Strong increase in recurring income (FFO[1]): + 15.3%
A confirmed growth dynamic over all business lines

Strong results growth

- Recurring income (FFO): €92.0 million (+15.3%) i.e. €6.96/share (+10.8%)
- Diluted Going Concern NAV: €132.6/share (+4.8% over one year)

Positive operational dynamic over all business lines

- Retail REIT: Strong rents increase to €86 million (+6.8%)
    - Tenants' revenue up by +2.2% (+70bps)[2]
- Development: New orders (Residential and Offices) up by +38% to €1,204 million
    - Residential sales: 4,000 units (+47%)

A confirmed growth dynamic

- Leader in French metropolises' real estate development: €14.3 billion in the pipeline[3]
- Growth notably financed by the €369 million in equity raised this half-year (LTV at 40.8%)
- Short and medium term FFO/share increase driven by the strong Development growth (2016 and 2017 targets at €13.50 and €14.50 respectively)[4]
- Long term growth fed by the retail REIT pipeline (doubling of rent forecast)

Paris, 28 July 2016, 5:45 pm. Following review by the Supervisory Board, Management approved the H1 2016 consolidated financial statements. Limited review procedures have been carried out. The Auditors' certification report is being issued with no reservations.

[1] *Funds From Operations or recurring income from operations: net profit excluding changes in value, calculated costs, transaction fees and changes in differed tax.*
[2] *Iin France.*
[3] *Estimated market value of total secured projects. Projects in this pipeline are almost all secured as options that the Group can activate according to market opportunities.*
[4] *Despite the dilution due to the strengthening of equity: 2,514,790 shares created during the half-year, i.e. 20% of share capital as at 31 December 2015.*

"We operate in a mixed economic environment with, on the one hand, a feeling of anxiety due to terrorism and uncertainty over the future of the European Union, and on the other, a context of very low interest rates that makes property investments attractive for households and institutional investors. This environment makes real estate even more seen as a safe haven. With regard to Altarea Cogedim, this half-year was marked by the confirmation of the outlook announced during the last capital increase.

Firstly, confirmation of the results driven by all business lines. We can see the impact of a more favourable economic environment for real estate, but the Group's overperformance can be explained notably by the Group's operational positioning which puts the customer at the heart of its model.

Confirmation in terms of property development, which changes dimensions. Market share gains in residential property are ahead of our strategic plan and our positioning in Office Property shows its relevance in a context of a shortage of quality products. Our Group is in the top three of French developers and has emerged as the leader in the development of French metropolises. Altarea Cogedim is the only French property group capable of offering global solutions integrating all asset classes and the major mixed-use bids won this half-year, in Issy-les-Moulineaux and Bordeaux Belvédère, are a perfect illustration (our retail expertise being key to these successes).

Equally, there is confirmation of the dynamism of retail REIT, the growth of which is driven by its project pipeline and whose size will double in the long term, as the on-going projects come into operation. Continued concentration of the portfolio on prime assets (regional shopping centers, travel retail, major retail parks) also strenghten the REIT's recurring revenues.

Confirmation in terms of the shareholder model: Altarea Cogedim was able to count on the support of its shareholders, both for the payment of the dividend in shares - an option chosen by 91.7% of them - and during the share capital increase which was massively subscribed. These combined transactions contributed to reducing the Group's LTV to 40.8% (compared to 44.5% at 31 December 2015). Our extremely solid financial structure is the basis for our ambitions, thus providing Altarea Cogedim with the means to increase our development capacities. In parallel, we will continue to be extremely attentive to risk management, which will be considerably reinforced given the context.

Confirmation lastly of our financial outlook, thanks to developments that will drive FFO growth over the coming three years at least, and thanks to a portfolio of shopping centre projects that gives a more long term visibility to FFO growth. It is for this reason that we confirm our FFO target of at least €13.50/share in 2016 and €14.50/share in 2017, despite the impact of the dilution due to the strengthening of equity."

Alain Taravella, Chairman and Founder of Altarea Cogedim

CONTENTS

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1. ALTAREA COGEDIM, BUILDING UP FRENCH METROPOLISES

A geographical focus on 12 French metropolises

Altarea Cogedim has focused its activities on 12 French metropolises[5] that capture most of the country's demographic and economic growth on less than 10% of its land area. This territorial targeting allows the Group to benefit from the momentum in growth areas.

A unique multi-product development model in France

Altarea Cogedim is the only French property group to have development know-how in all asset classes. This positioning has enabled the Group to secure one of the largest portfolios of real estate projects in France, representing 3.4 million m²[6] (all products combined), or the equivalent of €14.3 billion in market value (+19% over the half-year). This project portfolio is almost exclusively secured in the form of options that the Group can activate according to market opportunities.

Secured pipeline	Surface areas[7]	Potential value[8]
Shopping centres	507,500 m²	€3,128m
High-street retail	146,000 m²	€449m
Offices	843,100 m²	€2,717m
Residential	1,881,600 m²	€7,995m
TOTAL	**3,378,200 m²**	**€14,290m**

Increased leadership in major mixed-use projects

During this half-year, the Group won two major competitions, which will feed its pipeline of major mixed-use projects:

- Issy Cœur de ville: an eco-neighbourhood of over 100,000 m² in Issy-les-Moulineaux, which plans for a new generation retail offering, 40,000 m² of residential property and 40,000 m² of offices, organised around an urban park.
- Bordeaux Belvédère: a development project in the Belvédère quarter of Bordeaux, with a surface area of 140,000 m² combining residential property, offices, retail and culture[9].

With these 2 major projects, the Group brings to 9 the number of on-going major mixed-use projects[10] in which it operates, for a total of nearly 575,000 m² and €1.7 billion of potential revenue.

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[5] Greater Paris, Nice Côte d'Azur metropolitan area, Marseille-Aix-Toulon, Toulouse metropolitan area, Greater Lyon, Grenoble-Annecy, Nantes metropolitan area, Bordeaux metropolitan area, Strasbourg Euro-metropolitan area, Lille European metropolitan area, Montpellier Mediterranean metropolitan area and Rennes metropolitan area. The Group is also present in Bayonne.
[6] Floor area of shopping centres and convenience stores: m² of GLA created, Office floor area: floor surface area or usable surface area, residential surface area: habitable surface area (properties for sale + portfolio).
[7] Shopping centres and convenience stores: surface area: GLA in m² created. Office floor area: floor surface area or usable surface area. Surface area residential: property for sale + future offering
[8] Market value incl. taxes as of delivery date. Value of shopping centres: Net rental income capitalised at a market rate. High-street retail value: development revenue. Offices value: share of the amounts signed for off-plan sales/PDCs, or share of capitalised fees for DPM, or cost price at 100% for AltaFund. Value of housing: Sale offer + portfolio price.
[9] The Group takes part in this project as a 50% co-development.
[10] Bezons Cœur de Ville, Strasbourg Fischer, Hospices Civils Lyon, Toulouse Montaudran, Gif-sur-Yvette, Massy Place du Grand Ouest, Villeurbanne, Bordeaux Belvédère and Issy Cœur de ville.

2. NEW DIMENSION IN DEVELOPMENT

New orders (offices and residential property): €1,204 million, up +38%

Driven by a favourable context, particularly in terms of interest rates[11], property development has seen strong growth in France. In this context, the Group has outperformed the market with growth of +38% of its half-year orders, and has strongly become one of the top three French developers.

Sales (incl. Tax)	H1 2016	H1 2015	*Change*
Residential	€961m	€641m	*+50%*
Nbr of units	*4,000 units*	*2,717 units*	*+47%*
Offices	€243m	€233m	*+4%*
TOTAL	**€1,204m**	**€874m**	***+38%***

Development revenue (offices and residential) was up +22% at €612 million, for net profitability of 7.7% before taxes

Given the time lag associated with the percentage of completion accounting method, the revenue growth (+22%) does not yet reflect the very strong growth in investments which should have a substantial impact from H2 2016, and in particular in 2017 and 2018.

€ millions excl. tax	H1 2016	H1 2015	*Change*
Development revenue	612.1	503.7	*+22%*
o/w Residential	*506.0*	*450.8*	*+12%*
o/w Offices	*106.1*	*52.9*	*+101%*
Cash flow from development activities	**47.1**	**33.0**	***+43%***
Operating margin	*7.7%*	*6.6%*	*+110 bps*

However, the growth in investments over the half-year has already begun to impact the Group's backlog, with growth of +30% to €2.7 billion since the end of 2015.

€ millions excl. tax	H1 2016	2015	*Change*
Residential backlog	2,187	1,739	*+26%*
Office backlog	503	328	*+53%*
Total Development backlog (excl. tax)	**2,690**	**2,067**	***+30%***
Number of months	*22*	*22*	

Residential: +50% sales growth equally spread between organic and external growth (Pitch Promotion)

In a favourable context, the Group has accentuated its market share gains, in particular in entry-level and mid-range[12] products which now represent 70% of sales (in number). Individual reservations[13] were the source of most of this growth, which should have a favourable impact on the Group's average margin in the longer term.

Sales (incl. Tax)	H1 2016	H1 2015	*Change*
Individual reservations	€755m	€439m	*+72%*
Sales to institutional investors	€205m	€202m	*+1%*
TOTAL in value terms	**€961m**	**€641m**	***+50%***
Individual reservations	2,830 units	1,626 units	*+50%*
Sales to institutional investors	1,170 units	1,091 units	*+4%*
TOTAL in number of units	**4,000 units**	**2,717 units**	***+38%***

[11] *The average rate of property loans fell to under 1.70%, down by 70 bps over one year.*
[12] *Programs priced at under €5,000/m² in the Paris Region and under €3,600/m² outside of Paris.*
[13] *73 programs were commercially launched for around €1,300m incl. tax and 5,600 units, i.e. 73% more than in H1 2015.*

A number of programs sold in block to institutional investors are currently being signed for significant amounts. The Group anticipates a particularly active H2 with block sales that should show strong growth compared to H1.

This half-year was marked by the opening of three new locations in strategic regions. It was also marked by the consolidation of Pitch Promotion: acquired in February 2016, Pitch Promotion made a significant contribution to the Group's residential sales growth[14].

Offices: emblematic commercial and operational success stories

New Office orders were stable at around €243 million compared to H1 2015, bringing together nine projects, half located in Paris and half in regional metropolises.

In €m	H1 2016	H1 2015	*Change*
New orders	€243m	€233m	*+4,3%*

Five projects were delivered for nearly 60,000 m².

The Group is also studying numerous projects which should feed the Office Project portfolio during H2. 2016 orders should show strong growth compared to 2015.

3. RETAIL: TARGETS OF RENTS' DOUBLING THANKS TO THE PROJECT PIPELINE

Altarea Cogedim's assets amount to €4.2 billion[15] for 40 assets with an average value of €104 million. The Group's originality is the size of its portfolio of projects developed on its own behalf. Most of the future growth in REIT rents will derived from its pipeline, which size represents the equivalent of the current portfolio (in terms of rent)[16].

PORTFOLIO	At 100%	Group share
Surface area	806,800 m²	600,100 m²
Value	€4,154m	€2,771m
Gross rent	€212m	€145m

PIPELINE	At 100%	Group share
Surface area	507,400 m²	408,500 m²
Cost price	€2,502m	€1,980m
Potential gross rent	€188m	€148m

Portfolio: positively oriented indicators

The operational indicators for centres in the portfolio show good performance, confirming the recovery of consumption both in France[17] and in international locations (Italy and Spain).

	H1 2016	*Change*
Retailer sales[18]	+2.2%	*70 bps*
Change in net rental income	+€5.4m	*+6.8%*
Like-for-like change	*+€0.9m*	*+1.6%*
Occupancy cost ratio[17]	9.4%	*-50 bps*
Bad debt ratio[17]	1.8%	*-10 bps*
Financial vacancy rate[17]	3.8%	*+90 bps*

[14] Half of the sales growth in value terms stems from the consolidation of Pitch Promotion.
[15] Appraised value at 100%, including transfer duties. France only. i.e. €2.8bn in Group share.
[16] €147.6m of potential rents compared to a current portfolio generating €145.2m in rent (figures on a Group share basis).
[17] During H1 2016, consumption by French households saw overall growth of 1.9%, led notably by expenditure in household goods and equipment (+14.1%).
[18] France only.

This half-year was essentially marked by strong commercial activity, both on the existing assets and the development pipeline (mainly future deliveries).

Leasing activity (gross rental income)	Nb leases	New rent	Old leases	%
Pipeline (development)	61	€6.3m	n.a.	*n.a.*
Existing assets	104	€11.7m	€10.4m	*+11%*
Total Portfolio	**165**	**€17.9m**	**€10.4m**	
Management for third parties	18	€1.1m	€0.8m	*+27%*
TOTAL	**183**	**€19.1m**	**€11.3m**	

Openings: L'Avenue 83 in Toulon-La Valette

In April, the Group inaugurated the L'Avenue 83 shopping center in Toulon-La Valette (Var), in one of the most dynamic retail areas in France. This open-air 51,000 m² shopping and leisure center features nearly 70 stores and 20 restaurants around the Fashion, Sport and Leisure worlds[19]. 100% leased on opening, it attracted 1.55 million visitors in less than three months and received the 2016 *Janus du Commerce* retail label.

Administrative progress in projects under development

Since the beginning of 2016, the Group has made significant progress in two projects under development:

- Paris-Montparnasse Station: with the final building permit obtained in May, the project now has all the administrative authorisations.
- Paris-Austerlitz Station: during July, Altarea Cogedim signed the Temporary Occupancy Authorisation (*Autorisation d'Occupation Temporaire* (AOT)) with Gare & Connection, setting out the final rules for its intervention.

The next deliveries are focused on three projects:

- Le Parks, a 30,000 m² shopping center located Boulevard Macdonald in Paris which will feature 40 stores and restaurants (including 10 mid-size stores). Planned for delivery at the end of 2016[20], this centre will feature the first Leclerc Paris store, as well as the largest Decathlon and Leroy-Merlin stores in Paris.
- Cap 3000 in St-Laurent-du-Var (Nice), with completion of the refurbishment of the existing surface area in September 2016.
- Promenade de Flandres, a 60,000 m² retail park located in Roncq (next to the Belgian border), next to the fourth largest hypermarket in France. Work on this center, to be delivered at the end of 2017, began at the start of 2016. At end June, the centre was 71% leased.

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[19] Fashion (Primark, Stradivarius, Pull & Bear...), Sport (Intersport, Nike, JD Sport...) and Leisure (15-screen Pathé cinema with the first IMAX Laser screen in France, fitness centre, children's leisure park, restaurants over 6,000 m² including 2,000 m² of terraces...).

[20] A first tranche was delivered in April, with the opening of the Leclerc supermarket, Decathlon and some of the restaurants.

4. A STRENGTHENED FINANCIAL STRUCTURE

Strengthening of equity: €369 million raised

Over the half-year, Altarea Cogedim reinforced its equity to the tune of €369 million through three transactions: €210 million through the share capital increase conducted on the market, €127 million through the dividend-paid-in-shares option and €32 million through the reserved capital increase conducted in the framework of the acquisition of Pitch Promotion.

These transactions enabled the Group's growth to be financed whilst reducing the consolidated LTV level to 40.8% compared with 44.5% as at 31 December 2015.

	2016/06/30	2015/12/31	*Change*
Equity	€2,552m	€2,251m	*+€301m*[21]
Net debt	€2,441m	€2,442m	*-€1m*
Available cash and cash equivalents	€835m	€516m	*+€319m*
Value of assets[22]	€5,981m	€5,489m	*+€492m*
LTV	**40.8%**	**44.5%**	***-370 bps***

Successful share capital increase

In June, Altarea Cogedim carried out a share capital increase with preferential subscription rights, enabling it to raise €210 million. This share capital increase was widely subscribed by the major shareholders as well as by Group management. The operation also contributed to a slight increase in free float and an improvement of share liquidity[23].

Financing: strong activity

Since the start of the year, the Group has signed €928 million in financing (€589 million in refinancing of existing credit and €339 million in new funds), for an average duration of 6.1 years and an average spread of 157 bps.

The Group's net debt remains stable at €2.44 billion, for a duration of 5.7 years and an average cost of 1.99%[24].

	H1 2016	2015	*Change*
Net financial debt	€2,441m	€2,442m	*-€1m*
Net duration	5.7 years	6.0 years	*-0.3 years*
Average cost	1.99%	1.94%	*+5 bps*

Altarea Cogedim also restructured part of its short and medium term hedging instruments to reduce its exposure to negative Euribors. The transactions concerned the cancellation of €680 million of swaps with maturity in 2018, replaced by 0% caps for a strictly identical nominal and maturity.

[21] *This variation includes the impact of the three operations reinforcing the capital (net of transaction costs), the dividend distribution, the half-year net result and the variations on equity attributable to non-controlling interests of subsidiaries.*
[22] *Value of assets: Appraised value of shopping centres in operation including transfer duties, value of assets under development at cost, and assessed value of other assets.*
[23] *The new shares issued, reduced by the new shares subscribed by the main shareholders during the dividend payment in shares and the capital increase on the market, amounted to 458,285 shares, i.e. 3.7% of the share capital before transactions.*
[24] *Average total cost, including set-up commissions and non-use commissions.*

5. STRONG GROWTH IN FINANCIAL RESULTS

Recurring income (FFO[25]) Group share grew significantly, by 15.3% to €92.0 million

€ millions excl. tax	H1 2016	H1 2015[28]	*Change*
Shopping centres	106.1	96.8	*+10.1%*
Development	612.1	503.7	*+21.5%*
Consolidated revenue	**718.2**	**600.5**	***+19.6%***
Shopping centres	87.0	82.7	*+5.29%*
Development	47.1	33.0	*+42.7%*
Corporate	1.2	1.1	*n.a.*
Consolidated cash flow from operating activities	**135.2**	**116.9**	***+15.7%***
Profitability / Development revenue	*7.7%*	*6.6%*	*+110 bps*
Net borrowing costs	(19.1)	(13.5)	*+40.8%*
Corporate income tax	(2.3)	(1.0)	*n.a.*
Non-controlling interests	(21.9)	(22.6)	*-2.9%*
FFO, Group share	**92.0**	**79.8**	***+15.3%***
FFO Group share per share	**€6.96 /share**	**€6.28 /share**	***+10.8%***
O/w Retail REIT	*59.3*	*56.8*	*+4.4%*
O/w Development	*38.3*	*26.1*	*+44.7%*
O/w Commercial Development and Services	*(6.7)*	*(4.3)*	*x1.6*
O/w Corporate	*1.2*	*1.1*	*n.a.*

FFO Retail REIT increased by +4.4%, driven by the increase in net rental income (+6.8%).

FFO Property Development was up very sharply (+46.6%). This change was due to a volume effect (revenue growth of +20.8%) and a 110 bps improvement in the margin rate which rose to 7.7% of revenue.

Per share, the FFO increased by +10.8% to €6.96/share, after the impact of the dilution from operations on the capital during the half-year[26].

Diluted Going Concern NAV at €1,993 million (+25.9% over a year), €13.2 of value creation per share

Diluted Going Concern NAV (in millions of euros) rose significantly over a year. This +25.9% (+€410 million) rise was driven by the capital increase transactions (+€369 million), as well the increased value of the retail portfolio.

In €m	H1 2016	H1 2015	*Change*	2015
Diluted Going Concern NAV	**1,993.2**	**1,583.5**	***+25.9%***	**1,718.5**
EPRA NNNAV (NAV liquidation)	1,897.1	1,512.8	*+25.4%*	1,644.7
EPRA NAV	1,998.8	1,502.1	*+33.1%*	1,625.5
In € per share				
Diluted Going Concern NAV	**132.6**	**126.5**	***+4.8%***	**137.3**
EPRA NNNAV (NAV liquidation)	126.2	120.9	*+4.4%*	131.4
EPRA NAV	133.0	120.0	*+10.8%*	132.1

Per share, the Group recorded value creation of €13.2 over the half-year, mainly comprising the FFO of the half-year (+€6.1), the increased value of assets (+€3.0), and the positive impact of operations on the capital (+€3.2). This growth in value was considerably offset by the change in the value of financial instruments (-€6.9/share).

[25] *Funds From Operations or recurring income from operations: net profit excluding changes in value, calculated costs, transaction fees and changes in differed tax.*
[26] *2,514,790 shares created during the half-year, i.e. 20% of the share capital as at 31 December 2015.*

Diluted Going Concern NAV per share stood at €132.6, up +4.4% compared to 30 June 2015 (and down -3.4% over six months after fully taking account of the dividend over the half-year).

	In €m	€/share
Diluted Going-concern NAV - 31/12/2015	**1,718.5**	**137.3**
H1 2016 FFO	92.0	6.1
Change in asset value (net of non-controlling interests)	45.6	3.0
Increase in equity[27]	369.1	3.2
Other changes in value[28]	11.9	0.8
Value creation	**518.6**	**13.2**
Change in value – Financial instruments	(103.4)	(6.9)
NAV 30/06/2016 before dividend	**1,752.7**	**143.6**
2015 dividend	(140.5)	(11.0)
Diluted Going Concern NAV - 30/06/2016	**1,993.2**	**132.6**

Tax litigation

The Coresi and Jemmape companies, subsidiaries of the Development division, received a proposed tax reassessment on 29 May 2015 for an basis amount of €85 million. Following communication with the departmental tax authorities, these two companies received notice of a full rebate by letter dated 26 May 2016. These disputes are therefore closed and the tax authorities were convinced by the arguments advanced by the companies.

[27] *Including share capital increase conducted on the market, reinforcement of equity via the option of payment of the 2015 dividend in share, and reserved capital increase in the framework of the acquisition of Pitch Promotion, leading to the creation of 2,514,790 shares with an average price of €146.76/share.*
[28] *Including deferred tax, calculated charges, transaction fees and the change in value of the development unit (Cogedim) and Semmaris.*

GUIDANCE

Bolstered by this first half-year, the Group is very confident that it will achieve its FFO growth target for the 2016 full year.

The Group confirms its FFO forecast of €13.50/share, i.e. growth of FFO Group share of +18% (and +6.4% per share after the dilution effect of the capital increase). The Group additionally reiterates its FFO forecast of €14.50/share for 2017.

The Group also reaffirms its dividend target of a minimum of €11 for the next two years.

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

FINANCIAL CALENDAR

3rd quarter 2016 revenue: 9 November 2016 after stock market closure

ABOUT ALTAREA COGEDIM - FR0000033219 - ALTA

Altarea Cogedim is a leading property group. As both a retail REIT and a developer, it operates in all three classes of property assets: retail, residential, offices. It has the know-how in each sector required to design, develop, commercialise and manage made-to-measure property products. With operations in France, Spain and Italy, Altarea Cogedim manages a shopping centre portfolio of €4.8 billion. Listed in compartment A of Euronext Paris, Altarea had a market capitalisation of €2.6 billion at 30 June 2016.

FINANCE CONTACTS

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

Catherine Leroy, Investor Relations
cleroy@altareacogedim.com, tel: +33 1 56 26 24 87

COMMUNICATION CONTACTS

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

BUSINESS REVIEW
30 June 2016

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1 INTRODUCTION

1.1 ALTAREA COGEDIM'S UNIQUE MODEL

1.1.1 Building-up French metropolis

A MULTI-PRODUCT OFFERING

Altarea Cogedim is the only French real estate group with developer expertise covering all asset classes, including retail, residential, serviced residences, offices and hotels.

This positioning has enabled the Group to manage one of the largest portfolios of real estate projects in France, representing almost 3.4 million m² (all products combined), or €14.3 billion in market value.

Secured pipeline (by product)	Surface areas (m²)[a]	Potential value (€m)[b]
Shopping centres	507,500	3,128
High-street retail	146,000	449
Offices	843,100	2,717
Residential	1,881,600	7,995
Total	**3,378,200**	**14,290**

(a) Shopping centres and convenience stores surface area: GLA in m² created.
Office floor area: Floor surface area or usable surface area.
Surface area residential: property for sale + future offering
(b) Market value incl. taxes as of delivery date.
Value of Shopping centres: Net rental income capitalised at a market rate.
Value of convenience stores: sales revenue.
Value offices: Share of the amounts signed for off-plan and Property Development contracts, or share of capitalised fees for delegated projects, or cost price at 100% for AltaFund.
Value of housing: Sale offer + portfolio price.

This project portfolio is almost exclusively managed in the form of options or sale agreements that the Group can activate according to market opportunities.

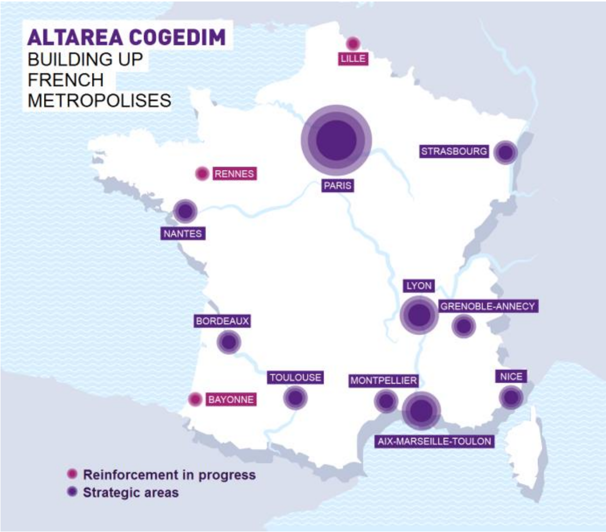
PARTNERING WITH FRENCH METROPOLISES

Because Altarea Cogedim's model can meet all real estate needs, the Company has become the leading real estate developer in cities. The Group has focused its activities on approximately 12 metropolises in France[29]. They capture most of the country's demographic[30] and economic growth[31], on less than 10% of its land area[32]. The Group has also set itself up in the Basque Country, in Bayonne. This targeting allows the Group to benefit from the momentum in growth areas, which constitute market niches with regard to the economic situation in France in general.

Secured pipeline (by metropolitan area)	Surface area (m²)	Potential value (€m)
Greater Paris	1 769 400	8,175
Nice-Côte d'Azur metropolitan area	247,800	1,653
Marseille-Aix-Toulon	290,100	1,008
Toulouse metropolitan area	221,000	675
Greater Lyon	182,600	703
Grenoble-Annecy	90,700	360
Nantes metropolitan area	85,900	272
Bordeaux metropolitan area	252,000	661
Strasbourg European metropolitan	56,600	201
Lille European metropolitan area	58,400	107
Montpellier Mediterranean	34,000	100
Rennes metropolitan area[a]	-	-
Italy	44,700	212
Other	45,200	162
Total	**3,378,200**	**14,290**

(a) Opening currently under way.

Only the retail projects are intented to be retained under managment, and are commited for €718 million (€283 million on a Group share basis). The rest is intended exclusively to be sold to third parties.



[29] *Greater Paris, Nice Côte d'Azur metropolitan area, Marseille-Aix-Toulon, Toulouse metropolitan area, Greater Lyon, Grenoble-Annecy, Nantes metropolitan area, Bordeaux metropolitan area, Strasbourg Euro-metropolitan area, Lille European metropolitan area, Montpellier Mediterranean and Rennes metropolitan area. The Group is also present in Bayonne.*
[30] *The population of the 12 French cities where the Group's Operations are concentrated has increased by 780 in the last five years (Source: Insee).*
[31] *Average household income by taxable household is 15% higher than the national average (Source: Insee).*
[32] *9.5% of the country territories account for more than 71% of GDP (Source: Insee).*

1.2 KEY HIGHLIGHTS OF THE HALF-YEAR

REINFORCEMENT OF EQUITY: €369M RAISED

Over the half-year, Altarea Cogedim reinforced its equity to the tune of €369 million through three transactions: €210 million through the capital increase conducted on the market, €127 million through the dividend-paid-in-securities option and €32 million through the reserved capital increase conducted in the framework of the acquisition of Pitch Promotion.

These transactions enabled the Group's growth to be financed whilst reducing the consolidated LTV level to 40.8% compared with 44.5% as at 31 December 2015.

REIT – OPENING OF L'AVENUE 83

In April, the Group officially opened the L'Avenue 83 shopping centre in Toulon-La Valette (Var), in one of the most dynamic retail areas in France.

This 51,000 m² shopping and leisure centre takes the form of an open-air retail street and features 70 chains and 20 restaurants divided into three themes: Fashion (Primark, Stradivarius, Pull & Bear), Sport (Intersport, Nike, JD Sport) and Leisure (15-screen Pathé cinema with the 1st IMAX Laser screen in France, fitness centre, children leisure park, and restaurants over 6,000 m² including 2,000 m² of terraces).

100% leased when opened, this centre is posting higher results than forecast, both in terms of visits and retail sales, and was awarded the 2016 Janus du Commerce label.

DEVELOPMENT: VERY SHARP INCREASE IN NEW ORDERS (€1,204M REPRESENTING AN INCREASE OF +38%)

Boosted by a favourable environment, property development experienced strong growth, in Residential in particular (+50% to €961m corresponding to 4,000 units). The increase in new residential orders is broken down in an even manner between internal and external growth (integration of Pitch Promotion)[33].

Reservations (€m, including tax)	H1 2016	H1 2015	Change
Residential	961	641	+50%
Offices	243	233	+4%
Total	**1,204**	**874**	**+38%**

Furthermore, the Group has continued its expansion strategy as regards its national network with three new regional agencies openings: Lille – Hauts de France, Rennes and Bayonne - Basque Country.

MAJOR MIXED-USE PROJECTS

During the previous half-year, the Group won two bids which will feed its pipeline of major mixed-use projects.

• Issy Cœur de ville: A genuine eco neighbourhood covering over 100,000 m² and located in Issy-les-Moulineaux, based around a 13,000 m² urban park, a 40,000 m^2 new generation units, and more than 40,000 m^2 of offices. A nursery and a school are also part of this innovative project serving social interaction and "living well together".

• Bordeaux Belvédère: This project designed to redevelop the Belvédère area in Bordeaux is part of the Opération d'Intérêt National Bordeaux Euratlantique (Bordeaux Euro-Atlantic National Interest Project). Covering an area of 140,000 m², this innovative project is intended to provide all the residents in the heart of the Bordeaux metropolis with a high quality of life and will combine residential, offices, retail and culture[34].

These complex projects illustrate the Group's ability to provide cities with an integrated real estate solution, making it possible to design complete "pieces" of a city. These projects follow in the wake of the seven major mixed-use programs secured in 2014 and 2015. All of these projects together represent 575,000 m²[35] with potential revenue in excess of €1.7 billion for the Group.

33 *Pitch Promotion new orders have been taken into account from 1st January 2016.*

34 *In a 50% joint-venture.*

35 *At 100%.*

	Housing & Resid.	Retail	Offices	Total surface area[a]
Bezons Cœur de Ville	700 units	18,700 m²	-	66,000 m²
Strasbourg Fischer	430 units	5,000 m²	-	33,000 m²
Hospices Civils Lyon	250 units	3,500 m²	-	16,000 m²
Toulouse Montaudran	770 units	11,400 m²	19,400 m²	75,000 m²
Gif sur Yvette	179 units	1,100 m²	-	12,000 m²
Massy	693 units	13,500 m²	6,200 m²	67,000 m²
Villeurbanne	546 units	3,000 m²	16,000 m²	53,000 m²
Bordeaux Belvédère	1,236 units	11,200 m²	53,500 m²	140,000 m²
Issy Cœur de ville	631 units	15,400 m²	40,000 m²	100,000 m²
TOTAL	**5,435 units**	**82,700 m²**	**135,000 m²**	**575,000 m²**
Q/P Group	4,817 units	77,100 m²	108,300 m²	490,800 m ²

A RECOGNISED ENVIRONMENTAL APPROACH

During the first half of 2016, the Group received two awards:

• On the occasion of the SIEC (retail industry and retail property trade show), Marques Avenue A13 was awarded the CNCC Trophy for Sustainable Development as recognition of the site's environmental approach, the first retail park designed exclusively with wood.

• The Oekom non-financial rating agency has reassessed the Altarea Cogedim rating, enabling the Group to reach the Prime category.

2 BUSINESS REVIEW

2.1 REIT

Altarea Cogedim REIT's activity is almost exclusively focused on shopping centres, mainly located in the most dynamic French metropolitan areas. A long-term carrying strategy may be implemented occasionally on some atypical assets (Rungis Market) or on particularly remarkable office sites.

In terms of retail real estate, the Group's strength is in the size of its portfolio of projects developed on its own behalf. The main future growth in rents will be generated by the entry into operations of large secured projects whose size (in terms of rent) represents the equivalent of the current portfolio: potential rents amounting to €147.6 million compared to a current portfolio generating €144.3 million in rent today (figures in group share).

2.1.1 Retail REIT

	In operation			Under development		
30 June 2016	**GLA in m^2**	**Gross rent current (€m)[d]**	**Value assessed by specialist (€m)[e]**	**GLA in m^2 created**	**Gross rent projected (€m)**	**Net investments (€m)[f]**
Controlled assets (fully consolidated[a])	**702,600**	**193.0**	**3,911**	**417,400**	**171.5**	**2,284**
Group share	*544.500*	*135.8*	*2.655*	*363.500*	*139.5*	*1.871*
Share of minority interests	*158,100*	*57.2*	*1,256*	*53,900*	*32.0*	*412*
Equity assets[b]	**104,200**	**18.8**	**243**	**90,100**	**16.2**	**218**
Group share	*48.600*	*8.5*	*116*	*45.000*	*8.1*	*109*
Share of third parties	*55,600*	*10.3*	*127*	*45,100*	*8.1*	*109*
Management for third parties[c]	**197,900**	**41.3**	**690**	**-**	**-**	**-**
Total assets under management	**1,004,700**	**253.1**	**4,844**	**507,500**	**187.7**	**2,502**
Group share	*593,100*	*144.3*	*2,771*	*408,500*	*147.6*	*1,980*
Share of third parties	*411,600*	*108.8*	*2,074*	*99,000*	*40.1*	*521*

(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 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 1 July 2016.
(e) Appraisal value including transfer duties
(f) Total budget including interest expenses and internal costs.

2.1.1.1 Household consumption

In the first half of the year, consumption by French households saw overall growth of 1.9%[36], led notably by expenditure in household goods and equipment (+14.1%)[37].

The shopping centre performance indicator (CNCC index) is down, with tenants' revenues falling by −0.4%[38] on average.

2.1.1.2 Operational performance

REVENUE OF THE GROUP'S SHOPPING CENTRES[39]

Total shopping centres	**Sales (incl. tax)**
France	2.2%
International	0.3%
Total	**1.6%**
CNCC (France) Benchmark	(0.4%)

NET CONSOLIDATED RENTAL INCOME

Net rental income (IFRS) amounted to €85.6 million (+6.8%) at 30 June 2016. Like-for-like, rents

[36] *Source : INSEE. Houshold consumption from December 2015 to May 2016, in comparaison to the houshold consumption from December 2014 to May 2015.*
[37] *2016 Source: INSEE (sales of manufactured goods and sale of household equipment).*
[38] *Source: CNCC, change in tenant sales on a like-for-like basis at end May 2016 over 5 months.*

[39] *Like-for-like revenue development for shopping centre tenants. sur le semestre, Excluding property being redeveloped. ou en arbitrage (and over 5 months for CNCC).*

increased by +1.6% despite a negative indexing context.

	In €m	
Net rental income at 30 June 2015	**80.2**	
Qwartz recognised at 100%[a]	2.5	
Centres opened	6.7	
Redevelopments	(1.7)	
Disposals	(2.9)	
Indexing[b]	(0.1)	
Like-for-like changes	0.9	*+1.6%*
Total Change in Net Rental Income	**5.4**	*+6.8%*
Net rental income at 30 June 2016	**85.6**	

(a) Proforma - Qwartz over 6 months (fully consolidated since April 2015)
(b) For France: ILC (Commercial Rent Index) Q2 2015.

Centres opened: L'Avenue 83

On 13 April 2016, the L'Avenue 83 shopping centre (Toulon-La Valette du Var) was officially opened. Located in one of the most attractive shopping areas in France, in the heart of a developing neighbourhood and with 226 units, 3,000 m² of office space and an 86-room hotel. This 51,000 m² shopping and leisure centre designed by architect JM Wilmotte offers a unique customer experience with an open-air retail promenade organised around a 14-metre wide path and enhanced by a large number of architectural features inspired by California. The retail offering features 70 chain stores and 20 restaurants and is focused on three themes: "Fashion" with Primark, Stradivarius and Pull & Bear, "Sport" with Intersport, Nike and JD Sport, and "Leisure" with a 15-screen Pathé cinema with the first IMAX Laser screen in France, a fitness centre and restaurants over 6,000 m² including 2,000 m² of terraces.

Special attention has been paid to attractions for children with dedicated chains, a 100 m² play area, the only one of its kind in France, with its totem tree including a slide as well as a Pirates Aventures restaurant with a play park also providing a childcare facility for children aged between 1 and 12.

100% leased when opened, this centre is posting better results than forecasted in terms of visits. Since it opened, 1.55 million visitors went to the centre in less than 3 months. This outstanding number of visits has enabled the chain stores to record remarkable revenue over this period.

Altarea Cogedim has also rolled-out its digital platform and a wide range of customer services in L'Avenue 83, which are proving to be very successful.

The loyalty program started very successfully with 40,000 customers signing up by the end of June thanks in particular to the pre-launch promotional activities. The number of Facebook fans has passed the 26,000 follower barrier and the mobile application has been downloaded over 17,000 times[40].

Altarea Cogedim was awarded the 2016 Janus du Commerce label, for L'Avenue 83. Awarded every year by the Institut Français du Design (French Institute of Design), this seal of approval recognises companies having used design and innovation for the benefit of consumers.

Redevelopments

At the start of 2016, the redevelopments undertaken by the Group were continued. They chiefly concern Carré de Soie (Lyon), Gare du Nord, Okabé, Cap 3000 and Massy.

Carré de Soie

This shopping center hosts several new leading chains this half-year: MiniWorld, a miniature theme park unique in its kind in France, as well as Boulanger and Nike, which opened during the half-year. A State authorisation from the CDAC (to operate a large food commercial undertaking) was also obtained on 14 June 2016 for 3,500 m² and a lease has been signed with Carrefour. These operations should significantly increase visits and the expected uplift.

Gare du Nord

On 3 April 2016, the Group began the third and last phase of the retail outlets on the mezzanine of the Gare du Nord railway station, thus completing the redevelopments begun in 2015. The site is now completely leased with 30 new concepts. A Casino shop, a chemist's and other services have followed in the wake of famous clothes chains (Mango, Naf Naf, Camaïeu, San Marina, DPAM, Desigual).

Cap 3000

Since 2015, the Group has been refurbishing and extending the Cap 3000 shopping centre in St-Laurent-du-Var (Nice), in order to increase the number of chain stores to almost 300 occupying a total floor area of 135,000 m² (100,000 m² of GLA), compared to 140 chains and 85,000 m² of floor area today.

[40] *Data at 30 June 2016.*

LEASING (LEASES SIGNED)

At 100%	Number of leases	New rent	Change	%
Pipeline (development)	61	6.3 €m	6.3 €m	*n/a*
Existing assets	104	11.7 €m	1.3 €m	*+11%*
Group total	**165**	**17.9 €m**	**7.5 €m**	
Management for third parties	18	1.1 €m	0.3 €m	*+27%*
Total leasing activity	**183**	**19.1 €m**	**7.8 €m**	

A major coup came in the shape of convincing the Five Guys chain to open its first restaurant in France, which will open in Bercy Village in August 2016 on a 310 m² site. This American high-end burger specialist offers a unique experience with the possibility of making your very own burger.

Furthermore, a significant effort in the field of Asset Management has been undertaken on the Group's other sites with the arrival of Rougier et Plé, Monoprix and King Jouet in the shopping center Les Tanneurs (Lille) and Hema in L'Aubette (Strasbourg) in order to speed up the impetus of this centre after the arrival of Starbuck's last year.

FRANCE (91% OF THE PORTFOLIO)

Lease expiry schedule

In €m, at 100 %	Lease expiry date	% of total	3-year termination option	% of total
Past	11.1	*5.9%*	11.1	*5.9%*
2016	0.8	*0.4%*	0.8	*0.4%*
2017	12.9	*6.8%*	49.7	*26.3%*
2018	13.8	*7.3%*	38.0	*20.1%*
2019	8.8	*4.7%*	36.3	*19.2%*
2020	19.7	*10.4%*	15.9	*8.4%*
2021	15.1	*8.0%*	16.8	*8.9%*
2022	20,5	*10.8%*	8.9	*4.7%*
2023	18.6	*9.9%*	4.7	*2.5%*
2024	28.2	*14.9%*	0.7	*0.4%*
2025	26.6	*14.0%*	4.4	*2.3%*
2026	9.2	*4.9%*	–	*0.0%*
>2026	3.8	*2.0%*	1.6	*0.9%*
Total	**189.1**	**100%**	**189.1**	**100%**

Occupancy cost ratio[41], bad debt ratio and[42] financial vacancy rate[43]

	H1 2016	2015	2014
Occupancy cost ratio	9.4%	9.9%	9.8%
Bad debt ratio	1.8%	1.9%	0.7%
Financial vacancy rate	3.1%	2.9%	3.4%

INTERNATIONAL (9% OF THE PORTFOLIO)

In Italy, the portfolio "refocused" on two assets in the North[44] exhibits a solid performance with tenants revenue[45] up 0.3% and a +7.4% rise in visitor numbers. Net rental income rose by +7.1%.

Rental income from Sant Cugat in Spain rose by 1.5%, while the vacancy rate decrease significantly to 1.3% at the end of June 2016 (versus 4.4% at the end of 2015).

2.1.1.3 Management for third parties

Over the past few years, the Group has strongly developed its management business for third parties. As at 30 June 2016, these assets represented €41.3 million in rental income, for a total value of €690 million. They make a significant contribution to the growth in Altarea Commerce's fees.

Combining controlled assets and assets managed for third parties, Altarea manages a total of approximately 2,200 leases in France and 300 in Italy and Spain.

2.1.1.4 Portfolio composition

At 30 June 2016, the value of the Group's portfolio assets (controlled or equity-method assets) increased by €333 million to €4,154 million. Like-for-like, portfolio value grew by +€96 million, representing a +2.5% change.

[41] Calculated as rent and expenses charged to tenants (incl. taxes and rent reductions), in proportion to revenue (incl. taxes) at 100 % in France. Excluding property being redeveloped and in arbitrage.
[42] 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. Excluding property being redeveloped and in arbitrage.
[43] Estimated rental value (ERV) of vacant units as a percentage of total estimated rental value. Excluding property being redeveloped and in arbitrage.
[44] Le Due Torri near Bergamo and La Corte Lombarda close to Milan.
[45] Source: CNCC, Like-for-like revenue development for shopping centre tenants as of late May 2016.

in €m	Value (a)	
TOTAL at 31 December 2015	**3,821**	
Centres opened	238	
Acquisitions	–	
Disposals	(1)	
Like-for-like change	**96**	*+2.5%*
o/w France	92	
o/w International	4	
Total change	**333**	*+8.7%*
TOTAL at 30 June 2016	**4,154**	
o/w Group share	*2,771*	
o/w share of third parties	*1,384*	

(a) Assets controlled (fully consolidated) and assets consolidated under the equity method (total figure)

The Group held 40 sites (37 in France and 3 internationally) with an approximate average unit value of €104 million.

The portfolio is now virtually entirely focused on the most dynamic metropolis, both in France and abroad.

Breakdown by type (€ mil.)	H1 2016		2015		*Change*
Regional shopping centres	2,73	*66%*	2,447	*64%*	*2 pts*
Large retail parks (Family Village)	861	*21%*	845	*22%*	*(1) pts*
Local / downtown	558	*13%*	529	*14%*	*(0) pts*
TOTAL	**4,15**	*100%*	**3,821**	*100%*	
o/w Group share	*2,771*		*2,606*		

Geographical distribution (€ mil.)	H1 2016		2015		*Change*
Paris Region	1,43	*35%*	1,398	*37%*	*(1) pts*
PACA/Rhône-Alpes/South	1,97	*48%*	1,709	*45%*	*3 pts*
Other French regions	378	*9%*	357	*9%*	*(0) pts*
International (Lombardy & Barcelona)	361	*9%*	357	*9%*	*(2) pts*
TOTAL	**4,15**	*100%*	**3,821**	*100%*	
o/w Group share	*2,771*		*2,606*		

Asset format		H1 2016	2015	*Change*
France	Average value	€103m	€96m	*7%*
	Number of assets	37	36	*1*
Interna-tional	Average value	€120m	€119m	*1%*
	Number of assets	3	3	*–*
TOTAL	**Average value**	**€104m**	**€98m**	*6%*
	Number of assets	**40**	**39**	***1***

RATE OF RETURN[46]

Average net rate of return, at 100 %	H1 2016	2015
France	5.16%	5.26%
International	5.85%	6.69%
TOTAL Portfolio	**5.22%**	**5.40%**

APPRAISAL VALUES

The valuation of the assets of the Altarea Cogedim Group is entrusted to Cushman & Wakefield and Jones Lang LaSalle. The appraisers use two methods:

• discounting projected cash flows, with resale value at the end of the period;

• capitalisation of net rental income, based on a rate of return that includes the site's characteristics and rental income (also including variable rent and market rent of vacant premises, adjusted for all charges incumbent upon the owner).

These valuations are conducted in accordance with the criteria set out in the *Red Book – Appraisal and Valuation Standards*, published by the Royal Institute of Chartered Surveyors. The surveyors' assignments were all carried out in accordance with the recommendations of the COB/AMF "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 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:

Appraiser	Portfolio	% of value, incl.
Jones Lang LaSalle	France	24%
Cushman & Wakefield	France & International	76%

2.1.1.5 Committing to a "low carbon" world

In 2016, the Group continued its efforts with regard to reducing its direct greenhouse gas emissions and its enlarged carbon footprint, by favouring less carbon-intensive construction.

It has committed itself to the "science-based targets" approach and is considering a group carbon strategy that would fit into the global approach of keeping the average global temperature increase below 2°C.

With regard to its direct impact, the Group reduced its greenhouse gas emissions by 37% for assets managed between 2010 and 2015, specifically as a result of a more systematic approach to environmental certification. With 100% of its portfolio certified BREEAM In-Use, Altarea Cogedim became the first French commercial property company to obtain environmental certification for all assets managed.

[46] *The rate of return is net yearly rental income divided by the appraisal value excluding transfer duties.*

COMMERCIAL PROPERTY: BREAKDOWN OF THE PORTFOLIO MANAGED AS OF 30 JUNE 2016

				o/w Group share		o/w share of third parties	
Centre	**GLA in m²**	**Gross rent (€m)(d)**	**Value (€m)(d)**	**Share**	**Value (€m)(e)**	**Share**	**Value (€m)(e)**
Nice - Cap 3000	64,500			33%		67%	
Villeneuve la Garenne - Qwartz	43,000			100%		–	
Toulouse - Espace Gramont	56,200			51%		49%	
Paris - Bercy Village	22,800			51%		49%	
Thiais Village	22,300			100%		–	
Aix en Provence - Jas de Bouffan	11,800			75%		25%	
Gare de l'Est	5,500			51%		49%	
Flins	9,700			100%		–	
Le Kremlin-Bicêtre – Okabé	15,100			65%		35%	
Lille - Les Tanneurs & Grand' Place	25,500			100%		–	
Strasbourg - L'Aubette & Aub. Tourisme	8,400			65%		35%	
Strasbourg - La Vigie	16,200			65%		35%	
Toulon – Ollioules	3,200			100%		–	
Mulhouse - Porte Jeune	14,800			65%		35%	
Toulon - La Valette - Avenue 83	53,800			51%		49%	
Massy - -X%	18,200			100%		–	
Toulon - Grand' Var	6,300			100%		–	
Tourcoing - Espace Saint Christophe	13,000			100%		–	
Gennevilliers (RP)	18,900			51%		49%	
Brest - Guipavas (RP)	28,000			100%		–	
Nimes (RP)	27,500			65%		35%	
Limoges (RP)	28,000			75%		25%	
Aubergenville - Marques Avenue	12,900			100%		–	
Family Village Aubergenville (RP)	27,800			100%		–	
Family Village Le Mans Ruaudin (RP)	23,800			100%		–	
Herblay - XIV Avenue	14,200			100%		–	
Villeparisis	18,600			100%		–	
Pierrelaye (RP)	9,800			100%		–	
Various shopping centres (3 assets)	7,500			100%		n/a	
Sub-total France	**627,300**	**170.3**	**3,550**		**2,294**		**1,256**
Barcelona - San Cugat	20,500			100%		–	
Le Due Torri	33,700			100%		–	
Bellinzago	21,100			100%		–	
Sub-total International	**75,300**	**22.7**	**361**		**361**		**–**
Controlled assets (fully consolidated(a))	**702,600**	**193.0**	**3,911**		**2,655**		**1,256**
Lyon Carré de Soie	60,800			50%		50%	
Paris - Les Boutiques Gare du Nord	3,800			40%		60%	
Châlons - Hôtel de Ville	5,300			40%		60%	
Roubaix - Espace Grand' Rue	13,500			33%		68%	
Various shopping centres (2 assets)	20,800			49%		51%	
Equity assets (b)	**104,200**	**18.8**	**243**		**116**		**127**
Total Portfolio assets	**806,800**	**211.8**	**4,154**		**2,771**		**1,384**
Chambourcy	33,800			–		100%	
Bordeaux - Grand' Tour	8,400			–		100%	
Bordeaux - St Eulalie	14,500			–		100%	
Pau - Quartier Libre	33,400			–		100%	
Brest - Jean Jaurès	12,500			–		100%	
Nantes - Le Sillon Shopping	11,200			–		100%	
Orange - Les Vignes	30,900			–		100%	
Vichy - Les 4 Chemins	14,000			–		100%	
Reims - Espace d'Erlon	7,200			–		100%	
Valdoly	5,800			–		100%	
Brest - Coat ar Gueven	6,400			–		100%	
Angers - Fleur d'Eau	13,000			–		100%	
Chalon Sud	4,000			–		100%	
Toulon - Grand Ciel	2,800			–		100%	
Assets managed for third parties (c)	**197,900**	**41.3**	**690**		**–**		**690**
Total assets under management	**1,004,700**	**253.1**	**4,844**		**2,771**		**2,073**

(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 it exercises joint operational control or 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 1 July 2016.
(e) Including transfer duties.

(RP) Retail Park.

2.1.2 Shopping centres under development

2.1.2.1 Development pipeline

The Group is focused on initiatives to restructure and develop three kinds of products:

• large regional shopping centres,

• on-the-spot retail sites (stations),

• Family Village® (large retail parks).

At end-June 2016, these initiatives represented a development pipeline of more than €2.5 billion in investments (at 100%).

Compared with the Group's portfolio in operation, the pipeline represents potential additional rental income greater than the current rental income[47].

	GLA in m²(c)	Forecast gross rental income (€m)	Net investments (€m)(d)	Gross forecasted yield
Controlled projects (fully consolidated(a))	**417,400**	**171.5**	**2,284**	**7.5%**
Group share	*363,500*	*139.5*	*1,871*	
Share of minority	*53,900*	*32.0*	*412*	
Equity projects(b)	**90,100**	**16.2**	**218**	**7.4%**
Group share	*45,000*	*8.1*	*109*	
Share of third parties	*45,100*	*8.1*	*109*	
Total	**507,500**	**187.7**	**2,502**	**7.5%**
Group share	***408,500***	***147.6***	***1,980***	**7.5%**

(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).

(a) 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.

The pipeline's yields reflect the increasing share of premium assets located in areas where property is scarce (including train stations, Paris projects, Cap 3000, etc.).

[47] *Gross rental in the pipeline: €14.6 million compared to €144.3 million on existing assets (amounts in group share).*

GEOGRAPHIC BREAKDOWN

This pipeline is located primarily in the greater Paris region and the most dynamic metropolises.

	GLA in m²	Forecast gross rental income (€m)	Net investments (€m)	%
Paris	75,800	33.2	443	*18%*
Greater Paris	235,400	80.6	1,122	*45%*
Dynamic cities	157,300	65.5	822	*33%*
Other	39,000	8.4	114	*5%*
Total	**507,500**	**187.7**	**2,502**	***100%***

When the three Paris projects are opened[48], the rents billed by the Group will reach €59 million[49] in Paris inner-city (or 34% of rental income recognised in 2015)[50].

PIPELINE UNDERWAY

Altarea Cogedim Group reports only on projects that are secured or underway[51]. This pipeline does not include identified projects on which development teams are currently in talks or carrying out advanced studies.

€ millions, net	At 100%	%	Group share
Committed	718	*29%*	283
o/w paid out	*352*	*14%*	*147*
Remaining to be paid out	*367*	*15%*	*136*
Secured not committed	1,783	*71%*	1,698
Total	2,502	*100%*	**1,980**

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 half-year from both an administrative and commercial point of view, most pipeline projects should be delivered between 2019 and 2021.

2.1.2.2 Work done over H1 2016

LEASES SIGNED

During the half-year, 61 leases were signed for the assets in the pipeline, for a total of nearly €6.3 million in rents. These agreements mainly concern the project delivered during the half-year (L'Avenue 83) or those to be delivered (Le Parks) or in the works phase (Promenade de Flandres, Cap 3000 extension).

[48] *Le Parks – Boulevard Macdonald, Gare Montparnasse and Gare d'Austerlitz.*
[49] *At 100%, €38 million in Group share.*
[50] *Rental income 2015: €175 million.*
[51] *Projects underway: properties under construction. Secured projects: projects either fully or partly authorised, where the land has been acquired or for which contracts have been exchanged, but on which construction has not yet begun.*

INVESTMENTS CARRIED OUT FOR PROJECTS UNDER DEVELOPMENT

Over the half-year, the Group[52] invested €141 million in its shopping centre project portfolio on a Group-share basis.

These investments mainly concerned:

• investments in centres recently delivered (L'Avenue 83) or to be delivered (Le Parks).

• and the shopping centres under construction and/or being redeveloped (mostly Cap 3000 and Promenade de Flandres).

TRAVEL RETAIL: PARIS-AUSTERLITZ AND PARIS MONTPARNASSE RAIL STATIONS

In 2014, the Altarea Cogedim Group was selected to support the transformation of the Paris-Montparnasse rail station. A State authorisation from the CDAC (to operate a large commercial undertaking) was obtained and finalised in June 2015 and the construction permit is now definitive.

In 2015, the Altarea Cogedim Group was chosen as a partner by SNCF to modernise the Paris-Austerlitz rail station, with a view to extending its capacity upon completion to 30 million passengers (compared to its current traffic of 22 million passengers). The temporary occupation authorisation (AOT) was signed on 20 July 2016.

CAP 3000

The CAP 3000 shopping centre near Nice was classified as an international tourist zone in February 2016 and may now remain open until midnight, as well as on Sundays.

After an initial remodelling in 2012 and the opening of sea-front restaurants in 2014, 2015 was marked by the opening of a new parking lot (increasing the number of spaces from 3,000 to 4,600 in 2015), and by the continuation of the extension-renovation work launched at the end of 2014. The completion of the restructuring work is expected in Q4 2016. The work on the extension, carried out in various phases, will be completed definitelvely end-2018/start-2019.

When completed, the centre will have nearly 300 stores over a total surface area of 135,000 m² (100,000 m² of GLA), compared to 140 stores and a surface area of 85,000 m² currently.

The cost price of the extension comes to approximately €400 million, bringing the overall amount invested in the centre since its acquisition to over €1 billion, with a gross rent objective of almost €75 million.

2.1.2.3 Deliveries planed in H2 2016

The former warehouses that run along boulevard Macdonald (Paris, 19th arrondissement) over more than 600 m have been refurbished placing an emphasis on mixed usage - commercial, residential and offices. It is in this changing environment that Altarea Cogedim is developing "Le Parks", through a 50/50 partnership with the Caisse des Dépôts.

This project, situated opposite a UGC cinema multiplex, will develop over 30,000 m² of GLA and host 40 shops and restaurants, 10 of which will be medium-sized. The site is perfectly located as it can be accessed via three tramway stations and the entrance of the new Rosa Parks RER station (50,000 passengers/day).

A first tranche was delivered on 21 April 2016 with a new offering: the 1st Leclerc store in Paris, the largest Decathlon store in Paris and a wide range of restaurants. The whole centre will open in the second half of 2016.

2.1.2.4 Deliveries scheduled for 2017

In 2017, the Group will deliver Promenade de Flandres, an iconic retail park in Roncq, near the Belgian border, next to the 4th largest hypermarket in France and at the heart of a powerful cross-border catchment area. This centre will host 5 GSS, 24 MS as well as stores and restaurants over a 60,000 m² surface area. At the end of June, this retail park was 71% leased.

2.1.2.5 New project: Issy Cœur de Ville

In June, Altarea Cogedim was appointed as the operator-investor of the "Cœur de Ville" flagship project in Issy-les-Moulineaux.

This mixed complex will develop a veritable city centre of over 100,000 m² based around an urban park of 13,000 m², a new-generation 15,000 m² commercial offering, a digital creation centre, 40,000 m² of offices, as well as public installations including a school and a nursery.

The 15,000 m² commercial offering, conceived as a shopping street, will offer an original layout articulated around the nature, innovation and experience of shopping, mixing convenience stores and services catering to the needs of the inhabitants of Issy, with new-generation concepts capable of attracting visitors and people residing in a broader catchment area.

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

First in France, Cœur d'Issy will be WELL® certified at the neighbourhood level to reward the health and well-being approach of the project. Stores will also be BREEAM® certified.

COMMERCIAL PROPERTY: BREAKDOWN OF SHOPPING CENTRES UNDER DEVELOPMENT AT 30 JUNE 2016

			At 100%				Group share		
Centre	SC / RP	Creation / Redevelopments / Extensions	m² GLA created (b)	Gross rent (€m)	Net Invest. (€m) (c)	Return	m² GLA created (b)	Gross rent (€m)	Net Invest. (€m) (c)
Nice - CAP 3000	SC	Redev./Extension	37,000				12,300		
Massy -X%	SC	Redev./Extension	21,800				21,800		
Issy - Coeur de Ville	SC	Creation	15,400				15,400		
Chartres	SC	Creation	60,000				60,000		
Paris Region	SC	Redev./Extension	86,000				86,000		
Paris – Gare Montparnasse	SC	Creation	18,500				18,500		
Paris - Gare d'Austerlitz	SC	Creation	25,600				25,600		
Other (6 operations)			108,400				79,100		
Developments - France			**372,700**	**158.7**	**2,111**	**7.5%**	**318,800**	**126.7**	**1,699**
Ponte Parodi (Genoa)	SC	Creation	36,700				36,700		
Le Due Torri (Lombardy)	SC	Redev./Extension	8,000				8,000		
Developments - International			**44,700**	**12.8**	**172**	**7.4%**	**44,700**	**12.8**	**172**
Controlled developments (fully consolidated)			**417,400**	**171.5**	**2,284**	**7.5%**	**363,500**	**139.5**	**1,871**
Paris - Le Parks	SC	Creation	31,700				15,800		
Roncq - Promenade de Flandres	RP	Creation	58,400				29,200		
Equity-method developments			**90,100**	**16.2**	**218**	**7.4%**	**45,000**	**8.1**	**109**
Total at 30 June 2016			**507,500**	**187.7**	**2,502**	**7.5%**	**408,500**	**147.6**	**1,980**
o/w redevelopments / extensions			*207,400*	*106.6*	*1,401*	*7.6%*	*182,710*	*80.9*	*1,074*
o/w asset creation			*300,100*	*81.1*	*1,101*	*7.4%*	*225,789*	*66.7*	*906*

(a) Estimated schedule of openings as of the date hereof. These forecasts may change based on the later development stages of the project.
(b) Total GLA (Gross Leasable Area) created, excluding off-plan developments for third parties. For renovation/extension projects, figures represent additional GLA created.
(c) Total budget including interest expenses and internal costs.
(SC) Shopping centre

(RP) Retail Park

2.1.3 Retail innovation: projects enhancing customer experience

Altarea Cogedim received the Janus du Commerce 2016 (retail) label for L'Avenue 83, inaugurated last April. Awarded each year by the French Institute for Design, this label recognises companies that use design and innovation for the benefit of consumers.

L'Avenue 83 was designed as an open-air shopping and leisure centre, and is innovative in terms of design, architecture, as well as customer service. It has a digital ecosystem enabling it to know its customers better and to send them targeted and customised messages.

Visitors can enjoy the restaurants offered by the centre via a "digital food court", a platform accessible through an app or through the website. This platform makes it possible to see the menu of the centre's restaurants, to reserve a table in advance and even to order from afar through a click-and-collect service. This connected system supports a number of the other services on offer, contributing to a facilitated shopping experience: hospitality, urban hub, rest lounge area, click & collect.

At the 2016 SIEC (retail industry and retail property trade show), Altarea Cogedim was also Siec’Lab's partner inviting Pôle Léonard de Vinci students to think about and present prototypes for a new shopping experience. With six teams chosen for the final competition, the Group decided to support two projects, experimenting their application on their portfolio.

2.2 DEVELOPMENT

The new orders (Residential and Office Property) of the Altarea Cogedim Group amounted to €1,204 million in the first half of 2016, an increase of +38% compared to H1 2015.

With revenue of €612.1 million (+20% compared to H1 2015) and an operating margin[53] that rose 1.1 points to 7.7%, Residential and Office Property development contributed significantly to the Group's consolidated H1 results.

2.2.1 Residential

2.2.1.1 Residential market in H1 2016

The recovery of the national residential market, which began in 2015, was confirmed in H1 2016 with sales up +15%[54]. Interest rates that remained very low, the extension of the Pinel initiative and the reinforcement of the zero-interest loan (PTZ) to help households regain solvency helped the market as a whole, as well as investors and first-time home owners.

The effects of this recovery were also seen in constructions started, which increased +17%[55] over the past twelve months.

2.2.1.2 Altarea Cogedim's Market Position

PRODUCT OFFERINGS THAT MEET CURRENT NEEDS

With a presence in the Paris Region and the 11 most dynamic regional metropolitan areas[56] (economically and demographically), as well as in the Basque Country, the Altarea Cogedim Group targets high-demand areas where the need for housing is greatest.

The Group offers a wide range of products, making it relevant in all market segments. Its products are divided into the following sectors:

High-end products: these products are defined by high-end requirements in terms of architecture, quality and location. This range of products offers housing at over €5,000 per m² in the Paris Region and over €3,600 per m² in other regions, as well as exclusive programs.

Mid-range and entry-level products: these programs, which represented 70%[57] of the Group's new orders in H1 2016, are designed to specifically:

• meet the need for affordable housing suited to the creditworthiness of our customers,

• fulfill individual investors' desires to take advantage of the new "Pinel" scheme,

• take advantage of local authorities' eagerness to develop affordable housing operations.

Serviced Residences: under the Cogedim Club® brand, Altarea Cogedim designs serviced residences for active seniors, combining locations in the heart of the city with a broad range of à la carte services. In addition to residences for seniors, the Group is developing an extended line of Serviced Residences, such as student residences, business tourism residences, luxury residences… In H1 2016, three Cogedim Club residences were opened, in Chambéry, Pégomas on the Côte d'Azur and Montpellier. One other residence was sold 'en bloc' in Lyon.

Divided ownership sales: The Altarea Cogedim Group has developed a solution based on the temporary division of ownership. This product offering caters to the needs of middle class families in high-demand areas, while at the same time providing an investment opportunity to private investors.

Renovation of heritage properties: With the 2014 acquisition of a 55% stake in Histoire & Patrimoine, Altarea Cogedim now boasts a product offering eligible for tax benefits under the Historic Monuments, Malraux and Real Estate Losses schemes. This acquisition also enables the Group to enlarge its offering for local governments while creating sales and development synergies with all Group businesses. Synergies at both a commercial and an operational level have been successfully established (new/renovation mixed programs, rental management offering for individual investors, co-ownership syndicates, etc.).

Opening of Cogedim Store: the Group opened its first Cogedim Store in Bercy Village in June 2016. This qualitative show-room concept will provide the Group's potential customers with a completely renewed experience in terms of the acquisition of residential properties. Special attention has been paid to digitisation, by setting up immersion

[53] Operating income over revenue.
[54] Source: Ministry of Sustainable Development. Figures and Statistics May 2016: sales of new housing at Q1 2016.
[55] Source: General Commission for Sustainable Development, June 2016: construction of new housing at end-May 2016.
[56] The Groups is present in Greater Paris, and in 11 regional metropolitan areas: Nice Côte d'Azur metropolitan area, Marseille-Aix-Toulon, Toulouse metropolitan area, Greater Lyon, Grenoble-Annecy, Nantes metropolitan area, Bordeaux metropolitan area, Strasbourg Euro-metropolitan area, Lille European metropolitan area, Montpellier Mediterranean metropolitan area and Rennes metropolitan area. The Group is also present in Bayonne.
[57] In volume.

technologies (configuration of a residence and visit thereto in augmented virtual reality...).

2.2.1.3 Residential: reservations up[58] +50% in terms of value (+47% in terms of volume)

RESERVATIONS BY VOLUME AND VALUE

The Group's reservations for new housing came to €961 million in H1 2016, or 4,000 units (+50% in terms of value[59] and +47% in terms of volume).

This performance is due to the adaptation of the Group's offering to market segments with increasing needs, while maintaining "quality as a principle," the foundation of Cogedim's brand capital.

	H1 2016		H1 2015		Change
Individual reservations	755	€m	439	€m	+72%
Sales to institutional investors	205	€m	202	€m	+2%
Total in value terms	**961**	**€m**	**641**	**€m**	**+50%**
Individual reservations	2,830	units	1,626	units	+74%
Sales to institutional investors	1,170	units	1,091	units	+7%
Total in number of units	**4,000**	**unit**	**2,717**	**unit**	**+47%**

Reservations over the half-year were mainly driven by retail sales that rose by +74% in comparison to H1 2015, fully benefitting of the household resolvency (low interest rate, zero-interest loan (PTZ+), Pinel initiative…).

The sales to institutional remain stable at a high level.

The take-up rate of the semestrer increase to 16%.

RESERVATIONS BY PRODUCT RANGE

Number of units	H1 2016	%	H1 2015	%	*Change*
Entry-level / mid-range	2,797	*70%*	1,766	*65%*	
High-end	957	*24%*	645	*24%*	
Serviced Residences	120	*3%*	222	*8%*	
Renovation	126	*3%*	84	*3%*	
Total	**4,000**		**2,717**		**+47%**

NOTARISED SALES: +38%[60]

€ millions (incl. tax)	H1 2016	%	H1 2015	%	*Change*
Entry-level / mid-range	339	*63%*	190	*48%*	
High-end	184	*34%*	183	*47%*	
Serviced Residences	6	*1%*	14	*4%*	
Histoire & Patrimoine	12	*2%*	5	*1%*	
Total	**540**		**393**		**+38%**

2.2.1.4 Operating income: growth in all indicators (revenue, operating income, backlog)

PERCENTAGE-OF-COMPLETION REVENUES[61]

€ millions excl. tax	H1 2016	%	H1 2015	%	*Change*
Entry-level / mid-range	313	*62%*	223	*49%*	
High-end	172	*34%*	200	*44%*	
Serviced Residences	20	*4%*	28	*6%*	
Total	**506**		**451**		**+12%**

Residential revenue totalled €506 million, an increase of +11% compared to H1 2015. Entry-level and mid-range programs represented 62% of revenue recorded according to the percentage of completion method. Given the time lag associated with the percentage of completion accounting method, the growth in business recorded since 2015 should have a significant impact on H2 2016 and especially on 2017 revenue.

2.2.1.5 Outlook

All the operational indicators reflecting the Group's outlook (backlog, commercial launches, property supply and pipeline) were up significantly.

RESIDENTIAL BACKLOG[62]

€ millions excl. tax	H1 2016	31/12/2015	Change
Notarized revenues not	911	959	
Revenues reserved but	1,276	780	
Backlog	**2,187**	**1,739**	**+26%**
Number of months	*22*	*21*	

At the end of June 2016, the Residential backlog totalled €2,187 million, or 22 months of work, an increase of +26% compared with end-2015.

[58] Reservations net of cancellations, with Histoire & Patrimoine reservations accounted for in proportion to the Group share of ownership (55%).
[59] Like-for-like (excluding Pitch Promotion) reservations for new housing were up by +24% in value terms and +25% in volume terms.

[60]. Like-for-like, notarised sales were up by +14%.
[61] Revenues recognised 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.
[62] The backlog comprises revenues excluding tax from notarised sales to be recognised on a percentage-of-completion basis and individual and block reservations to be notarised..

COMMERCIAL LAUNCHES

Commercial launches	H1 2016	H1 2015	Change
as revenue incl. tax (€m)	**1,316**	**761**	**+73%**
Number of units	5,672	3,581	
Number of programs	73	47	

73 programs were launched commercially, mainly entry-level and mid-range, in the amount of €1,316 million incl. tax, i.e. 73% more than in H1 2015.

SUPPLY

	Sales (incl. tax) (€m)	No. of units
Programs supplied in H1 2016	**2,400**	**10,391**
o/w entry-level and mid-range	1,508	8,130
% of supply	*63%*	*78%*

Sale agreements signed in H1 2016 amounted to €2.4bn in revenue incl. tax, or around 10,400 units, i.e. twice as much (in terms of both volume and value) as H1 2015.

78% of these agreements concern entry-level and mid-range programs featuring price levels that are particularly suited to purchasers' creditworthiness.

PROPERTIES FOR SALE AND FUTURE OFFERING[63]

€ millions (incl. tax)	At 30/06/2016	No. of months	As of 31 Dec. 2015	*Change*
Properties for sale	**1,344**	*8*	*717*	
Future offering	**6,650**	*42*	*5,195*	
Total Pipeline	**7,995**	**50**	**5,912**	***+35%***
O/w entry/mid-level	*5,095*		*3,770*	
In no. of units	*33,600*		*26,507*	*+27%*
In m²	*1,881,594*		*1,502,947*	*+25%*

The residential pipeline (properties for sale + land portfolio) was up +35% in volume as compared with the end of 2015.

2.2.1.6 Risk management

Breakdown of properties for sale[64] at end-June 2016 (€1,344 million incl. tax, or 8 months of business, and approximately 4,900 units), according to the stage of operational completion:

In €m	-	< Risk >		+	
	1st stage development(a)	Project not yet started (b)	Project under construction (b)	In stock (c)	Total
Expenses(d)	77	74			
Cost price (d)			280	21	
Properties for sale(e)	**819**	**173**	**331**	**21**	**1,344**
As a %	*61%*	*13%*	*25%*	*2%*	
Residential	*812*	*162*	*299*	*12*	*1,285*
Convenience	*7*	*11*	*32*	*10*	*59*
o/w to be in 2016			*40*		
in 2017			*120*		
in 2018 or later			*171*		

(a) Land not acquired.
(b) Land acquired.
(c) Completed residential properties.
(d) Excluding tax.
(e) As revenue incl. tax

MANAGEMENT OF PROPERTIES FOR SALE

74% of properties for sale (or €992 million) concerns programs for which construction has not yet started (61% under preparation and 13% where the site has not yet been launched) and for which the amounts committed essentially correspond to evaluation, advertising and land-sale fees (or guarantees) paid upon the signature of preliminary land acquisition agreements:

25% of the offering (or €331 million) is currently under construction. Only €40 million concern units to be completed by the end of 2016.

The stock amount of finished products is insignificant (2%).

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

• the will to give priority to signature of unilateral preliminary sale 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 take-up rates.

[63] The land portfolio comprises secured programs (by way of sale agreements) which have not yet been launched and which are expressed in terms of value including tax. Excluding Histoire & Patrimoine and retail.
[64] Properties for sale include units available for sale and are expressed as values including tax. The breakdown of the offering does not include Histoire & Patrimoine renovation products (€48 million incl. tax) .

REINFORCED MONITORING

In view of the considerable growth recorded and to come in the residential development business, the Group has reinforced its risk management prudential criteria.

2.2.2 Office property

2.2.2.1 Economic environment and half-year activity

INVESTMENT IN OFFICE PROPERTY[65]

With around €3 billion in investments in office property registered during the first quarter, there was a slight lull at the start of 2016 after an exceptional end to 2015. The lack of major transactions weighed heavily on business at the start of this year, which was largely dominated by small and medium transactions.

In a context of low interest rates, investors have significant amounts of capital to invest in the market. Due to the scarcity of quality offerings, investors have been forced to adjust their investment strategy and turn to other assets and/or markets.

INVESTMENT IN OFFICE PROPERTY IN THE PARIS REGION (ILE-DE-FRANCE)[66]

The start of 2016 was marked by the recovery of the rental market with a take-up of 500,000 m² and a stabilisation of supporting measures at high levels.

Corporate relocations remain motivated by a search for optimised floor space and lower rents. Yet, the economic environment and low margins lead users to avoid risk-taking and prefer renegotiating their current lease.

Immediate supply continued to fall, with 3.8 million m² available, while the 6.8% vacancy rate in the Paris Region was at its lowest level since the third quarter of 2013.

2.2.2.2 Group strategy

Regarding office property, the Group has developed an original model that makes it possible to take very bold action on the market with limited risks:

[65] Source CBRE: Marketview Investment Q1 2016.
[66] Source CBRE: Marketview Office Q1 2016.

• as a property developer[67] with a particularly strong position on the market for turnkey projects intended for users,

• as a service provider for major institutional investors[68].

• as an investor through AltaFund[69]. The Group is the fund's exclusive operator and one of its main shareholders, holding an interest of between 17% and 30%[70].

Taken together, secured projects in these different forms (service provider, developer and investor) represent one of the most significant office property pipelines in France with a total of 843,200 m² and a value equal to €2,717 million.

Nature of project	Surface area at 100%	Equivalent in value
AltaFund[(a)]	152,600 m²	782 €m
Property development contracts / Off-plan sales / Off-plan leases[(b)]	641,100 m²	1,737 €m
Delegated project management[(c)]	49,500 m²	199 €m
TOTAL	**843,200 m²**	**2,717 €m**
o/w under construction	*110,500 m²*	*102 €m*

(a) Value = total cost price of programs at 100%.
(b) Value = amount of the signed contracts (or estimate in the case of off-plan leases).
(c) Value = capitalised fees.

Overall, the Group is able to operate at each step of the value-creation chain with a diversified revenue mix (development or PDC margins, fees, capital gains, etc.) and with an optimised capital allocation.

2.2.2.3 H1 new orders: (€243m, +4.3%)

The main order concerned the Ilot des Mariniers project work on this real estate complex developing 25,000 m² in the 14th arrondissement in downtown Paris.

This project, near to the public transportation network (metro line 13 and tramway station) and close to Paris ring-road, aims to obtain triple HQE, BBC and BREEAM Very Good environmental certification.

[67] *In the form of off-plan sale agreements, off-plan lease and property development contracts.*
[68] *Through delegated project management contracts.*
[69] *AltaFund is a discretionary investment fund, created in 2011, with €650 million in equity of which Altarea Cogedim is one of the contributors alongside leading institutional investors.*
[70] *In March 2015, the Group increased its Altafund capital allocation from €100 million to €150 million, thereby increasing its interest in new programs initiated by AltaFund since 2015 to 30%.*

Office new orders	30/06/2016	30/06/2015	*Change*
Value (Group share)	243 €m	233 €m	*+4.3%*
Surface (100%)	130,000 m²	77,600 m²	*+67.8%*

2.2.2.4 H1 achievements

PURCHASE AGREEMENTS/ACQUISITIONS

During H1, Altarea Cogedim won bids for the development of two major mixed-use urban projects, and in June signed the land purchase agreements:

• Bordeaux – Belvédère: Development of the new "Bordeaux Belvédère" neighbourhood, covering a mixed-use complex of 140,000 m², 55,000 m² of which are offices.

• Issy-les-Moulineaux – Cœur de Ville: Development of a mixed-use eco-neighbourhood of over 100,000 m², 40,000 m² of which are offices, in a prime location at the heart of Issy.

These two secured major mixed-use projects will feed the Group's office property new orders over the coming months.

DELIVERIES

During H1, the Group also delivered Safran's head office in Blagnac (Toulouse), tranche 1 of the Technopôle de la Mer in Ollioules (Toulon), tranches 2 and 3 of the Euromed Centre in Marseilles, the five star hotel at rue Boulanger (Paris), and the UNOFI property in Brives for a total of 59,000 m².

BACKLOG[71] (OFF-PLAN, PROPERTY DEVELOPMENT CONTRACTS AND DELEGATED PROJECT MANAGEMENT)

The backlog represented €503 million at the end of June 2016, increasing by +53% since 2015.

In €m	30/06/2016	31/12/2015	*Change*
Backlog (Off-plan, Property Development contracts)	497.4 €m	324.0 €m	
Backlog of delegated project management fees	5.2 €m	4.1 €m	
TOTAL	**502.6 €m**	**328.1 €m**	*+53%*

[71] Backlog is composed of notarised sales, excl. tax, not yet recorded according to the percent of completion method, new orders excl. tax, not yet notarised (signed property development contracts), and fees to be received from third parties on signed contracts.

BREAKDOWN OF PROGRAMS UNDERWAY AT 30 JUNE 2016

Project	Description	Surface area at 100%	Equivalent in value	Status
NEUILLY/SEINE - Kosmo	AltaFund	26,300 m²		Construction underway
PARIS - Rue de Richelieu	AltaFund	30,900 m²		Secured
LA DEFENSE – Tours Pascal	AltaFund	68,900 m²		Secured
LA DEFENSE - ERIA	AltaFund	26,500 m²		Secured
AltaFund programs[(a)]		**152,600 m²**	**782 €m**	
MARSEILLE - Euromed Centre (Phases 4 & 5)	PDC	24,000 m²		Construction underway
PARIS - Rue des Archives	PDC	22,700 m²		Construction underway
PARIS - Ilot des Mariniers *	PDC	25,000 m²		Construction underway
ISSY-LES-MOULINEAUX - Pont d'Issy	Off-plan sale	54,100 m²		Secured
NANTERRE - Cœur de Quartier	Off-plan sale	20,800 m²		Secured
CŒUR D'ORLY (Excl. Ilot Askia)	PDC	54,400 m²		Secured
ISSY-LES-MOULINEAUX – Cœur de Ville	Off-plan sale	27,400 m²		Secured
BORDEAUX – Belvédère	Off-plan sale	53,500 m²		Secured
PARIS – Darvault *	Off-plan sale	42,000 m²		Secured
BORDEAUX – Bassin à Flots	Off-plan sale	37,100 m²		Secured
LYON - ORANGE	Off-plan sale	25,900 m²		Secured
Other off-plan sale * (27 projects)	Off-plan sale	205,400 m²		
Other PDC * (4 projects)	PDC	48,800 m²		Construction underway or secured
Property development contracts / Off-plan sales / Off-plan leases [(b)]		**641 100 m²**	**1737 €m**	
PARIS - Champs Elysées	DPM	24,000 m²		Secured
PARIS - Matignon	DPM	13,000 m²		Secured
PARIS - TPL *	DPM	12,500 m²		Construction underway
Delegated project management [(c)]		**49,500 m²**	**199 €m**	
TOTAL		**843,200 m²**	**2,717 €m**	

(a) Amount = total cost price of the program at 100%.
(b) Amount = amount of the signed contract (or estimate in the case of off-plan leases).
(c) Amount = capitalised fees.
** Pitch Promotion project included.*

2.2.3 Retail development: High-street retail

Retail formats, in particular in the food sector, are evolving, and convenience stores are making a comeback with consumers. Seeking new market share, the large retail groups have decided to position themselves through multiple distribution channels (the multi-format), enlarging the range of points of sale, from hypermarket to convenience store.

In 2014, Altarea Cogedim launched Alta Proximité to provide the new neighbourhoods developed by the Group with a quality supply of everyday retail and services. The Alta Proximité initiative establishes partnerships with retail and convenience chains in order to industrialise supply, whether in the area of groceries, restaurants, health, childcare or leisure.

This approach, born of the Group's retail know-how, is quite different from that of other, classical housing developers, as demonstrated by the Group's recent successes in mixed-use projects.

The potential for this business represents approximately 20,000 m² of retail space per year and approximately €10 million in recurring operating income in the future.

As at 30 June 2016, the Alta Proximité portfolio is as follows:

	No.	Surface area (m²)	Revenue (€ millions)
Secured Transactions	**49**	**113,500**	**349**
< 3,000 m²	40	28,200	87
between 3,000 m² and 7,000 m²	4	19,800	61
> 7,000 m²	5	65,500	202
Transactions Under Development	**7**	**32,500**	**100**
< 3,000 m²	3	3,000	9
between 3,000 m² and 7,000 m²	3	16,500	51
> 7,000 m²	1	13,000	40
Total Portfolio	**56**	**146,000**	**449**

The Group's strategy for these retail complexes is twofold:

• Pure real estate development (Development, Valuation, Resale) for transactions under €50 million, which can be in some cases maintained under management.

• Long-term holdings in real estate for exceptional transactions.

3 CONSOLIDATED RESULTS

3.1 RESULTS

3.1.1 A 15.3% increase of FFO (+10.8% per share)

FFO, Group share, rose significantly to €92.0 million (+15.3%), with all business lines contributing to this growth.

On a per-share basis, FFO rose by +10.8% to €6.96 per share after the impact of dilution stemming from equity reinforcement transactions (creation of 2,514,790 shares in total with a full effect from H2 2016).

In €m	30/06/2016				30/06/2015 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 centres	106.1	*9.6%*	5.5	111.6	96.8	2.3	99.1
Residential	506.0	*12.2%*	–	506.0	450.8	–	450.8
Offices	106.1	*100.4%*	–	106.1	52.9	–	52.9
REVENUE	**718.2**	***19.6%***	**5.5**	**723.7**	**600.5**	**2.3**	**602.8**
o/w development	*612.1*	*21.5%*		*612.1*	*503.8*		*503.8*
Shopping centres	87.0	*5.2%*	62.9	149.9	82.7	32.3	115.0
Residential	33.3	*36.3%*	(4.9)	28.4	24.5	(1.5)	23.0
Offices	13.7	*60.5%*	(2.9)	10.8	8.5	(0.3)	8.2
Other	1.2	*n/a*	(1.1)	0.1	1.1	(1.4)	(0.3)
OPERATING INCOME	**135.2**	***15.7%***	**54.0**	**189.2**	**116.9**	**29.1**	**145.9**
o/w development	*47.1*	*42.6%*	*(7.8)*	*39.2*	*33.0*	*(1.8)*	*31.2*
Profitability/development revenue	*7.7%*	*+1.1 pts*			*6.6%*		
Net borrowing costs	(19.1)	*40.9%*	(2.8)	(21.9)	(13.5)	(3.0)	(16.5)
Discounting of debt and receivables	–	-	(0.1)	(0.1)	–	(0.1)	(0.1)
Change in value and income from disposal of financial instruments	–	-	(103.4)	(103.4)	–	(0.1)	(0.1)
Proceeds from the disposal of investments	–	-	(0.1)	(0.1)	–	0.0	0.0
Corporate income tax	(2.3)	*n/a*	(9.4)	(11.7)	(1.0)	(3.6)	(4.6)
NET INCOME	**113.9**	***11.3%***	**(61.7)**	**52.2**	**102.4**	**22.3**	**124.7**
Non-controlling interests	(21.9)	(2.9)%	(23.6)	(45.6)	(22.6)	(2.3)	(24.9)
NET INCOME, Group share	**92.0**	**15.3%**	**(85.4)**	**6.6**	**79.8**	**20.0**	**99.8**
FFO (group share) per share	**6.96**	***10.8%***			**6.28**		
Average number of shares after dilution (in millions) (1)	*13.225*				*12.710*		

(*) Restated for IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

(a) Pursuant to IAS 33, the weighted average number of shares (diluted and non-diluted) was adjusted retrospectively to take account of the capital increase with preferential subscription rights that took place during H1 2016.

3.1.2 FFO[72] Group share: €92.0m (+15.3%)

FFO represents operating cash flow after interests and Corporate income tax expenses.

By activity, FFO Group share is broken down as follows:

In €m	30 June 2016	30 June 2015	*Change*
FFO Retail	**52.6**	**52.5**	0.1%
o/w Commercial Property	59.3	56.8	*+4.4%*
o/w Services and Development	(6.7)	(4.3)	*×1.6*
FFO Development	**38.3**	**26.1**	+46.5%
o/w Residential	26.0	18.1	*+43.9%*
o/w Offices	12.3	8.1	*+52.3%*
FFO Corporate	**1.2**	**1.1**	
FFO (conso.) Group share	**92.0**	**79.8**	15.3%

FFO RETAIL

This includes, first, FFO Commercial Real Estate, which measures the financial performance of the portfolio, Group share, and second, FFO Services and Development. FFO Services and Development is composed of Altarea Retail costs that are not covered by fees and expenses relating to projects underway, restructured or put in service, but that cannot be capitalised in the IFRS accounts (essentially launch expenses, advertising and marketing).

In €m	30 June 2016	30 June 2015	*Change*
Rental income	92.7	87.0	
Net rental income	**85.6**	**80.2**	+6.8%
% of rental income	*92.3%*	*92.2%*	
Contribution of EM associates	8.1	6.9	
Net borrowing costs	(14.2)	(11.7)	
Non-controlling interests	(20.2)	(18.5)	
FFO Commercial Property	**59.3**	**56.8**	+4.4%
FFO Services and Development	**(6.7)**	**(4.3)**	×1.6
FFO Retail	**52.6**	**52.5**	0.1%

FFO Commercial Property increased by +4.4% to €59.3 million, due to the increase in net rental income (+6.8%). Net borrowing costs increased in line with rents (opening of Qwartz and Avenue 83). Non-controlling interests relate to assets held in partnership (essentially Cap-3000 and Allianz partnership).

[72] *Funds From Operations or operating cash flow from operations, Group share and excluding Group.*

FFO DEVELOPMENT

H1 2016 confirmed the recovery of Development, with both a +21.5% rise in revenue and improved profitability by 1,1 pt, which rose to 7.7% of revenue (compared to 6.6% for H1 2015).

In €m	30 June 2016	30 June 2015	*Change*
Housing Revenue	506.0	450.8	+12.2%
Office Revenue	106.1	52.9	x2.0
Development revenue	**612.1**	**503.8**	+21.5%
Operating cash flow Residential	33.3	24.5	
Operating cash flow Offices	13.7	8.5	
Development cash flow	**47.1**	**33.0**	+42.6%
% of revenue	*7.7%*	*6.6%*	***+1,1pt***
Net borrowing costs	(4.9)	(1.8)	
Non-controlling interests	(1.7)	(4.1)	
Corporate income tax	(2.3)	(1.0)	
FFO Development	**38.3**	**26.1**	+46.5%

These excellent results are the result of the success of the Group's entry-level and mid-range Residential offerings, and the strong contribution of the different Office activities.

Operating cash flow attributable to minority interests amounted to €1.7 million in H1 2016 (compared to €4.1 million in H1 2015).

Corporate income tax corresponds to the non-SIIC sector, essentially regrouped under the Altareit tax consolidation. During H1 2016, the Group was able to offset its taxable income against tax loss carryforwards, limiting the amount of income tax payments to -€2.3 million.

FFO CORPORATE

FFO Corporate stood at €1.2 million compared to €1.1 million for H1 2015.

FFO PER SHARE: €6.96 PER SHARE, +10.8%

The increased average number of shares results from the payment of the dividend in 2016 (due for 2015) in securities (creation of 821,762 shares), the capital increase conducted on the market (creation of 1,503,028 shares) and the reserved capital increase conducted in the framework of the acquisition of Pitch Promotion (creation of 190,000 shares).

Moreover, the average number of shares for 2015 was corrected in order to take account of the capital increase in preferential-subscription-right form pursuant to IAS 33[73].

In total, the average number of shares for H1 2016 stood at 13,225,285 (compared to 12,709,964 for H1 2015) with full dilutive effect as of the second quarter of 2016.

3.1.3 Changes in value and calculated charges: -€85.4 million

Group share	In €m
Change in value - Investment properties[a]	69.2
Change in value - Financial instruments	(103.4)
Disposal of assets and transaction costs	(2.6)
Share of equity-method associates	(3.2)
Deferred tax	(9.4)
Estimated expenses[b]	(12.4)
TOTAL Continuing operations	**(61.7)**
Non-controlling interests	(23.6)
TOTAL Group share	**(85.4)**

(a) Including change in value of assets consolidated using the equity method.
(b) Allowances for depreciation and non-current provisions, stock grants, pension provisions, staggering of debt issuance costs.

The value of the portfolio of hedging instruments fell sharply as a result of the flattening of the yield curve that took place over H1 2016. This fall was further emphasised by the vote for Brexit, shortly before the reporting date.

NET INCOME, GROUP SHARE

Total H1 2016 net income, Group share, was €6.6 million[74], including €92.0 million in FFO and -€85.4 million in changes in value and calculated charges.

[73] *Pursuant to IAS 33, the Preferential Subscription Right corresponds to a value freely allocated to the shareholders which is not representative of a result and which therefore results in an upward adjustment of the average number of shares in order to reflect this loss of substance in the IFRS per-share indicators.*
[74] *Net income from continuing operations, Group share, i.e. net income (after the impact of discontinued operations) of €8.9 million.*

3.2 NET ASSET VALUE (NAV)

GROUP NAV	30/06/2016				30/06/2015 Published		31/12/2015 Published	
	In €m	*Change*	€/share[d]	*Change / share*	In €m	€/share[d]	In €m	€/share[d]
Consolidated equity, Group share [a]	**1,459.0**		**97.1**		**1,180.0**	**94.3**	**1,230.3**	**98.3**
Other unrealised capital gains	406.3				281.8		381.4	
Restatement of financial instruments	113.4				22.2		20.8	
Deferred tax on the balance sheet for non-SIIC assets[b]	20.1				18.0		20.1	
EPRA NAV	**1,998.8**	*+33.1%*	**133.0**	*10.8%*	**1,502.1**	**120.0**	**1,652.5**	**132.1**
Market value of financial instruments	(113.4)				(22.2)		(20.8)	
Fixed-rate market value of debt	(19.2)				(11.6)		(19.4)	
Effective tax for unrealised capital gains on non-SIIC assets[c]	(19.3)				(6.6)		(18.2)	
Optimisation of transfer duties[c]	65.3				65.7		66.4	
Partners' share[d]	(15.1)				(14.5)		(15.8)	
EPRA NNNAV (NAV liquidation)	**1,897.1**	*+25.4%*	**126.2**	*+4.4%*	**1,512.8**	**120.9**	**1,644.7**	**131.4**
Estimated transfer duties and selling fees	96.9				71.3		74.5	
Partners' share [e]	(0.8)				(0.7)		(0.7)	
Diluted Going Concern NAV	**1,993.2**	*+25.9%*	**132.6**	*4.8%*	**1,583.5**	**126.5**	**1,718.5**	**137.3**

(a) After payment of the dividend (€140.5 million).
(b) International assets.
(c) Varies according to the type of disposal, i.e. sale of
(d) Maximum dilution of 120,000 shares
(e) Number of shares, diluted: 15,030,287 (30/06/2016); 12,513,394 (30/06/2015 Published); 12,513,433 (31/12/2015 Published)

3.2.1 Change in Going Concern NAV

DILUTED GOING CONCERN NAV: €1,993 MILLION, UP +25.9% OVER A YEAR

Diluted Going Concern NAV (in millions of euros) rose significantly over a year. This +25.9% (+€410 million) rise was driven by the capital increase transactions (+€369 million), as well the increased value of the retail portfolio.

DILUTED GOING CONCERN NAV PER SHARE: €132.6 PER SHARE, UP +4.8% OVER A YEAR

Over the half-year, the Group posted a growth in value of €13.2/share, mainly comprised of:

- H1 2016 FFO (+€6.1/share);
- the increased value of portfolio assets (+€3.0/share);
- and the positive impact of capital transactions (+€3.2/share)[75].

This growth in value was considerably offset by the change in the value of financial instruments (-€6.9/share).

Diluted Going Concern NAV per share stood at €132.6, up +4.8% compared to 30 June 2015 (and down -3.4% over six months after fully taking account of the dividend over the semester).

Diluted Going Concern NAV	In €m	€/share
At 31 December 2015	**1,718.5**	**137.3**
H1 2016 FFO	92.0	6.1
Change in value of assets	45.6	3.0
Increase in equity (a)	369.1	3,2
Other changes in value(b)	11.9	0.8
Growth in value	**518.46**	**13.2**
Change in value of financial instruments	(103.4)	(6.9)
At 30 June 2016 before dividend	**1,752.7**	**143.6**
2015 dividend	(140.5)	(11.0)
At 30 June 2016	**1,993.2**	**132.6**

(a) Including the capital increase, the 2015 dividend-paid-in-securities option and the reserved capital increase conducted in the framework of the acquisition of Pitch Promotion.

(b) Including deferred tax, calculated charges, transaction fees and the change in value of the development unit (Cogedim) and Semmaris.

[75] *The capital transactions were carried out over the NAV (€155.5 for the dividend-paid-in-securities option, €140 for the capital increase conducted on the market and €166.6 for the reserved capital increase conducted in the framework of the acquisition of Pitch Promotion).*

3.2.2 Calculation basis

OTHER UNREALISED CAPITAL GAINS OR LOSSES

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

• two hotel business franchises (Hôtel Wagram and Résidence hôtelière de L'Aubette);

• the rental management and retail Property Development division (Altarea France);

• the Group's interest in the Rungis Market (Semmaris);

• the Property Development division (Cogedim);

• the Office Property Investment division (AltaFund).

These assets are appraised at the end of each financial year by external experts (JLL and Cushman & Wakefield for the hotel business franchises and Accuracy for Altarea France, SEMMARIS, Cogedim and AltaFund). The methods used by JLL, C&W and Accuracy use the discounted cash flow method (DCF) in conjunction with a terminal value based on normalised cash flow. JLL and C&W provide 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 TAXES

Investment properties have been recognised in the IFRS consolidated financial statements at appraisal value excluding transfer taxes. 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.

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).

4 FINANCIAL RESOURCES

4.1 FINANCIAL POSITION

REINFORCEMENT OF EQUITY: €369M RAISED

Over the half-year, Altarea Cogedim reinforced its equity to the tune of €369 million through three transactions: €210 million through the capital increase conducted on the market, €127 million through the dividend-paid-in-securities option and €32 million through the reserved capital increase conducted in the framework of the acquisition of Pitch Promotion.

These transactions enabled the financing of the growth of the Group while reducing the consolidated LTV level to 40.8% compared with 44.5% as at 31 December 2015.

CONSOLIDATED NET DEBT: €2.44 BILLION €

The Altarea Cogedim Group's net financial debt stood at €2,441 million at 30 June 2016, stable compared to 31 December 2015.

In €m	June 2016	Dec. 2015
Corporate and bank debt	771	602
Credit markets[(a)]	838	545
Mortgage debt	1,193	1,313
Property development debt	231	248
Total gross debt	**3,033**	**2,708**
Cash at bank and in hand	**(592)**	(266)
Total net debt	**2,441**	**2,442**

(a) of which €221 million in treasury bills.

The average term of the Group's debt (excluding development and treasury bills) was 5.7 years, as compared to 6 years at 31 December 2015.

€928 MILLION IN LONG-TERM FINANCING SET UP

Since the start of the year, the Group has signed firm banking commitments totalling €928 million:

• €589 million in refinancing of existing loans,

• and €339 million in new funds.

At 30 June 2016, the average term of the financing set up over the half-year (excluding development loans and treasury notes) stood at 6.1 years for an average spread of 157 bps.

Nominal amount (€ millions)	New money	Refinancing	TOTAL
Mortgage financing	25	193	218
Corporate financing	314	396	710
Total (at 100%)	**339**	**589**	**928**

AVAILABLE CASH AND CASH EQUIVALENTS: €835 MILLION

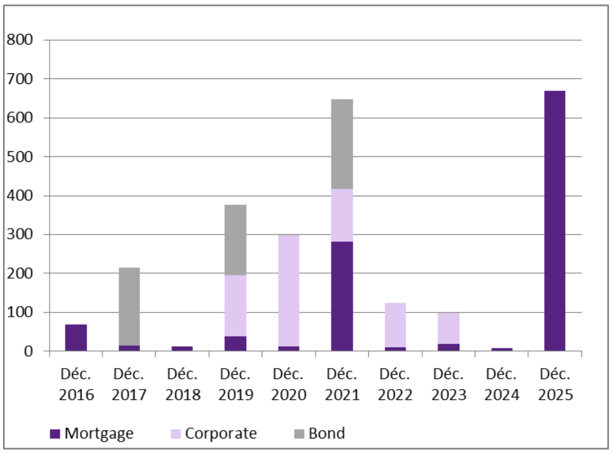
At 30 June 2016, available cash and cash equivalents comprised:

• €474 million in available cash notably including €210 million from the capital increase,

• €361 million in unused draw-down revolving loans including €150 million secured against specific projects.

Moreover, the Group issued €221 million in treasury notes (with maturities ranging from one month to one year) secured against its available cash and cash equivalents.

Maturity schedule for Group debt (€m)[76]



Mortgage maturities in 2021 correspond to Cap 3000, the restructuring of which will have been completed the previous year. The 2025 maturity corresponds to mortgage financing set up over the last 12 months.

[76] *Excluding property development debt and treasury notes.*

4.2 FINANCING STRATEGY

HEDGING: NOMINAL AMOUNT AND AVERAGE RATE

The objective of the Group is to establish fixed-rate hedges for 70% to 90% of the nominal amount of its debt, with the remainder exposed to three-month Euribor.

Hedging instruments are entered into at a global level, and for the most part are not tied to specific financing agreements (this includes a significant portion of the mortgage financing which is subject to global hedging by the Group). They are recorded at fair value in the consolidated financial statements.

During H1, the Group worked on its short-term hedging profile in order to reduce its exposure to negative Euribors by replacing swaps with caps at strike 0%. The duration of the hedge was extended and the average hedge rate now stands between 0.39% and 1.20% up to 2024, offering the Group great visibility over its medium-term coverage.

Maturity	Swap (€m)[a]	Fixed-rate debt (€m)[a]	Cap strike 0% (€m)[a]	Total (€m)[a]	Average swap rate[b]
June 16	309	805	676	1,790	0.45%
Dec. 16	286	804	647	1,737	0.39%
Dec. 17	933	601	636	2,170	0.86%
Dec. 18	1,619	599	107	2,325	1.20%
Dec. 19	1,634	447	–	2,080	1.06%
Dec. 20	1,830	444	–	2,274	1.07%
Dec. 21	1,771	212	–	1,982	1.09%
Dec. 22	1,744	209	–	1,954	1.09%
Dec. 23	1,743	207	–	1,950	1.09%
Dec. 24	1,642	205	–	1,846	1.09%
Dec. 25	575	–	–	575	1.00%

(a) In share of consolidation.

(b) Average rate of swaps and average swap rate of the fixed rate debt (excluding spread, at the fixing date of each transaction).

In addition, the Group holds options of shorter durations “out of the monney”.

AVERAGE COST OF DEBT (1.99% AT 30 JUNE 2016)

The combination of efficient hedging and the significant use of mortgage financing explains why the Group's average cost of debt is among the lowest for European REITs while also having a long duration. Altarea Cogedim expects to remain structurally under 2.50% of average cost in the coming years due to the highly secured nature of its liabilities.

FINANCIAL COVENANTS

	Covenant	June 2016	Dec. 2015	Delta
LTV [a]	≤ 60%	40.8%	44.5%	(3.7) pts
ICR [b]	≥ 2.0 x	7.1 x	7.3 x	(0.2) 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)

At 30 June 2016, the Group largely complied with all covenants.

Consolidated income statement at 30 June 2016

In € millions	30/06/2016 Funds from operations (FFO)	30/06/2016 Changes in value, estimated expenses and transaction costs	30/06/2016 Total	30/06/2015 Restated (*) Funds from operations (FFO)	30/06/2015 Restated (*) Changes in value, estimated expenses and transaction costs	30/06/2015 Restated (*) Total
Rental income	92.7	–	92.7	87.0	–	87.0
Other expenses	(7.1)	–	(7.1)	(6.8)	–	(6.8)
Net rental income	**85.6**	**–**	**85.6**	**80.2**	**–**	**80.2**
External services	13.2	–	13.2	9.8	–	9.8
Own work capitalised and production held in inventory	6.4	–	6.4	15.1	–	15.1
Operating expenses	(26.3)	(1.7)	(28.0)	(29.2)	(0.2)	(29.4)
Net overhead expenses	**(6.7)**	**(1.7)**	**(8.4)**	**(4.3)**	**(0.2)**	**(4.5)**
Share of equity-method affiliates	**8.1**	**(2.8)**	**5.4**	**6.9**	**(3.3)**	**3.6**
Net allowances for depreciation and impairment	**–**	**(0.7)**	**(0.7)**	**–**	**(0.6)**	**(0.6)**
Income/loss on sale of assets	**–**	**0.1**	**0.1**	**–**	**7.8**	**7.8**
Income/loss in the value of investment property	**–**	**69.2**	**69.2**	**–**	**30.1**	**30.1**
Transaction costs	**–**	**(1.2)**	**(1.2)**	**–**	**(1.6)**	**(1.6)**
NET SHOPPING CENTRES INCOME	**87.0**	**62.9**	**149.9**	**82.7**	**32.3**	**115.0**
Revenue	505.6	–	505.6	451.2	–	451.2
Cost of sales and other expenses	(464.1)	(1.0)	(465.0)	(411.2)	–	(411.2)
Net property income	**41.6**	**(1.0)**	**40.6**	**40.0**	**–**	**40.0**
External services	0.4	–	0.4	(0.3)	–	(0.3)
Production held in inventory	45.6	–	45.6	26.9	–	26.9
Operating expenses	(60.4)	(2.5)	(62.9)	(43.3)	(0.6)	(43.9)
Net overhead expenses	**(14.5)**	**(2.5)**	**(17.0)**	**(16.7)**	**(0.6)**	**(17.3)**
Share of equity-method affiliates	**6.3**	**0.2**	**6.4**	**1.2**	**0.8**	**2.0**
Net allowances for depreciation and impairment	**–**	**(1.4)**	**(1.4)**	**–**	**(1.5)**	**(1.5)**
Transaction costs	**–**	**(0.3)**	**(0.3)**	**–**	**(0.2)**	**(0.2)**
NET RESIDENTIAL PROPERTY INCOME	**33.3**	**(4.9)**	**28.4**	**24.5**	**(1.5)**	**23.0**
Revenue	103.5	–	103.5	50.8	–	50.8
Cost of sales and other expenses	(91.1)	(0.9)	(92.0)	(44.1)	–	(44.1)
Net property income	**12.4**	**(0.9)**	**11.5**	**6.6**	**–**	**6.6**
External services	2.6	–	2.6	2.2	–	2.2
Production held in inventory	6.9	–	6.9	6.5	–	6.5
Operating expenses	(10.9)	(0.9)	(11.8)	(7.8)	(0.2)	(8.0)
Net overhead expenses	**(1.4)**	**(0.9)**	**(2.3)**	**0.9**	**(0.2)**	**0.7**
Share of equity-method affiliates	**2.7**	**(0.6)**	**2.1**	**1.0**	**(0.5)**	**0.5**
Net allowances for depreciation and impairment	**–**	**(0.5)**	**(0.5)**	**–**	**0.3**	**0.3**
Transaction costs	**–**	**–**	**–**	**–**	**–**	**–**
NET OFFICE PROPERTY INCOME	**13.7**	**(2.9)**	**10.8**	**8.5**	**(0.3)**	**8.2**
Other (Corporate)	**1.2**	**(1.1)**	**0.1**	**1.1**	**(1.4)**	**(0.3)**
OPERATING INCOME	**135.2**	**54.0**	**189.2**	**116,9**	**29,1**	**145,9**
Net borrowing costs	**(19.1)**	**(2.8)**	**(21.9)**	**(13.5)**	**(3.0)**	**(16.5)**
Discounting of debt and receivables	**–**	**(0.1)**	**(0.1)**	**–**	**(0.1)**	**(0.1)**
Change in value and income from disposal of financial instruments	**–**	**(103.4)**	**(103.4)**	**–**	**(0.1)**	**(0.1)**
Proceeds from the disposal of investments	**–**	**(0.1)**	**(0.1)**	**–**	**0.0**	**0.0**
PROFIT BEFORE TAX	**116.2**	**(52.3)**	**63.9**	**103.3**	**25.9**	**129.3**
Corporate income tax	**(2.3)**	**(9.4)**	**(11.7)**	**(1.0)**	**(3.6)**	**(4.6)**
NET INCOME FROM CONTINUING OPERATIONS	**113.9**	**(61.7)**	**52.2**	**102.4**	**22.3**	**124.7**
Minority shares in continued operations	**(21.9)**	**(23.6)**	**(45.6)**	**(22.6)**	**(2.3)**	**(24.9)**
NET INCOME FROM CONTINUING OPERATIONS, Group share	**92.0**	**(85.4)**	**6.6**	**79.8**	**20.0**	**99.8**
Diluted average number of shares (1)	*13,225,285*			*12,709,964*		
NET INCOME PER SHARE FROM CONTINUING OPERATIONS, Group share	**6.96**	**(6.46)**	**0.50**	**6.28**	**1.58**	**7.86**
NET INCOME FROM DISCONTINUED OPERATIONS	**–**	**2.3**	**2.3**	**(12.5)**	**(34.3)**	**(46.8)**
NET INCOME	**113.9**	**(59.5)**	**54.4**	**89.8**	**(12.0)**	**77.8**
Non-controlling interests	**(21.9)**	**(23.6)**	**(45.6)**	**(22.5)**	**(2.3)**	**(24.8)**
NET INCOME, Group share	**92.0**	**(83.1)**	**8.9**	**67.3**	**(14.3)**	**53.0**
NET INCOME PER SHARE (€/SHARE), Group share	*6.96*	*(6.29)*	*0.67*	*5.29*	*(1.12)*	*4.17*

(*) Restated for IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

(1) Pursuant to IAS 33, the weighted average number of shares (diluted and non-diluted) was adjusted retrospectively to take account of the capital increase with preferential subscription rights that took place during H1 2016.

Balance sheet at 30 June 2016

In € millions	30/06/2016	31/12/2015
NON-CURRENT ASSETS	**4,749.0**	**4,498.0**
Intangible assets	261.7	202.1
o/w goodwill	*156.1*	*128.7*
o/w brands	*89.9*	*66.6*
o/w client relations	*8.3*	*–*
o/w other intangible assets	*7.4*	*6.7*
Property, plant and equipment	14.0	6.2
Investment properties	3,909.6	3,759.6
o/w investment properties in operation at fair value	*3,585.9*	*3,453.6*
o/w investment properties under development and under construction at cost	*323.7*	*306.0*
Securities and investments in equity affiliates and unconsolidated interests	435.7	361.0
Loans and receivables (non-current)	7.4	42.9
Deferred tax assets	120.6	126.2
CURRENT ASSETS	**2,123.0**	**1,634.9**
Net inventories and work in progress	882.2	711.5
Trade and other receivables	557.5	475.0
Income tax credit	7.3	6.0
Loans and receivables (current)	36.5	29.2
Derivative financial instruments	10.4	20.0
Demand receivables	37.0	–
Cash and cash equivalents	592.2	266.0
Non-current assets held for sale	–	127.2
TOTAL ASSETS	**6,872.0**	**6,132.9**

EQUITY	**2,552.2**	**2,250.9**
Equity attributable to Altarea SCA shareholders	**1,462.4**	**1,230.3**
Capital	229.7	191.2
Other paid-in capital	588.3	396.6
Reserves	635.5	534.0
Income associated with Altarea SCA shareholders	8.9	108.4
Equity attributable to minority shareholders of subsidiaries	**1,089.8**	**1,020.6**
Reserves associated with minority shareholders of subsidiaries	849.1	749.8
Other equity components, subordinated perpetual notes	195.1	195.1
Income associated with minority shareholders of subsidiaries	45.6	75.8
NON-CURRENT LIABILITIES	**2,614.7**	**2,416.2**
Non-current borrowings and financial liabilities	2,547.6	2,366.4
o/w participating loans and advances from associates	*76.3*	*63.6*
o/w bond issues	*511.7*	*477.8*
o/w borrowings from lending establishments	*1,959.6*	*1,825.0*
Long-term provisions	19.5	17.4
Deposits and security interests received	30.9	29.8
Deferred tax liability	16.7	2.5
CURRENT LIABILITIES	**1,705.1**	**1,465.8**
Current borrowings and financial liabilities	610.3	450.6
o/w bond issues	*4.3*	*4.4*
o/w borrowings from credit institutions (excluding overdrafts)	*329.8*	*335.1*
o/w treasury notes	*221.0*	*60.5*
o/w bank overdrafts	*6.6*	*4.9*
o/w advances from Group shareholders and partners	*48.6*	*45.8*
Derivative financial instruments	122.6	37.3
Accounts payable and other operating liabilities	959.6	837.7
Tax due	12.6	9.5
Liabilities of the activity in the process of being sold and liabilities relating to assets intended for sale	–	130.7
TOTAL LIABILITIES	**6,872.0**	**6,132.9**