2016 HALF-YEAR RESULTS

Building up
French metropolises

CONTENTS

INTRODUCTION / 3

DEVELOPMENT DIVISION / 8

RETAIL REIT / 20

FINANCIAL RESULTS / 26

OUTLOOK / 35

APPENDICES / 37

INTRODUCTION

INTRODUCTION

Reaffirmation of the Group's goals announced at the time of the capital increase

Results : Significant growth

Strengthened financial structure

A new dimension in Development

Strong momentum in all the Group's business lines

INTRODUCTION

First-half 2016 – Financial results

STRONG RISE IN FFO	REINFORCEMENT OF BALANCE SHEET
Recurring income – FFO (1): €92.0m (+15.3%)	**€369m in equity raised** in the first half (2)
⬇	⬇
FFO/share €6.96 (+10.8%)	**Loan-to-value (LTV) ratio reduced to 40.8%**

(1) Net profit excluding changes in value, calculated costs, transaction costs and changes in deferred tax, and excluding activities held for sale (IFRS 5), in Group share.
(2) €31.7 million from reserved capital increase in connection with the acquisition of Pitch Promotion, €126.9 million from increase in equity as a result of the exercise of the option by shareholders to receive the 2015 dividend in shares, and €210.4 million from share capital increase by way of a public offering.

INTRODUCTION

First-half 2016 – Positive operational dynamic across all business lines

PROPERTY DEVELOPMENT
A new dimension

New orders:
€1,204m (+38%)

Major projects:
Tender won for
2 major projects,
totalling 240,000 m²

RESIDENTIAL
Market share gains

4,000 units reserved
(+47%)

Internal growth (new locations) and external growth (Pitch Promotion acquisition)

OFFICES
The Group’s model is ramping

New orders (1):
€243m (+4.3%)
130,200 m² (+67.8%)

Significant headway made on current projects

RETAIL REIT
Developments drive growth

L’Avenue 83 (Toulon): successful opening

Rental income expected to double, thanks to development

(1) Value in Group share and area at 100%.

INTRODUCTION

Altarea Cogedim, a responsible and innovative company

RECOGNIZED CSR APPROACH	ALTAFUTURE, LAB DEDICATED TO INNOVATION
99% for transparency **A- for performance** Retail REIT : **18th** / 688 worldwide Development : **3rd** / 304 worldwide **100% of the managed portfolio certified BREEAM in-Use(1)**	**A dedicated team** **An Open Innovation approach** with Immowell-lab et Paris&Co incubators **An internal collaborative platform** dedicated to innovation **Innovation areas:** wood modular constructions, WELL certification, mobility and connected objects, digital conception, immersive technologies, digitalization of the customer experience…

(1) 100% of the French managed portfolio is certified BREEAM In-Use (International environmentall certification).

DEVELOPMENT

DEVELOPMENT

Two major mixed-use urban projects won in H1

ISSY CŒUR DE VILLE

A new eco neighbourhood of 100,000 m²

15,000 m²   40,000 m²   600 units

BORDEAUX BELVEDERE

A mixed-use project of 140,000 m² at the heart of the Bordeaux metropolitan area

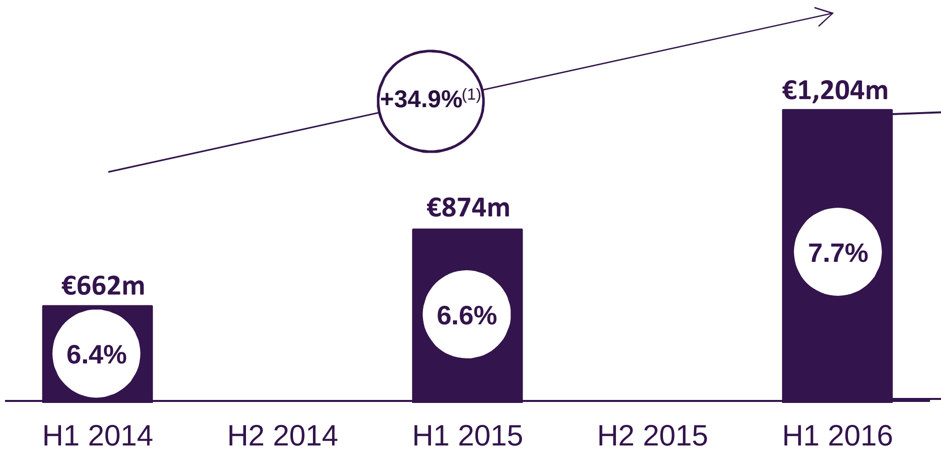
11,000 m²   55,000 m²   1,300 units(1)

(1) Data at 100%. (Altarea Cogedim and Pitch Promotion co-developing at 50-50 with a third-party developer).

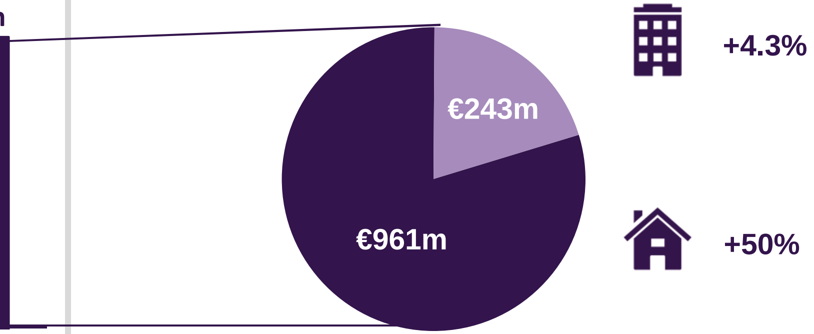
DEVELOPMENT (residential and offices)

A new dimension

NEW ORDERS: €1,204m (+38%)
AND MARGIN EVOLUTION (EBITDA/REVENUE)



RESIDENTIAL OVERPERFORMANCE



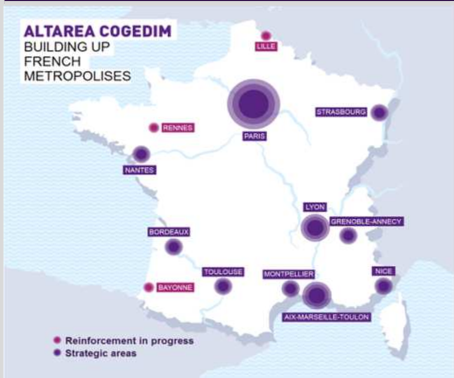
New orders (in €m)

(1) Compound annual growth rate (CAGR).

DEVELOPMENT – RESIDENTIAL

RESIDENTIAL DEVELOPMENT

Market share gains: 4,000 units sold (+47%) / €961m (+50%)

INTERNAL GROWTH		EXTERNAL GROWTH
	3 new regional locations [1] Expanded presence in the most dynamic French metropolitan areas	Completion of the acquisition of Pitch Promotion Complementary approaches and product ranges

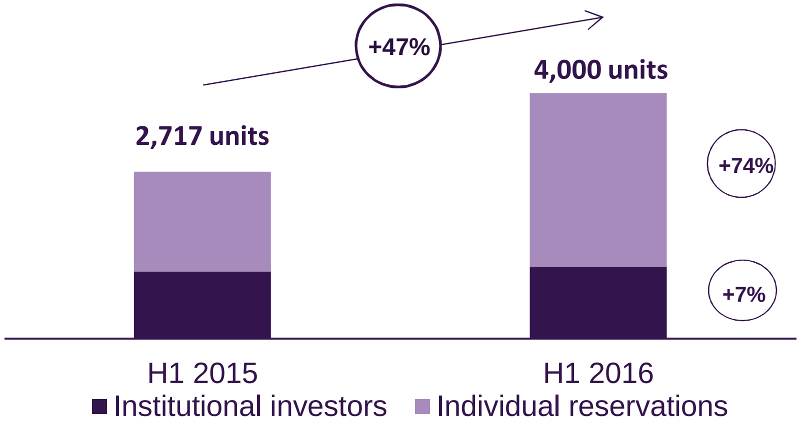
⇒ **Balance between internal and external growth, in a buoyant market**

(1) Lille European metropolitan area, Rennes metropolitan area and Bayonne - Basque Country.

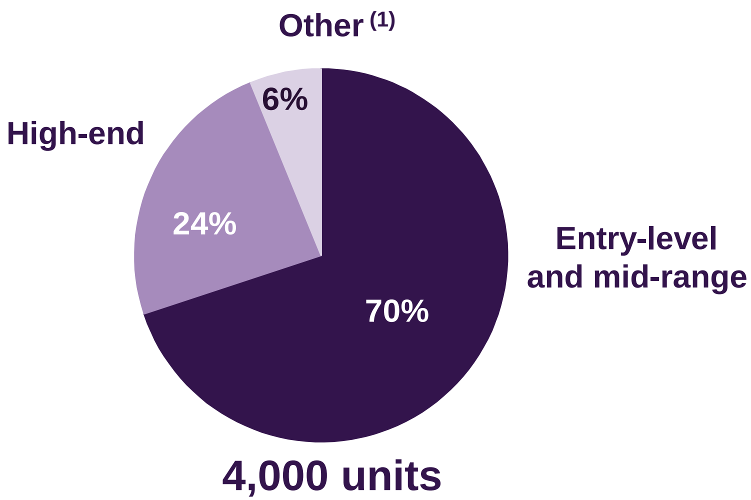
RESIDENTIAL DEVELOPMENT

Growth in sales: +50% in value terms, +47% in volume terms

STRONG RISE IN RETAIL SALES



SUCCESS OF ENTRY-LEVEL PRODUCTS



(1) 3% of Serviced Residences and 3% of Renovation.

RESIDENTIAL DEVELOPMENT

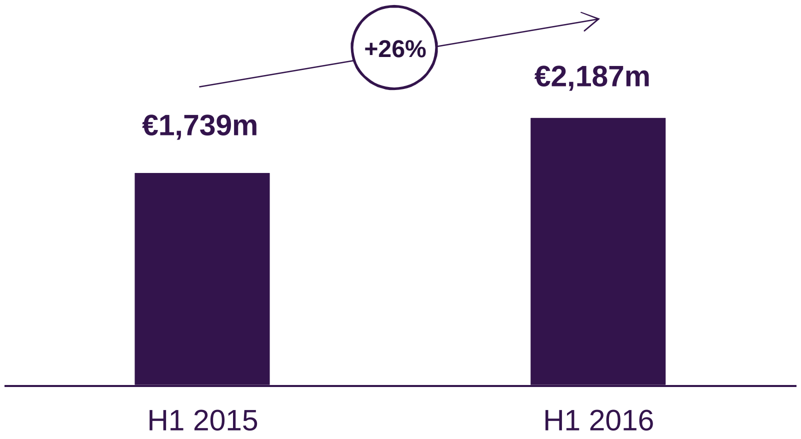
Acceleration of growth

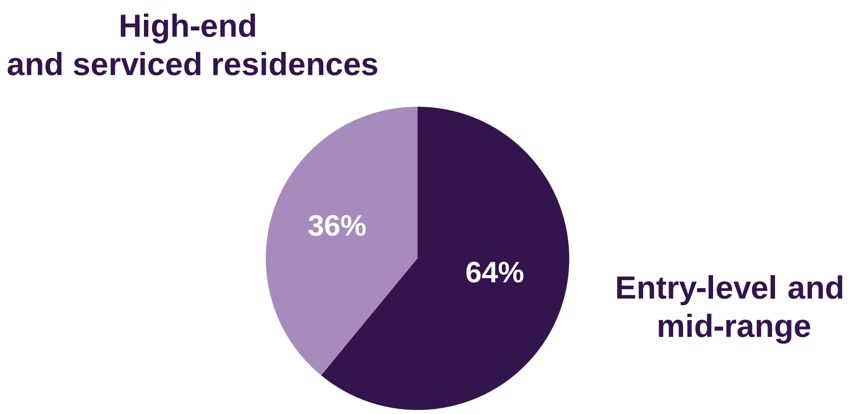
SUPPLY	COMMERCIAL LAUNCHES	RESERVATIONS	REVENUE	H1 2016 OPERATING INCOME
€2.4bn incl. taxes 10,400 units	**€1.3bn incl. taxes** 5,600 lots 73 projects	**€961m incl. taxes** 4,000 units	**€506m excl. taxes**	**€33.3m**
+63%	**+73%**	**+50%**	**+12%**	**+36%**

RESIDENTIAL DEVELOPMENT

Outlook

RESIDENTIAL BACKLOG(1)	OFFERING(2) AND PORTFOLIO





€8.0bn
33,600 units (+27%)

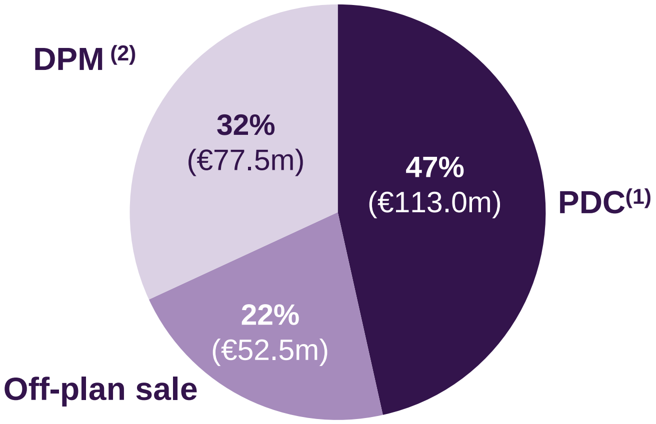
(1) The backlog comprises revenues (excluding taxes) from notarised sales to be recognised on a percentage-of-completion basis as well as individual and bulk sales yet to be notarised.
(2) Properties for sale comprise units currently available for sale and are expressed as a total value including taxes. The breakdown of the offering does not include Histoire & Patrimoine renovation products (€48 million incl. taxes).

DEVELOPMENT – OFFICES

OFFICE DEVELOPMENT

Strong momentum in a steadily growing market

NEW ORDERS: €243m (+4.3%)



9 projects
130,200 m²

(1) Property Development Contracts.
(2) Delegated Project Management.

OFFICE DEVELOPMENT

Strong contribution to results in the first half of 2016 and in upcoming periods

NEW ORDERS	REVENUE	OPERATING INCOME
€243m	**€106m**	**€13.7m**
+4%	**+100%**	**+61%**

Sanofi – Lyon

OFFICE DEVELOPMENT

Outlook

PROGRAMS UNDERWAY	PIPELINE INCLUDING MAJOR MIXED-USE PROJECTS	
49 projects **€2,717m(1)** **843,200 m²**		**Issy – Cœur de ville** Creation of a 100,000 m² mixed-use neighbourhood, including 40,000 m² of office space
		**Bordeaux – Belvédère** Creation of a new, mixed-use district, providing a total of 140,000 m², including 55,000 m² of office space

(1) Market value equivalent: 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.

RETAIL REIT

RETAIL REIT
L'Avenue 83 – Toulon-La Valette

L'AVENUE 83 IN TOULON-LA VALETTE: A SUCCESSFUL LAUNCH

51,000 m² shopping and leisure centre
12 medium-sized outlets (Primark, Nike Store, etc.)
One Pathé movie theatre with 15 screens
70 shops and kiosks

100% leased

A great start
Drawing more than 1.5 million visitors in less than three months

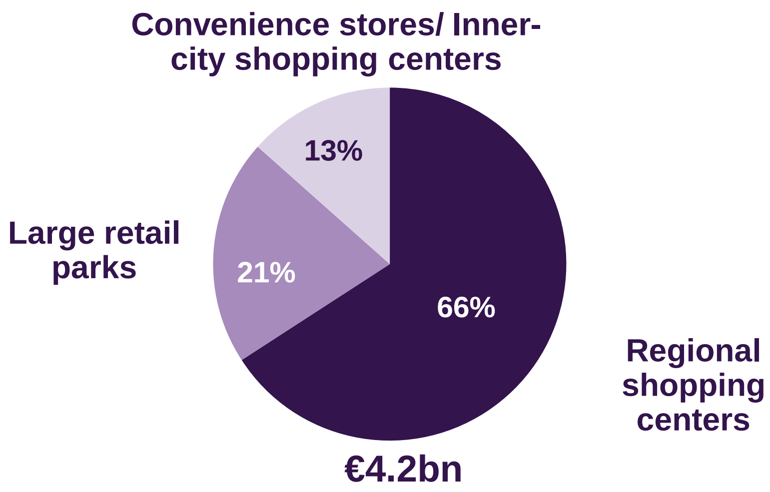
Awarded a 2016 Janus du Commerce prize

PRIMARK undiz habitat
NikeStore PATHÉ NEW LOOK

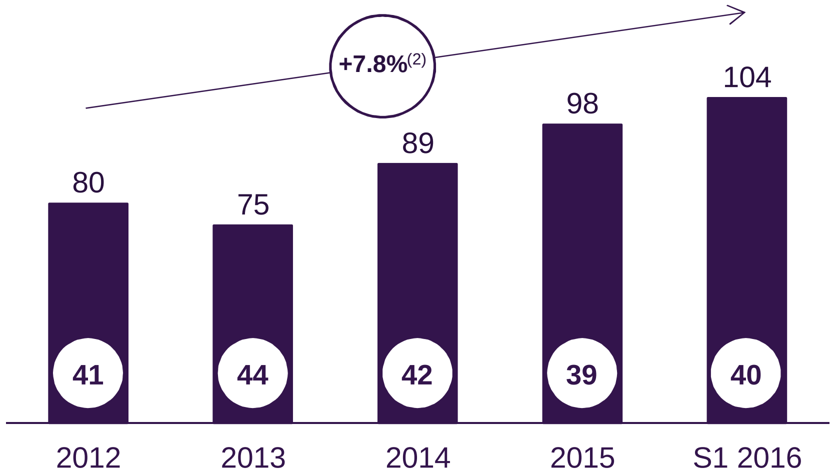
RETAIL REIT

Portfolio focused on prime assets

PORTFOLIO COMPOSITION(1)



AVERAGE VALUE (in €m per asset) AND NUMBER OF ASSETS



(1) Portfolio value at 100%, including transfer duties, at 30 June 2016 (€2.8bn Group share).
(2) Average yearly growth rate.

RETAIL REIT

Asset leasing and development activities

EXCELLENT LEASING ACTIVITY		
Constant improvements in retail offerings at shopping centres		
Carré de soie (Villeurbanne)	**Bercy Village** (Paris)	**Les Tanneurs** (Lille)

183 LEASES SIGNED IN THE FIRST HALF		
Asset portfolio *Uplift*	104 leases	€11.7m *+11%*
Pipeline	61 leases	€6.3m
Management for third parties	18 leases	€1.1m

RETAIL REIT

Operational performance of the portfolio

KEY PERFORMANCE INDICATORS FOR SHOPPING CENTRES	
Tenants' revenue(1)	+2.2%
Change in net rental income	+6.8% (+1.6% on a like-for-like basis)
Occupancy cost ratio(2)	9.4%
Bad debt ratio(3)	1.8%
Financial vacancy rate(4)	3.1%

Bercy Village (5)

(1) France only.
(2) Calculated as rent and expenses charged to tenants (incl. taxes and rent reductions), in proportion to revenue (incl. taxes) at 100 % in France. Excluding assets being redeveloped and currently in arbitration
(3) 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 assets being redeveloped and currently in arbitration.
(4) Estimated rental value (ERV) of vacant units as a percentage of total estimated rental value. Excluding assets being redeveloped and currently in arbitration.
(5) Opening of the first Cogedim Store (a qualitative showroom for residential acquisitions) in June 2016 and of the first American Five Guys restaurant in France in August.

RETAIL REIT

Outlook: doubling of rental income upon completion(1)

PIPELINE	
Number of programs	**17**
Surface area (1)	**507,500 m²**
Cost price(1)	**€2,502m**
Potential gross rental income(2) o/w Group share o/w share of third parties	**€187.7m** €147.6m €40.1m

UPCOMING DELIVERIES

Le Parks
(boulevard Macdonald, Paris)

Delivery: end-2016
90% pre-let

Promenade de Flandres
(Roncq)

Delivery: end-2017
70% pre-let

(1) At 100%, including internet expenses and internal costs.
(2) €147.6m of potential rental income above a current portfolio generating €145.2m in rental income (figures on a Group share basis).

FINANCIAL RESULTS

FINANCIAL RESULTS

Key highlights and results

SIGNIFICANT GROWTH DRIVEN BY DEVELOPMENT

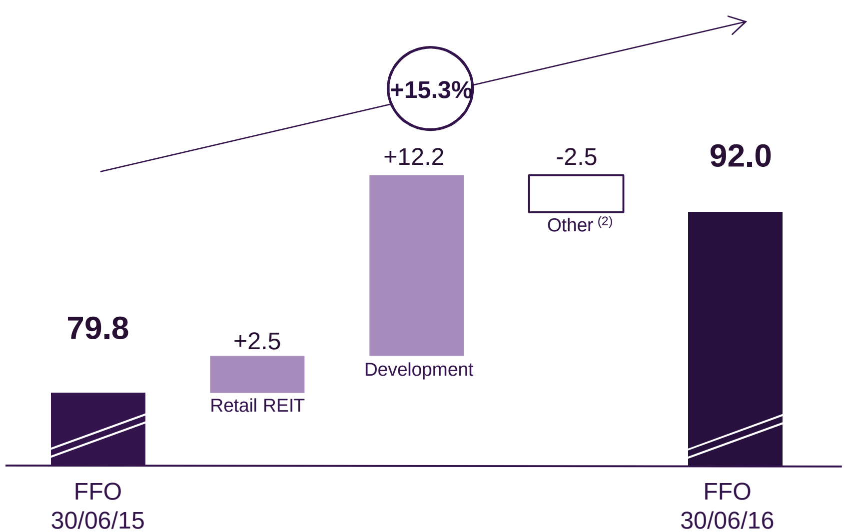
STRENGTHENING OF THE FINANCIAL STRUCTURE

STRONG VALUE CREATION

FINANCIAL RESULTS

Significant growth, driven by development: €92.0m (+15.3%)

RECURRING INCOME (FFO)(1) (GROUP SHARE) (€M)



Retail REIT	€59.3m	*+4.4%*
Development	€38.3m	*+46.5%*
Other (2)	€(5.5)m	*+74.4%*
Consolidated FFO, Group share	**€92.0m**	***+15.3%***
Consolidated FFO per share	**€6.96**	***+10.8%***

(1) Net profit excluding changes in value, calculated costs, transaction fees and changes in deferred tax, and excluding activities held for sale (IFRS 5), in Group share.
(2) Services and Development for REIT and Other Corporate.

FINANCIAL RESULTS

Robust growth, driven by development : €92.0m (+15.3%)

In €m							Other		
Revenue	**106.1**	*+10%*	**506.0**	*+12%*	**106.1**	*x 2,0*		**718.2**	*+20%*
Operating income	**93.7**	*+8%*	**33.3**	*+36%*	**13.7**	*+61%*	*(5.5)*	**135.2**	*+13%*
Net borrowing costs	(14.2)		(3.5)		(1.4)		-	(19.1)	
Corporate income tax	-		(1.6)		(0.7)			(2.3)	
Minority shares	(20.2)		(1.7)		-		-	(21.9)	
FFO	**59.3**	***+4%***	**26.5**	***+44%***	**11.6**	***+53%***	***(5.5)***	**92.0**	***+15%***
Change in value	62.9		(4.9)		(2.9)		*(4.1)*	51.0	
Change in value Deferred tax	-		-		-		(9.4)	(9.4)	
Change in value Financial Instruments	-		-		-		(103.4)	(103.4)	
Minority shares	(23.6)		-		-		-	(23.6)	
Résultat net PdG	**98.6**		**21.6**		**8.7**		***(124.7)***	**6.6**	

FINANCIAL STRUCTURE

Reinforcement of equity

EQUITY RAISED: €369m	IMPACTS
Reserved capital increase (acquisition of Pitch Promotion) **€32m[(1)]**	**Loan-to-value (LTV) ratio reduced to 40.8%** vs. 44.5% at 31/12/15
Payment of dividend in shares **€127m[(2)]**	**Available cash and cash equivalents** **€835m at 30/06/16[(3)]**
Share capital increase by way of a public offering **€210m**	**Improvement in the liquidity of the company's shares** Free float increased by **458,285 shares**[(4)] **equivalent to 3.7% of the share capital**

(1) The Terrassoux group reinvested a portion of the proceeds from the disposal of Pitch Promotion, in the amount of €31.7 million, by subscribing for 190,000 new shares.
(2) The option for the payment of the 2015 dividend in shares was exercised by 91.69% of shareholders, resulting in the creation of 821,762 new shares.
(3) €474 million in available cash and €361 million in unused revolving credit facilities (including €150 million secured against specific projects).
(4) New shares issued, less new shares subscribed for by the main shareholders upon the payment of the 2015 dividend in shares and the capital increase by way of a public offering, equivalent to 3.7% of the share capital prior to these transactions.

FINANCIAL STRUCTURE

Continued optimisation of resources

DEBT	HEDGES
€928m in financing signed New resources: €339m Refinancing: €589m **Duration of arranged financing: 6.1 years** **Average spread: 157 bps**	**Reduced exposure to negative impact of Euribor by 2018**(1) **Drop in the average rate hedged**(2) (entry into new swaps)

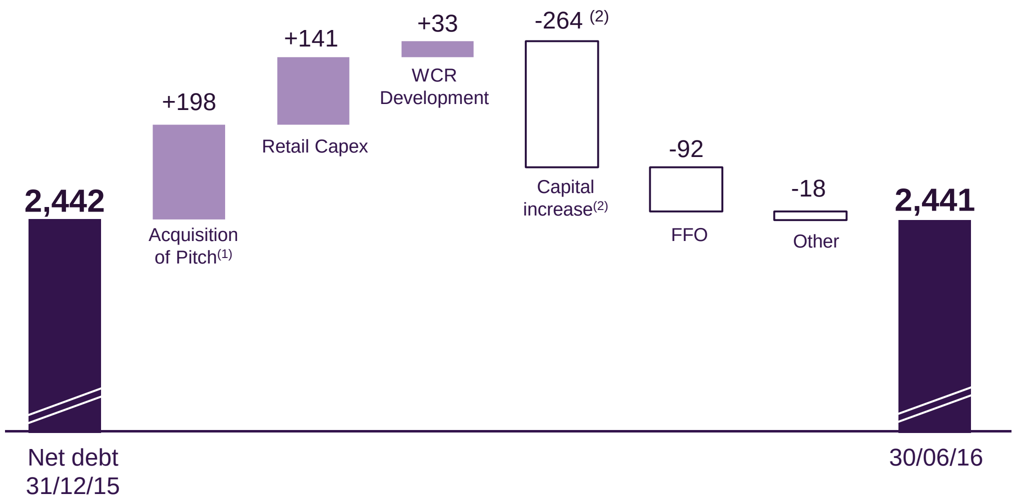
⇒ **Secured all-in rate: < 2.50% long term**

(1) Cancellation of €684m in swaps maturing in 2016–2018.
(2) ~1% beginning in 2016.

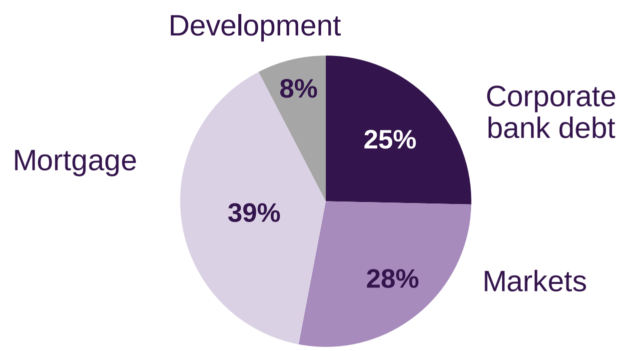
FINANCIAL STRUCTURE

Stability of debt maintained

CHANGE IN NET DEBT, IN €M



DIVERSIFIED RESOURCES



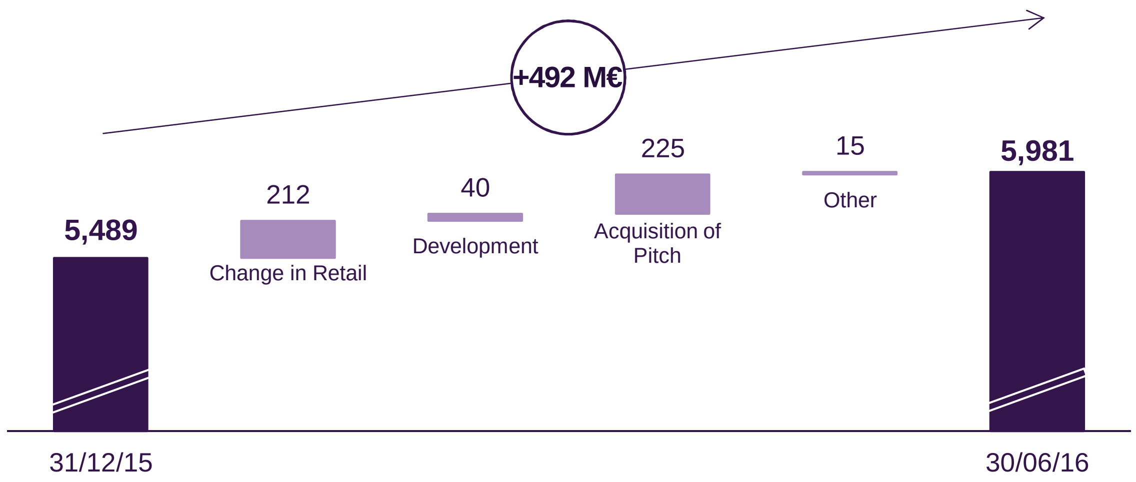
Average maturity: 5.7 years
Average cost of debt: 1.99%

(1) Acquisition of Pitch (excl. transaction costs), including assumption of net debt in the amount of €82m.
(2) Net capital increase – dividends paid to shareholders.

VALUE OF GROUP ASSETS

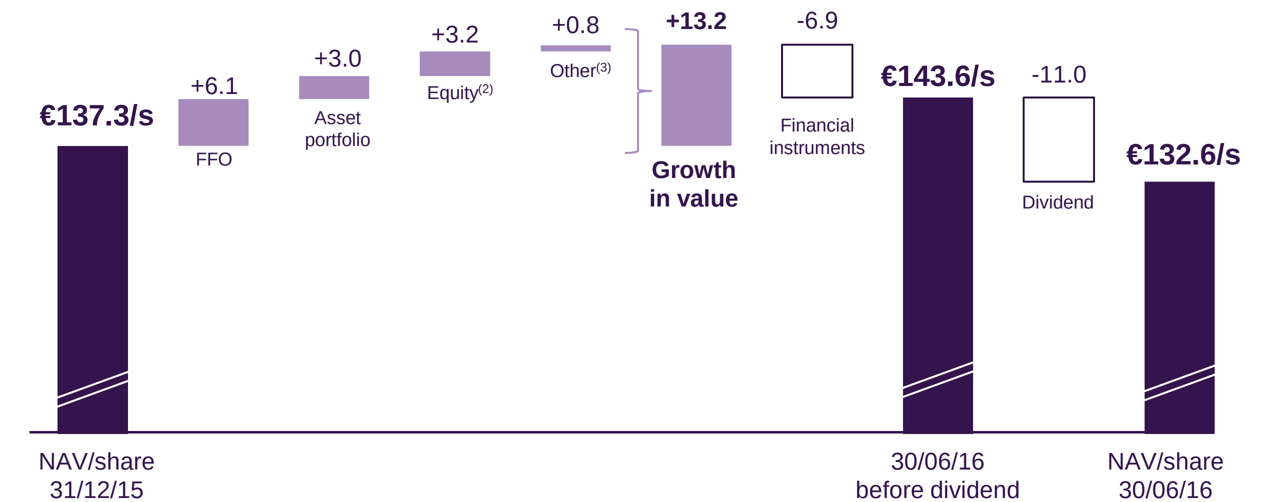
Strong value creation: +€492m (+9.0%)

CHANGE IN VALUE, IN €M



NAV(1): GROWTH IN VALUE OF €13.2/SHARE

CHANGE IN NAV(1) OVER THE FIRST HALF



Growth in value of +€13.2/share
of which €3.2 due to capital increases

Financial instruments -€6.9/share

Up +4.6% before dividend

(1) Diluted going-concern NAV: market value of equity in the perspective of continuing operations.
(2) Share capital transactions above the NAV: €155.5 for the option for the payment of the 2015 dividend in shares, €140 for the capital increase by way of a public offering and €166.6 for the reserved capital increase (acquisition of Pitch Promotion).
(3) Including deferred tax, estimated expenses, transaction costs and the change in value of the Development division (Cogedim) and of Semmaris.

OUTLOOK

OUTLOOK

A reaffirmed growth momentum

2016	2017	MID-TERM
FFO target of €13.5 per share	**FFO target of €14.5 per share**	**10,000 residential units**
€11 dividend	**€11 dividend**	**€400m rental income[(1)]**

(1) At 100%.

APPENDICES

DETAILED INCOME STATEMENT

In €m	30/06/2016 Funds From Operations (FFO)		30/06/2016 Changes in value, Calculated charges and transaction costs	30/06/2016 TOTAL	30/06/2015 Restated* Funds from Operations (FFO)	30/06/2015 Restated* Changes in value, Calculated charges and transaction costs	30/06/2015 Restated* TOTAL
Shopping centres	106.1	*9.6%*	5.5	111.6	96.8	2.3	99.0
Residential	505.6	*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**
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)		1.1	(1.4)	(0.3)
OPERATING INCOME	**135.2**	***15.7%***	**54.0**	**189.2**	**116.9**	**29.1**	**145.9**
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)	–	–	–
Corporate income tax	(2.3)	*n/a*	(9.4)	(11.7)	(1.0)	(3.6)	(4.6)
NET RESULTS FROM CONTINUING OPERATIONS	**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		
Diluted average number of shares(1)	*13,225*				12,710		

(*) Restated to reflect the impact of the application of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations": sale of Rue du Commerce to Carrefour on 1 January 2016. Only continuing operations (real estate) are presented.
(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

DETAILED BALANCE SHEET (1/2)

(in €M)	30/06/2016	31/12/2015
NON-CURRENT ASSETS	**4,790.0**	**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 non-consolidated 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
Assets held for sale and from discontinued operations	-	127.2
TOTAL ASSETS	**6,872.0**	**6,132.9**

DETAILED BALANCE SHEET (2/2)

(in €M)	30/06/2016	31/12/2015
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	955.8	837.7
Tax due	12.6	9.5
Liabilities of the activity in the process of being sold	-	130.7
TOTAL LIABILITIES	**6,872.0**	**6,132.9**

NET ASSET VALUE

GROUP NAV	30/06/2016 In €m	Change	€/share(d)	Change /share	30/06/2015 In €m	€/share(d)
Consolidated equity, Group share(a)	**1,459.0**		**97.1**		**1,180.0**	**94.3**
Other unrealised capital gains	406.3				281.8	
Restatement of financial instruments	113.4				22.2	
Deferred tax on the balance sheet for non-SIIC assets(b)	20.1				18.0	
EPRA NAV	**1,998.8**	***+33.1%***	**133.0**	***10.8%***	**1,502.1**	**120.0**
Market value of financial instruments	(113.4)				(22.2)	
Fixed-rate market value of debt	(19.2)				(11.6)	
Effective tax for unrealised capital gains on non-SIIC assets*	(19.3)				(6.6)	
Optimisation of transfer duties(c)	65.3				65.7	
Partners' share(d)	(15.1)				(14.5)	
EPRA NNNAV (NAV liquidation)	**1,897.1**	***+25.4%***	**126.2**	***4.4%***	**1,512.8**	**120.9**
Estimated transfer duties and selling fees	96.8				71.3	
Partners' share(d)	(0.8)				(0.7)	
Diluted Going Concern NAV	**1,993.1**	***+25.9%***	**132.6**	***4.8%***	**1,583.5**	**126.5**
(e) Number of shares after dilution	*15,030,287*				*12,513,433*	

(a) After payment of the dividend (€140.5 million).
(b) International assets.
(c) Varies according to the type of disposal, i.e. sale of asset or sale of securities.
(d) Maximum dilution of 120,000 shares.