amount (Group-share)
AltaFund [(a)]	434,000 ft² 40,350 m²	€347 m
PDC / OP sales / OP leases	3,551,000 ft² 329,852 m²	€825 m
DPM [(c)]	588,000 ft² 54,600 m²	€122 m
TOTAL	**4,573,000 ft² 424,802 m²**	**€1,294 m**

(a) Amount = total cost price of the program at 100%.

(b) Amount = amount of signed contract (or estimate in the case of off-plan leases).

(c) Amount = capitalized fees.

3 CONSOLIDATED RESULTS

3.1 RESULTS (H1 2013 FIGURES RESTATED FOR IFRS 10,11 AND 12)

At June 30, 2014, consolidated FFO was up 3.1% to €84.6 million. On a per-share basis, FFO (Group share) was down 13.8% to €5.53/share. Dilution resulted entirely from equity fundraising carried out over the past 12 months, which brought LTV down from 47.2% to 41.6% over the period.

In € millions	6/30/2014				6/30/2013 Restated *		
	Funds from operations (FFO)		Changes in value, estimated expenses and transaction costs	TOTAL	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL
Shopping centers	84.9	*7.8%*	(27.1)	57.8	78.8	71.4	150.1
Online retail	(6.5)	*10.1%*	(0.5)	(7.0)	(5.9)	(3.8)	(9.7)
Residential	16.2	*(46.4)%*	(2.7)	13.5	30.2	(1.9)	28.3
Offices	8.7	*20.5%*	2.5	11.2	7.2	(1.7)	5.5
Other	(0.4)	*51.0%*	(3.5)	(3.9)	(0.3)	(1.3)	(1.6)
OPERATING INCOME	**102.7**	**(6.5)%**	**(31.3)**	**71.5**	**109.9**	**62.8**	**172.7**
Net borrowing costs	(16.5)	*(36.3)%*	(2.7)	(19.1)	(25.8)	(2.8)	(28.6)
Changes in value and profit / (loss) from disposal of financial instruments	–		(44.5)	(44.5)	–	27.1	27.1
Proceeds from the disposal of investments	–		0.0	0.0	–	(0.0)	(0.0)
Corporate income tax	(1.7)		82.3	80.6	(2.0)	(2.6)	(4.6)
NET CONSOLIDATED INCOME	**84.6**	***3.1%***	**3.8**	**88.4**	**82.0**	**84.5**	**166.5**
Non-controlling interests	(20.2)	67.3%	(1.3)	(21.5)	(12.1)	(19.1)	(31.1)
NET PROFIT, GROUP SHARE	**64.4**	***(7.9)%***	**2.6**	**67.0**	**69.9**	**65.4**	**135.3**
Average diluted number of shares (in millions)	*11.645*				*10.904*		
FFO (Group share) PER SHARE	**5.53**	***(13.8)%***			**6.41**		

3.1.1 Operating cash flow[60]: €102.7 million (-6.5%)

The pronounced decline in the residential contribution (-46.4% to €16.2 million) was largely offset by the positive performance of the shopping center (+7.8% to €84.9 million) and office property (+20.5% to €8.7 million) businesses.

The overall drop in the residential contribution was primarily due to a base effect (the 2013 contribution was driven to a large extent by the Laënnec program). Excluding the impact of Laënnec, H1 2014 Group operating cash flow was up 10.6% compared to 2013.

3.1.2 FFO[61]: €84.6 million (+3.1%)

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

NET BORROWING COSTS: €-16.5 MILLION (-36%)

The drop in net borrowing costs was due in part to the reduction in outstanding consolidated debt (€1.858 billion compared to €2.070 billion in 2013), but primarily to a lower average cost of debt.

[60] *Or consolidated EBITDA.*

[61] *Funds from operations*

This lower average cost of debt was made possible both by financing transactions carried out over the half-year (financing/refinancing concluded with more advantageous conditions) and the restructuring of hedging instruments with shorter terms and reduced nominal amounts.

TAX PAYMENT

This represents the tax paid by entities not having adopted the SIIC tax status, for the most part within the Altareit tax group and including in particular property development operations and Rue du Commerce. In H1 2014, the Group was able to offset its taxable income against tax loss carryforwards, limiting the amount of income tax payments to €1.7 million.

AVERAGE NUMBER OF SHARES AND FFO DILUTION

During the past 12 months, the Group has raised equities for a cumulated amount of €570 million, which is composed of two main types of transactions:

• €395 million raised from Allianz as part of the joint control of a 5-asset portfolio, leading to the increase of the share of minority interest (dilution of the FFO group share),

• €175 million of capital increase[62] leading to the issue of 1,604,056 shares all cumulated (dilution of the FFO per share).

Per share, the dilutive impact of these transactions of the FFO per share amouts to €1.12 /share, which divides as follows:

	In €/share	
FFO at 30 June 2013	**6.41**	
H1 2014 FFO growth	0.24	
FFO at 30 June, 2014 at a like-for-like financial structure	**6.65**	***+3.1%***
Dilution partnership (Allianz)	(0.75)	*-1.12€*
Dilution new shares issued	(0.37)	
FFO at 30 June 2014	**5.53**	***-13.8%***

[62] *AREAL merger accounting for 145,000 shares and share-based 2013 dividend payment accounting for 536,364 shares and share-based 2014 dividend payment accounting for 922,692 shares.*

3.1.3 Changes in value and estimated expenses: €3.8 million

	In € millions
Change in value - Investment properties (a)	(9.4)
Change in value - Change in registration fees (b)	(12.7)
Change in value - financial instruments	(44.5)
Disposal of assets and transaction costs	(0.2)
Share of equity-method associates	(1.4)
Deferred tax	82.3
Estimated expenses (c)	(10.2)
TOTAL	**3.8**

(a) Including change in value of assets consolidated using the equity method.
(b) For 65% of assets, registration fees increased form 6.20% to 6.90%.
(c) Allowances for depreciation and non-current provisions, stock grants, pension provisions, staggering of debt issuance costs.

3.1.4 Tax investigation: definitive settlement of the dispute

In late 2011, the Group received follow-up notice of tax due in a principal amount of €133.9 million concerning restructuring operations carried out in 2008.

Following a procedure concluded during H1 2014[63], an overall settlement was accepted, resulting in full relief concerning the tax claim and a partial reduction of tax deficits generated in 2008.

This dispute has been definitively concluded with no outflow of resources for the Group. The company took full account of the accounting consequences in its financial statements at June 30, 2014.

[63] *Two opinions wholly in favor of the Group taxpayers concerned were delivered by the Regional Tax Commission (Commission Départementale des Impôts) and the National Tax Commission (Commission Nationale des Impôts) on October 3, 2013 and January 31, 2014, respectively.*

3.2 NET ASSET VALUE (NAV)

GROUP NAV	6/30/2014 In € millions	*Change*	€/share [c]	*Change/ share*	12/31/2013 In € millions	€/share [c]
Consolidated equity, Group share	**1,202.4**		**96.1**		**1,151.3**	**99.3**
Other unrealized capital gains	299.0				317.6	
Restatement of financial instruments	114.8				71.5	
Deferred tax on the balance sheet for non-SIIC assets (international assets)	22.6				23.4	
EPRA NAV	**1,638.8**	*4.8%*	**131.0**	*(2.9)%*	**1,563.9**	**134.9**
Market value of financial instruments	(114.8)				(71.5)	
Fixed-rate market value of debt	(8.1)				(2.3)	
Effective tax for unrealized capital gains on non-SIIC assets [a]	(26.5)				(32.1)	
Optimization of transfer duties [a]	57.8				48.7	
Partners' share [b]	(14.7)				(15.4)	
EPRA NNNAV (liquidation NAV)	**1,532.5**	*2.8%*	**122.5**	*(4.8)%*	**1,491.2**	**128.7**
Estimated transfer duties and selling fees	64.3				63.6	
Partners' share [b]	(0.6)				(0.7)	
Diluted Going Concern NAV	**1,596.3**	*2.7%*	**127.6**	*(4.9)%*	**1,554.1**	**134.1**

(a) Varies according to the type of disposal, i.e. sale of asset or sale of securities.

(b) Maximum dilution of 120,000 shares.

(c) Number of diluted shares.	*12,513,889*	*11,590,807*

At June 30, 2014, Altarea Cogedim's diluted Going Concern NAV stood at €1.596 billion, up 2.7% compared to December 31, 2013.

On a per share basis, the Group's going-concern NAV came to €127.60/share, i.e. a 4.9% decline following the dilutive effect of the share-based 2014 dividend payment.

3.2.1 Calculation basis

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 Group's interest in the Rungis Market (Semmaris),
- 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, Semmaris, Cogedim and AltaFund). 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.

TAX

Most of Altarea's property portfolio is not subject to capital gains tax under the SIIC regime. The exceptions are a limited number of assets which are not SIIC-eligible due to 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 market value and tax value of the property assets.

Altarea Cogedim took into account the ownership methods of non-SIIC assets to determine going concern NAV after tax, since the tax reflects the tax that would effectively be paid if the shares of the company were sold or if the assets were sold building by building.

TRANSFER DUTIES

Investment properties have been recognized in the IFRS consolidated financial statements at appraisal value excluding transfer duties. To calculate going-concern NAV, however, transfer duties were added back in the same amount.

In Altarea Cogedim's EPRA NNNAV (liquidation NAV), duties are deducted either on the basis of transfer of securities or building by building.

FINANCIAL INSTRUMENTS

The mark-to-market value of financial instruments came to €-114 million at June 30, 2014, with an impact on the Group's net financial position in the amount of €-44 million.

This amount was reincorporated in the EPRA NAV calculation and deducted from published liquidation and going-concern NAV.

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).

NUMBER OF DILUTED SHARES

The diluted number of shares recognizes all shares subscribed in the payment of dividends in shares, i.e. 922,692 shares.

3.2.2 Change in going-concern NAV

Diluted Going Concern NAV	In €	€/share
At December 31, 2013	**1,554**	**134.1**
2013 dividend	(116)	(10.0)
Dilution due to dividend payout in shares	100	(1.1)
Change in value of financial instruments	(44)	(3.8)
Pro forma post distribution	**1,494**	**119.2**
FFO (Group share)	64	5.5
Other change in value[a]	38	2.8
At June 30, 2014	**1,596**	**127.6**

(a) o/w €59 million tax impact (recognition of tax assets).

4 FINANCIAL RESOURCES

4.1 FINANCIAL POSITION

Altarea Cogedim Group has a solid financial position:

• €580 million in available cash and cash equivalents,

• robust consolidated bank covenants (LTV<60% and ICR>2) with significant leeway at June 30, 2014 (LTV of 41.6% and ICR of 6.2 x).

This strong position results primarily from a diversified business model that generates substantial cash flow at the top of the cycle while remaining highly resilient at the bottom.

4.1.1 Available cash and cash equivalents: €580 million

Available cash and cash equivalents comprised:

• €545 million in corporate sources of funds (cash and confirmed authorizations),

• €35 million in unused loan authorizations secured against specific developments.

4.1.2 Financing: €805 million agreements signed in long term corporate financing, including a €230 million private bond issue

The half-year was particularly dynamic, with €805 million in corporate financing agreements signed, composed of €350 million in refinancing of existing lines of credit, which were extended under more advantageous terms, and €455 million in new funding. This financing breaks down as follows by category:

• €200 million in corporate credit intended to refinance the 2007 Cogedim acquisition loan,

• €375 million in corporate lines of credit from Group banks,

• A €230 million private bond issue with a term of seven years and a 3.0% coupon. This issue was subscribed by a diverse pool of investors, most of which are not French residents, thereby externalizing a 195 bp spread.

In addition, the Group continued diversifying its short-term sources of financing by ramping up its new Treasury Note program with €61 million in outstandings (compared to zero one year earlier), thereby optimizing liquidity costs.

The average term of the financing concluded over the half-year was 5.1 years.

4.1.3 Debt by category

Altarea Cogedim's net debt stood at €1.858 billion at June 30, 2014 compared to €2.070 billion at December 31, 2013 (€-212 million).

In € millions	June 2014	Dec. 2013
Bank corporate debt	465	657
Credit markets	541	250
Mortgage debt	986	997
Property development debt	236	168
Total gross debt	**2,227**	**2,072**
Cash and cash equivalents	(370)	(235)
Total net debt	**1,858**	**2,070**

4.1.4 Financial covenants

MAIN CORPORATE DEBT COVENANTS

	Covenant	June 2014	Dec. 2013	Delta
LTV [(a)]	≤ 60%	41.6%	41.7%	(0.1)%
ICR [(b)]	≥ 2.0 x	6.2 x	4.5 x	+ 1.7 x

(a) LTV (Loan to Value) = Net debt / Restated value of assets including transfer duties.

(b) IRC = Operating profit / Net cost of debt (Funds from operations column)

OTHER SPECIFIC COVENANTS

At June 30, 2014, the Group was in compliance with all covenants.

4.2 HEDGING AND MATURITY

NOMINAL AMOUNT (€ MILLIONS) AND AVERAGE HEDGE RATE[64]

Maturity	Swap	Fixed-rate debt	Total	Average swap rate
June 14	1,336	580	1,916	0.92%
Dec. 14	1,260	580	1,840	1.22%
Dec. 15	1,253	580	1,833	2.88%
Dec. 16	922	380	1,302	2.64%
Dec. 17	841	380	1,221	2.47%
Dec. 18	550	230	780	2.21%
Dec. 19	550	230	780	2.21%
Dec. 20	-	-	-	-

At June 30, 2014, the Group also had a €337 million portfolio of caps and collars all "out of the money."

COST OF DEBT

Altarea Cogedim Group's average financing cost including the credit spread was 2.30% at June 30, 2014 compared with 2.80% at the end of 2013.

This lower average cost of debt was made possible both by financing transactions carried out over the half-year (financing/refinancing concluded with more advantageous conditions) and the restructuring of hedging instruments with shorter terms and reduced nominal amounts.

Moreover, the Group has continued to benefit from the "millésime 2006/2007" mortgage financing signed at extremely favorable conditions in terms of spread (50-60bps), which have strongly contributed to lower the average cost.

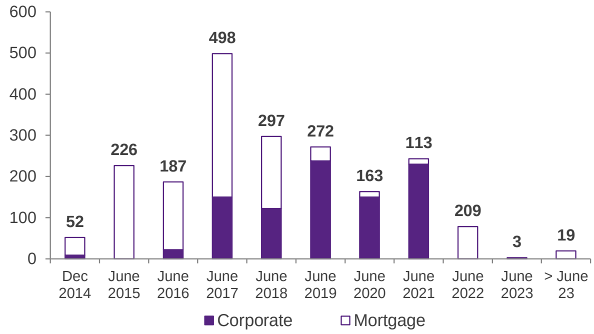
DEBT MATURITY

After accounting for transactions over the half-year, average debt maturity stood at 4.0 years at June 30, 2014 and broke down as follows:

• 5.1 years for corporate loans following the financing agreements signed during the half-year,

• 3.1 years for mortgage loans.

MATURITY SCHEDULE FOR GROUP DEBT[65]



2014-2017 mortgage maturities are backed by assets with very little debt (38% average LTV) and could all be easily refinanced. As such, the Group faces no significant maturity before 2017.

[64] *Swaps and fixed-rate debt after restructuring of hedging instruments implemented in July 2014.*

[65] *In € millions, excluding property-development debt and treasury notes*

Costing-based profitability analysis at June 30, 2014

In € millions	6/30/2014 Funds from operations (FFO)	6/30/2014 Changes in value, estimated expenses and transaction	6/30/2014 Total	6/30/2013 Restated * Funds from operations (FFO)	6/30/2013 Restated * Changes in value, estimated expenses and transaction	6/30/2013 Restated * Total
Rental income	85.0	–	85.0	87.7	–	87.7
Other expenses	(7.5)	–	(7.5)	(8.1)	–	(8.1)
Net rental income	**77.5**	**–**	**77.5**	**79.6**	**–**	**79.6**
External services	9.5	–	9.5	11.0	–	11.0
Own work capitalized and production held in inventory	11.3	–	11.3	7.7	–	7.7
Operating expenses	(24.5)	(0.7)	(25.2)	(26.1)	(0.6)	(26.7)
Net overhead expenses	**(3.7)**	**(0.7)**	**(4.4)**	**(7.4)**	**(0.6)**	**(8.0)**
Share of equity-method affiliates	**11.1**	**3.6**	**14.6**	**6.6**	**12.0**	**18.6**
Net allowances for depreciation and impairment	**–**	**(0.5)**	**(0.5)**	**–**	**(0.2)**	**(0.2)**
Gains (losses) on sale of assets	**–**	**0.6**	**0.6**	**–**	**8.7**	**8.7**
Gains (losses) in the value of investment property	**–**	**(29.5)**	**(29.5)**	**–**	**52.7**	**52.7**
Transaction costs	**–**	**(0.5)**	**(0.5)**	**–**	**(1.2)**	**(1.2)**
NET RETAIL PROPERTY INCOME (SHOPPING CENTERS)	**84.9**	**(27.1)**	**57.8**	**78.8**	**71.4**	**150.1**
Distribution and other revenue	119.2	–	119.2	133.8	–	133.8
Purchases consumed	(109.7)	–	(109.7)	(122.9)	–	(122.9)
Net charge to provisions for risks and contingencies	(2.2)	–	(2.2)	(0.9)	–	(0.9)
Retail margin	**7.4**	**–**	**7.4**	**10.0**	**–**	**10.0**
***Galerie Marchande* commissions**	**5.1**	**–**	**5.1**	**4.5**	**–**	**4.5**
Operating expenses	(19.0)	(0.1)	(19.1)	(20.5)	(0.1)	(20.6)
Net overhead expenses	**(19.0)**	**(0.1)**	**(19.1)**	**(20.5)**	**(0.1)**	**(20.6)**
Net allowances for depreciation and impairment	**–**	**(0.4)**	**(0.4)**	**–**	**(3.2)**	**(3.2)**
Transaction costs	**–**	**–**	**–**	**–**	**(0.5)**	**(0.5)**
NET RETAIL PROPERTY INCOME (ONLINE)	**(6.5)**	**(0.5)**	**(7.0)**	**(5.9)**	**(3.8)**	**(9.7)**
Revenue	368.2	–	368.2	438.4	–	438.4
Cost of sales and other expenses	(337.5)	–	(337.5)	(389.1)	–	(389.1)
Net property income	**30.7**	**–**	**30.7**	**49.3**	**–**	**49.3**
External services	0.0	–	0.0	0.2	–	0.2
Production held in inventory	20.4	–	20.4	23.7	–	23.7
Operating expenses	(37.2)	(0.8)	(38.0)	(45.2)	(0.4)	(45.6)
Net overhead expenses	**(16.7)**	**(0.8)**	**(17.6)**	**(21.3)**	**(0.4)**	**(21.8)**
Share of equity-method affiliates	**2.2**	**(0.3)**	**1.9**	**2.2**	**0.1**	**2.3**
Net allowances for depreciation and impairment	**–**	**(1.2)**	**(1.2)**	**–**	**(1.6)**	**(1.6)**
Transaction costs	**–**	**(0.3)**	**(0.3)**	**–**	**–**	**–**
NET RESIDENTIAL PROPERTY INCOME	**16.2**	**(2.7)**	**13.5**	**30.2**	**(1.9)**	**28.3**
Revenue	17.4	–	17.4	60.5	–	60.5
Cost of sales and other expenses	(15.2)	–	(15.2)	(53.6)	–	(53.6)
Net property income	**2.2**	**–**	**2.2**	**7.0**	**–**	**7.0**
External services	2.2	–	2.2	1.9	–	1.9
Production held in inventory	4.9	–	4.9	1.3	–	1.3
Operating expenses	(5.6)	(0.2)	(5.8)	(6.6)	(0.2)	(6.8)
Net overhead expenses	**1.5**	**(0.2)**	**1.3**	**(3.4)**	**(0.2)**	**(3.6)**
Share of equity-method affiliates	**4.9**	**2.8**	**7.8**	**3.6**	**(1.3)**	**2.3**
Net allowances for depreciation and impairment	**–**	**(0.1)**	**(0.1)**	**–**	**(0.2)**	**(0.2)**
Transaction costs	**–**	**–**	**–**	**–**	**–**	**–**
NET OFFICE PROPERTY INCOME	**8.7**	**2.5**	**11.2**	**7.2**	**(1.7)**	**5.5**
Other (Corporate)	**(0.4)**	**(3.5)**	**(3.9)**	**(0.3)**	**(1.3)**	**(1.6)**
OPERATING INCOME	102.7	(31.3)	71.5	109.9	62.8	172.7
Net borrowing costs	**(16.5)**	**(2.7)**	**(19.1)**	**(25.8)**	**(2.8)**	**(28.6)**
Discounting of debt and receivables	**–**	**(0.1)**	**(0.1)**	**–**	**(0.0)**	**(0.0)**
Change in value and income from disposal of financial instruments	**–**	**(44.4)**	**(44.4)**	**–**	**27.1**	**27.1**
Proceeds from the disposal of investments	**–**	**0.0**	**0.0**	**–**	**(0.0)**	**(0.0)**
PROFIT (LOSS) BEFORE TAX	86.3	(78.5)	7.8	84.1	87.0	171.1
Corporate income tax	**(1.7)**	**82.3**	**80.6**	**(2.0)**	**(2.6)**	**(4.6)**
NET PROFIT	84.6	3.8	88.4	82.0	84.5	166.5
Non-controlling interests	**(20.2)**	**(1.3)**	**(21.5)**	**(12.1)**	**(19.1)**	**(31.1)**
NET PROFIT ATTRIBUTABLE TO GROUP SHAREHOLDERS	**64.4**	**2.6**	**67.0**	**69.9**	**65.4**	**135.4**
Average number of shares after dilution	*11,645,043*	*11,645,043*	*11,645,043*	*10,904,260*	*10,904,260*	*10,904,260*
DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO GROUP SHAREHOLDERS (€)	**5.53**	**0.22**	**5.75**	**6.41**	**6.00**	**12.41**

Balance sheet at June 30, 2014

In € millions	6/30/2014	12/31/2013
NON-CURRENT ASSETS	**3,642.6**	**3,600.7**
Intangible assets	240.7	237.7
o/w goodwill	*128.7*	*128.7*
o/w brands	*97.7*	*98.6*
o/w other intangible assets	*14.3*	*10.4*
Property, plant and equipment	11.7	12.6
Investment properties	2,963.4	3,029.0
o/w investment properties in operation at fair value	*2,805.6*	*2,917.9*
o/w investment properties under development and under construction at cost	*157.8*	*111.1*
Securities and investments in equity affiliates and unconsolidated interests	305.0	278.6
Loans and receivables (non-current)	6.9	6.6
Deferred tax assets	115.0	36.2
CURRENT ASSETS	**1,439.8**	**1,292.2**
Non-current assets held for sale	80.2	1.7
Net inventories and work in progress	569.6	606.4
Trade and other receivables	398.4	428.2
Income tax credit	2.7	2.3
Loans and receivables (current)	18.3	18.1
Derivative financial instruments	0.7	0.8
Cash and cash equivalents	369.8	234.9
TOTAL ASSETS	**5,082.5**	**4,892.9**
EQUITY	**1,880.8**	**1,832.9**
Equity attributable to Altarea SCA shareholders	**1,202.4**	**1,151.3**
Share capital	191.2	177.1
Other paid-in capital	518.7	437.0
Reserves	425.5	391.0
Income associated with Altarea SCA shareholders	67.0	146.2
Equity attributable to minority shareholders of subsidiaries	**678.4**	**681.6**
Reserves associated with minority shareholders of subsidiaries	547.9	498.8
Other equity components, subordinated perpetual notes	109.0	109.0
Income associated with minority shareholders of subsidiaries	21.5	73.8
NON-CURRENT LIABILITIES	**1,903.6**	**1,782.5**
Non-current borrowings and financial liabilities	1,846.6	1,722.7
o/w participating loans and advances in balance account over more than a year	*43.5*	*12.7*
o/w non-current bond issues	*476.9*	*248.5*
o/w Borrowings from lending establishments	*1,325.9*	*1,432.3*
o/w other borrowings and debt	*0.4*	*29.2*
Other non-current provisions	19.5	21.1
Deposits and security interests received	27.6	26.8
Deferred tax liability	9.8	11.9
CURRENT LIABILITIES	**1,298.2**	**1,277.6**
Current borrowings and financial liabilities	493.2	436.2
o/w current bond issues	*1.6*	*0.2*
o/w borrowings from credit institutions (excluding overdrafts)	*353.5*	*323.4*
o/w treasury notes and accrued interest	*61.0*	*28.0*
o/w bank overdrafts	*8.4*	*39.7*
o/w other borrowings and financial debt	*68.6*	*44.9*
Derivative financial instruments	115.2	73.7
Accounts payable and other operating liabilities	663.4	739.5
Tax due	26.4	28.1
Amount due to shareholders	0.0	0.0
TOTAL LIABILITIES	**5,082.5**	**4,892.9**