Press release

2016 annual results
Paris, 22 February 2017, 5:40pm

Recurring net result (FFO): €192m (+19%)
Sharp increase in all operational and financial indicators
A model focused on metropolises
Sound growth outlooks

The premier real estate developer of French metropolises

- Property Development
  - New orders (Residential and Offices)[1]: €2.9bn (+46%)
  - Residential reservations: 10,011 units (+67%)
  - Blacklog (Residential and Offices)[2]: €3,3 bn (+58%)
- Retail REIT
  - Rental income: +4.9% (+1.5% like-for-like)[3]
  - Major deliveries[4] and success confirmed in travel retail[5]
- Consolidated pipeline: potential value of €14.7bn[6]

Strong growth in value and high return

- Revenue:	€1,582m (+29.8%)	
- Recurring net result (FFO)[7]:	€192m (+19.1%)	€13.6/share[8] (+7.2%)
- Diluted Going Concern NAV[9]:	€2,398m (+39.5%)	€159.6/share[7] (+16.2%)
- Dividend[10]:	€11.5/share (+4.5%)	(option for scrip dividend)
- LTV[11] at 37.2% (-730 bps)		

2017 outlook confirmed

- Recurring net results (FFO):
  - €230m (+20%)
  - ≥ €14,5/share (depending on scrip dividend conversion rate)
- Dividend: ≥ € 11.5/share

Paris, 22 February 2017, 17:40. Following review by the Supervisory Board, the Management approved the consolidated financial statements for financial year 2016. Audit procedures on consolidated and individual financial statements (Altarea SCA) were carried out and their certification's audit reports are being issued.

[1] Amount (incl. tax), o/w €2.3bn in Residential and €0.6bn in Offices.
[2] Property Development backlog: Offices backlog (revenue excluding taxes from notarised sales to be recognised in advance, investments not yet regularised by notarial deed (signed PDC) and fees to be received from third parties for signed contracts) + Residential backlog (Residential backlog consists of revenues excluding tax from notarised sales to be recognised on a percentage-of-completion basis and individual and block reservations to be notarized).
[3] Change in rental income on a like-for-like basis: Growth of rental income like-for-like, excluding assets under refurbishment or in arbitrage and inflation-indexed rises.
[4] Deliveries of L'Avenue 83 in Toulon and Le Parks in Paris, and the renovation of Cap 3000, whose extension will start in 2017.
[5] Signatures of agreements for Montparnasse train station and Austerlitz train station projects in Paris.
[6] Market value estimated as of delivery date. Shopping centres: potential market value including transfer duties of projects upon delivery (net rental income capitalised at a market rate). Convenience retail: development revenue (excl. tax). Offices: 100% of the amounts (excl. tax) signed for off-plan and property development contracts ("CPI" & "VEFA"), capitalised fees for delegated projects and market value (excl. tax) for AltaFund. Residential: property for sale and future offerings (incl. tax).
[7] Recurring net result (FFO): net result excluding changes in value, non-cash expenses, transaction costs, and changes in deferred tax. Group share. FFO 2016 is in line with the guidance of €13.5€/share.
[8] After taking into account the impact of dilution stemming from equity reinforcement transactions carried out in H1 2016 (creation of 2,514,790 shares in total).
[9] Equity market value assuming a continuation in business, taking into account the potential dilution related to the SCA status.
[10] The dividend is submitted to the shareholders for approval during the General Meeting that will take place on 11 May 2017.
[11] Indebtness ratio. Consolidated net debt/Restated value of assets including transfer duties.

« 2016 was both an achievement and the starting point of a new ambition:

Firstly, an achievement in terms of strategic model. Altarea Cogedim is a company gathering the best teams around the best projects, which can operate in all segments (Retail, Residential, Offices, New districts) in any configuration (investor, developer, service provider, manager). Our unique model, geared to metropolitan areas and their needs, gives us access to a deep market and allows us to build our own investment opportunities instead of merely seizing those that present themselves. Altarea Cogedim today ranks as the premier real estate developer in French metropolises, with a project pipeline of €14.7bn all products combined and a position in the top three in each of its markets.

An achievement in terms of transformation also. We have been able to grow our organisation at each step of our journey, structure our development and recruit the best talent around a compelling entrepreneurial project. A recent example is Pitch Promotion successful integration. We consider investment in people and their know-how to be the central pillar of our model. As such, all of our employees own shares in our Group. The involvement and motivation of the Altarea Cogedim teams is an accelerator of the Group's growth.

Last but not least, an achievement in terms of financial profile. We significantly increased our equity in 2016, and the Group's LTV ratio now stands at 37.2%. The strong growth in profitability largely offset the dilutive impact of our capital increases. Funds from operations (FFO) per share increased by 7.2% to €13.6, demonstrating the pertinence of our financial model. The capital employed by our Group is allocated principally to support our shopping centres portfolio, which brings recurring revenue and its financial base. As for Property Development, it generates significant profits for a relatively moderate balance sheet allocation. Overall, with very strong value creation for our Retail and Property development assets, going concern NAV per share increased by 16.2% to €159.6 in 2016.

On this solid basis, our Group has sets itself a new ambition:

A new ambition in terms of innovation and CSR policy. Large mixed-use urban projects are the perfect example of a market where the Group has swiftly taken strong positions thanks to its inventiveness, with about ten secured projects offering potential revenue of €2.1 billion. This is also the case for travel retail, where our Group has built up unique know-how, as well as convenience retail, which we are developing within the framework of a model combining development and investment. Going forward, a growing proportion of our revenue will come from these new product lines. Yesterday a pioneer, our Group is today a leader, as evidenced by our first place in the 2016 GRESB Survey, which ranks the best performers in terms of environmental and social achievements worldwide.

A new ambition in terms of operational objectives. In residential property, we aim to generate a recurrent level of at least 10,000 annual orders. We also aim to make a success of our foray into retail and office property and implement the considerable pipeline underpinning our medium-term value creation prospects. Our goal is reasoned, because it rests first on the analysis of our own forces. We have a realistic perception of the economic, political and regulatory context, which we do not expect to see improve in the medium term. However, we are confident about our ability to adapt to any type of environment and seize the opportunities that will undoubtedly arise. As such, we wish to maintain permanent financial flexibility. This is why we will propose the option of taking the dividend in the form of shares at the next General Meeting.

A new ambition in terms of financial performance, with the first 2017 objective of 20% growth in funds from operations (FFO) to €230 million, which will reach (or exceed) €14.5 per share depending on the volume of converted scrip dividend. The dividend will be at least equal to €11.5 per share. The expected growth will be driven chiefly by Property Development, where revenue is expected to grow strongly. In the medium term, we have strong visibility on our results in an unchanged political and economic environment, and are confident in our ability to deliver average annual growth of between 5% and 10%, thereby guaranteeing a steady increase in the dividend."

Alain Taravella, Chairman and Founder of Altarea Cogedim

1. THE PREMIER REAL ESTATE DEVELOPER OF FRENCH METROPOLISES

A multi-product offering: €14.7bn[12] of projects in the pipeline

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

The Group decided to focus its development on 12 metropolises in France[13]. They capture most of the country's demographic and economic growth on less than 10% of its land area. This positioning has enabled the Group to manage one of the largest portfolios of real estate projects in France, representing more than 3 million m² [14] (all products combined), or €14.7 billion in market value.

The Group retains control over the capitalisation rate of the project portfolios, with investments based on the market opportunities and near-exclusively managed as options. At the end of 2016, a bit less than €1.0 billion of investments were therefore committed in on-going projects, Group share.

Secured pipeline	Surface areas[14]	Potential value[12]
Shopping centres	468,600 m²	€2,871m
Convenience retail	160,400 m²	€471m
Offices	498,600 m²	€3,167m
Residential	1,934,400 m²	€8,146m
TOTAL	**3,062,000 m²**	**€14,655m**

Major mixed-use urban projects: leadership confirmed with 10 on-going projects

Altarea Cogedim is currently developing 10 major mixed-use projects[15], focused on 5 metropolises, for a total of 732,000 m² and €2.1 billion in potential revenue[16] for the Group. In 2016, the Group consolidated its leadership by winning three competitions (342,000 m²), thanks to its unique retail know-how: Issy Cœur de ville eco-neighbourhood, the Belvédère neighbourhood in Bordeaux and the renewal of the Bobigny-La Place city centre.

2. PROPERTY DEVELOPMENT: AN ON-GOING MOMENTUM

The Property Development activity outperformed in 2016 in a strong growing market, consistently supported by an enabling environment, particularly in terms of interest rate and fiscal environment. Therefore, new orders (Residential and Offices) totalled €2.9 billion (incl. tax), up 46% in 2016.

With a revenue of €1.4 billion (+35.4%) and net profitability of 8.0%, Property Development (Residential and Offices) contributed to the significant growth in consolidated results in 2016. In addition, the activity benefited from a good visibility in terms of its future results' growth, in an equivalent economic climate, thanks to its significant backlog, which reached €3.3 billion, excl. tax (+58%).

	2016	2015	*Change*
Residential	€2,286m	€1,417m	*+61%*
Nb of units	*10,011*	*6,011*	*+67%*
Offices	€598m	€563m	*+6%*
Total new orders (incl. tax)	**€2,884m**	**€1,980m**	***+46%***

[12] *Market value estimated as of delivery date. Shopping centres: potential market value including transfer duties of projects upon delivery (net rental income capitalised at a market rate). Convenience retail: development revenue (excl. tax). Offices: 100% of the amounts (excl. tax) signed for off-plan and property development contracts ("CPI" & "VEFA"), capitalised fees for delegated projects and market value (excl. tax) for AltaFund. Residential: property for sale and future offerings (incl. tax).*

[13] *Grand Paris, Métropole Nice Côte d'Azur, Marseille-Aix-Toulon, Toulouse Métropole, Grand Lyon, Grenoble-Annecy, Nantes Métropole, Bordeaux Métropole, Eurométropole de Strasbourg, Métropole européenne de Lille, Montpellier Méditerranée Métropole and Rennes Métropole. The Group is also present in Bayonne.*

[14] *Shopping centres and convenience retail: m² (GLA) created. Offices: floor surface or usable surface area. Residential: SHAB (property for sale and future offering).*

[15] *Bezons Cœur de Ville, Strasbourg Fischer, Hospices Civils Lyon, Toulouse Montaudran, Gif sur Yvette, Massy PLACE DU GRAND OUEST, Villeurbanne, Bordeaux Belvédère, Issy Cœur de ville, Bobigny La Place.*

[16] *Surface area at 100% and revenue in Group share.*

	2016	2015	*Change*
Residential	€1,067.6m	€883.1m	*+21%*
Offices	€302.4m	€128.5m	*+135%*
Property Development revenue (excl. tax)	**€1,369.9m**	**1,011.6m**	***+35%***
Property Development operating cash flow	**€109.7m**	**€82.8m**	***+33%***
Residential	€2,640m	€1,739m	*+52%*
Offices	€630m	€328m	*+92%*
Total Property Development backlog (excl. tax)	**€3,270m**	**€2,067m**	**+58%**

RESIDENTIAL: successful transformation and new orders objective reached two years ahead of schedule (more than 10,000 units)

The Group extended its offering over the last years and offers a full range of Residential solutions (entry-level/mid-range, high-end, serviced residences, renovation) suitable for all customers (first-time buyers, private investors, institutional investors and social housing).

New orders	2016	2015	*Change*
Retail sales	€1,598m	€898m	*+78%*
Block sales	€688m	€519m	*+33%*
TOTAL in value (incl. taxes)	**€2,286m**	**€1,417m**	***+61%***
Retail sales	5,964 units	3,396 units	*+76%*
Block sales	4,047 units	2,615 units	*+55%*
TOTAL in units	**10,011 units**	**6,011 units**	***+67%***

The Group also carried out an organisational transformation driven by customer satisfaction: deployment of a complete geographic coverage, strengthening of teams and development processes and focus on quality with the implementation of the strict NF Habitat HQE (French national building standard for HEQ) certification across its programmes.

Altarea Cogedim launched 140 new Residential operations over 2016, with potential revenue of €2.7 billion (incl. tax) with 11,147 residences. These new operations feed the Residential pipeline (€8.1 billion, up 38% with 34,542 units) contribute to the Group's strategy of placing over 10,000 residential units per year on a recurring basis.

In 2016, the Group exceeded this symbolic threshold for the first time, with 10,011 reserved units, two years ahead of its objective. The Group posted excellent performance in terms of sales (+67%), substantially higher than that of the market, although the latter recorded a considerable increase (+21%)[17].

OFFICES PROPERTY: a perfect offer in a recovering market

As for office property, 2016 was marked by the recovery of the rental market and a capitalisation rate compression. In such a favourable environment, the Group's Offices new orders amounted to €598 million, up 6.2% year-on-year. Primary new orders for the year comprised the *Ilots des Mariniers* (redevelopment of a building of 25,000 m² in Paris) and the Paris Vaugirard operation (28,000 m² in the 14th arrondissement).

As for development, Altarea Cogedim has a secured pipeline of operations with a potential value of €3.2 billion (at 100%) for 498,600 m², where the Group's commitments to be invested are assessed at €172 million[18]. It also has a secured backlog of operations valued at €630 million (+92%), giving good visibility of the growing contribution of Offices to the Group's future results.

Secured pipeline	Surface area at 100%	Value at 100% (€m excl. tax)[19]
Operations sold	350,400 m²	€1,157m
Operations under development	498,600 m²	€3,167m
TOTAL	**849,000 m²**	**4,325**

[17] *Source: Fédération de Promoteurs Immobiliers (FPI).*
[18] *Equity to be invested on AltaFund and direct investments*
[19] *Value: 100% (excl. tax) of the amounts signed for off-plan and Property Development contracts, share of capitalised fees for delegated projects and market value (excl. tax) for AltaFund. Residential: properties for sale and portfolio price (incl. tax).*

3. RETAIL: THE STRENGTH OF THE DEVELOPER, THE REIT RESILIENCE

In a mature market overall, the Group's growth in value model in Retail lies on its mixed profile of specialised developer REIT in three specific formats: major regional centres, large retail parks and travel retail. In the latter, the Group achieved significant progress this year, with the closing of agreements related to store renovation projects at Montparnasse train station, where works will start in 2017, and at Austerlitz train station[20]. Ultimately, with four Parisian train stations under management[21], the Group's portfolio is unprecedented in this high potential segment.

Portfolio: strong operational performance in a mature market

At the end of 2016, Altarea Cogedim's standing assets stood at €4.5 billion[22] (41 assets with an average value of €110 million), an increase of €691 million, including two thirds from the year deliveries[23].

Operational indicators remained sound, even though the end of the year was more challenging in France on the back of political uncertainties and the wait-and-see attitude, in addition to a difficult security context. Rental dynamics were strong, with a reversion rate[24] of +9% and a renegotiation rate[25] of 15% in 2016. Many innovative retail brands strengthened the appeal and renewed the offering of existing standing assets as well as the openings that recently took place.

	2016	*Change*	*CNCC*
Footfall[26]	+1.3%		*(1.2%)*
Merchant revenue[27]	+1.1%		*(0.4%)*
Change in net rental income	+€7.8m	*+4.9%*	
Like-for-like change[28]	*+€1.7m*	*+1.5%*	
Occupancy cost ratio[29]	9.9%	-	
Financial vacancy rate[30]	2.7%	*-20 bps*	

At the same time, the project portfolio's development on a proprietary basis continued its positive development trend. Potential gross rental income for assets under development accounted for 72% of gross rental income currently generated by assets in operation (at 100%).

In 2017, the next highlights are the delivery of the Promenade de Flandre retail park (60,000 m²) near the Belgium border at the end of the year and the launch of the construction sites at Montparnasse train station as well as the final extension to Cap 3000.

PORTFOLIO	At 100%	Group share
Surface area	841,100 m²	619,000 m²
Value (incl. transfer duties)	€4,512m	€3,018m
Gross rental income	€218.4m	€148.7m
Capitalisation rate[31]	5.28%	N/A

PIPELINE	At 100%	Group share
Surface area	468,600 m²	414,700 m²
Cost price	€2,082m	€1,762m
Potential gross rental income	€158.1m	€129.7m
Gross return	7.6%	7.4%

[20] *Secured the final building permit for Gare Montparnasse train station and signed the Autorisation d'Occupation Temporaire (temporary occupancy authorisation) laying down the final rules for intervention regarding Gare d'Austerlitz train station.*
[21] *Gare de l'Est, Gare du Nord, Gare Montparnasse and Gare d'Austerlitz.*
[22] *Assets (fully consolidated) and consolidated under the equity method, at 100%.*
[23] *Deliveries of shopping centres L'Avenue 83 in Toulon-La Valette (Var) et Le Parks in Paris (boulevard Macdonald and redevelopment of the existing surface areas of Cap 3000 (Nice).*
[24] *Ratio of rental income for existing or vacant leases renewed and relet over the year, compared to the rental income at the years' beginning (excluding redevelopments and assets managed for third parties). In France.*
[25] *Ratio between the number of existing or vacant leases renewed and relet over the year, compared to the number of leases at the beginning of the year. (excluding redevelopments and assets managed for third parties). In France.*
[26] *France only.*
[27] *Change in merchant revenue on a like-for-like basis (i.e., for retailers present over the past 24 months). Excluding property being redeveloped and in arbitrage.*
[28] *Growth of rental income like-for-like, excluding assets under refurbishment or in arbitrage and inflation-indexed rises.*
[29] *Ratio of billed rents and expenses to tenants (including reductions) to sales revenue. Calculated including tax and at 100%, excluding property being redeveloped and in arbitrage.*
[30] *Estimated rental value of vacant units (ERV) as a percentage of total estimated rental value. Excluding property being redeveloped and in arbitrage.*
[31] *Net yearly rental income compared to the appraisal value excluding transfer duties.*

4. STRENGTHENED FINANCIAL STRUCTURE: LTV[32] at 37.2%

Significant equity reinforcement in a context of strong investments

In a context of strong investments, Altarea Cogedim strengthened its equity by €369 million during the year through a capital increase conducted on the market (€210 million), the payment of the script dividend (€127 million) and a reserved capital increase (€32 million). Consequently, the Group significantly reduced its consolidated LTV level to 37.2%, compared to 44.5% at 31 December 2015.

In 2016, the Group signed €1.241 billion[33] in financing, including €642 million in existing credit refinance and €599 million in new resources. The Group's net debt remained stable at €2.4 billion, with a term of 5.4 years and an average cost of 1.92%[34].

	31/12/2016	31/12/2015	*Change*
Total equity	€2,758m	€2,251m	*+€507m*[35]
Net borrowing	€2,425m	€2,442m	*-€17m*
Net duration	5.4 years	6.0 years	*-0.6 year*
Average cost	1.92%	1.94%	*-2 bps*
Available cash and cash equivalents	€863m	€516m	*+€347m*
LTV	**37.2%**	**44.5%**	***-730 bps***

5. SHARP INCREASE IN FINANCIAL RESULTS

Recurring net result (FFO)[36], Group share: €192 million (+19.1%) or €13.6/share (+7.2%)[37]

The relevance of Altarea Cogedim's financial model is in its allocation of employed capital, mainly to support the standing assets of Retail REIT that generate recurring result, while Property Development income grew significantly with a moderate balance sheet allocation.

€m	2016	2015	*Change*
Retail	211.7	206.6	*+2.5%*
Residential	1,067.6	883.1	*+20.9%*
Offices	302.4	128.5	*+135.3%*
Revenue	**1,581.7**	**1,218.2**	***+29.8%***
o/w Development	*1,369.9*	*1,011.6*	*+35.4%*
Retail	167.7	155.5	*+7.9%*
Residential	69.5	52.3	*+32.8%*
Offices	40.1	30.4	*+32.0%*
Corporate	(2.9)	(3.5)	*N/A*
Operating cash flow	**274.5**	**234.7**	***+17.0%***
o/w Development	*109.7*	*82.8*	*+32.5%*
Net borrowing costs	(37.2)	(31.9)	*+16.4%*
Corporate income tax	(1.4)	(0.9)	*N/A*
Non-controlling interests	(44.1)	(40.7)	*+8.4%*
Recurring net results (FFO), Group share	**192.0**	**161.2**	***+19.1%***
FFO Group share, per share	**€13.60**	**€12.69**	***+7.2%***
Net income, Group share	***165.5***	***180.7***	***-8.4%***

2016 revenue stood at €1.582 billion, up 29.8% compared to 2015, owing to the business performance of Property Development (35.4%).

[32] Loan To Value (LTV): Net debt/Restated value of assets including transfer duties.
[33] Figures at 100% (€1,160 million in Group share).
[34] Total average cost of debt, including implementation fees and CNU (Non-use fees).
[35] This difference includes the impact of equity reinforcement transactions (net of issue costs), payment of the dividend, net income for the period and changes in capital attributable to the subsidiaries' minority shareholders.
[36] Recurring net result (FFO): net result excluding changes in value, non-cash expenses, transaction costs, and changes in deferred tax. Group share.
37 After taking into account the impact of dilution stemming from equity reinforcement transactions carried out in H1 2016 (creation of 2,514,790 shares in total).

Consequently, the Property Development FFO achieved a very high growth (35.2%) to €95.5 million buoyed by growth in revenue and maintaining a solid level of profitability at 8.0% of revenue[38]. FFO Commercial property achieved was up 1.5%, to €115.6 million, owing to the increase in net rental income (+4.9%).

FFO per share attributable to the Group rose by +7.2% to €13.60, after taking into account the impact of dilution resulting from equity transactions in 2016[37].

Diluted Going Concern NAV[39] recorded strong growth: €159.6/share (+16.2%)[37]

Going Concern NAV rose from €137.3/share in 2015 to €159.6/share in 2016, thanks to the very strong growth recorded in real estate value during 2016 (+€35.5/share).

The growth in real estate value owed mainly to Retail, with a roughly equivalent distribution between a "rate effect" and an "income effect". The Property Development value was also subject to revaluation, considering the structural improvement of its business plan across operational criteria used for its measurement in the NAV (secured backlog, normative WCR, profit margin, market share, etc.).

	In €m	€/share	*Ch. €/share*
Diluted Going Concern NAV - 31/12/2015	**1,718.5**	**137.3**	
2015 dividend	(140.5)	(11.0)	
Capital increase[40]	369.1	2.5	
Change in value of financial instruments[41]	(70.8)	(4.7)	
2016 FFO	192.0	13.6	
Growth in Retail value/concession	219.5	14.6	
Growth in Property Development value net of taxes[42]	138.5	9.2	
Share buyback[43]	(12.2)	(0.8)	
Other[44]	(16.0)	(1.1)	
Sub-total growth in value 2016	**521.8**	**35.5**	
Diluted Going Concern NAV - 31/12/2016	**2,398.1**	**159.6**	*+16.2%*
EPRA NNNAV	2,312.1	153.8	*+17.0%*
EPRA NAV	2,350.1	156.4	*+18.4%*
Number of diluted shares	*15,030,287*		

6. OUTLOOK

For financial year 2016, a dividend of €11.50 per share (+4.5%), with a scrip dividend option, will be proposed to the General Meeting on 11 May 2017.

For 2017, the Group confirms its objective of 20% growth in recurring net result (FFO) to €230 million, which will reach (or exceed) €14.5 per share depending on the volume of converted scrip dividend. The dividend will be at least equal to €11.5 per share. The expected growth will be driven chiefly by Property Development, where revenue is expected to grow strongly.

In the medium term, the Group has a strong visibility on its results in an unchanged political and economic environment, and is confident in its ability to deliver average annual growth of between 5% and 10%, thereby guaranteeing a steady increase in the dividend. In addition, the Group aims to maintain its LTV ratio between 40% and 45%.

A presentation medium supplements this press release. It can be downloaded from Altarea Cogedim's website, in the "Finance" section.

[38] *Operational cash flow related to Property Development revenue.*
[39] *Going Concern NAV: Equity market value assuming a continuation in business, taking into account the potential dilution related to the SCA status.*
[40] *o/w capital increase, scrip dividend and reserved capital increase. Including the dilutive effect.*
[41] *Including the fixed-rate market value of debt.*
[42] *Deferred taxes and taxes for unrealised capital gains.*
[43] *Impact of share purchase on the market as part of stock grant plans.*
[44] *Non-cash expenses, transaction fees, taxes on non-SIIC assets (excl. Property Development) and GP impact.*

INDICATIVE FINANCIAL CALENDAR:

General Meeting of shareholders: 11 May 2017

ABOUT ALTAREA COGEDIM - FR0000033219 - ALTA

Altarea Cogedim is the premier real estate developer for metropolises. As both a commercial land owner and developer, it operates in all three main classes of property assets: retail, residential and 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 €4.5 billion. Listed on compartment A of Euronext Paris, Altarea had a market capitalisation of €2.8 billion at 31 December 2016.

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DISCLAIMER

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

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

BUSINESS REVIEW
31 December 2016

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1.1 INTRODUCTION

1.1.1 Altarea Cogedim's unique model

1.1.1.1 THE PREMIER REAL ESTATE DEVELOPER OF FRENCH METROPOLISES

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 million m² (all products combined), or €14.7 billion in market value.

Secured pipeline (by product)	Surface areas (m²)[a]	Potential value (€m)[b]
Shopping centres	468,600	2,871
Convenience retail	160,400	471
Offices [c]	498,600	3,167
Residential	1,934,400	8,146
Total	**3,062,000**	**14,655**

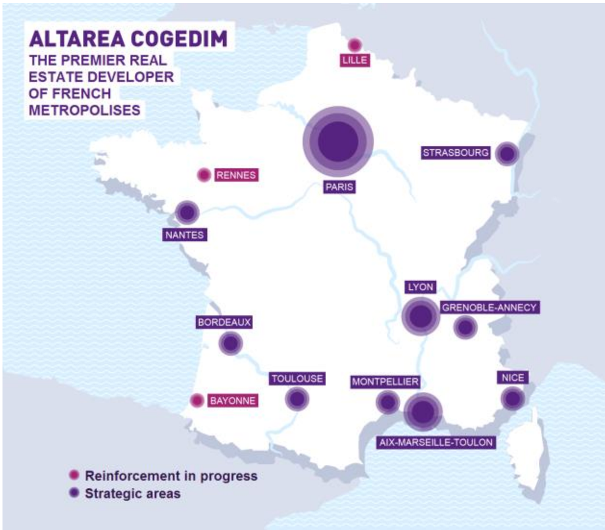
(a) Shopping centres and convenience stores surface area: GLA in m² created.
Office floor area: Floor surface area or usable surface area.
Surface area residential: SHAB (property for sale + future offering).
(b)Market value incl. taxes as of delivery date.
Shopping centre value: net rental income capitalised at a market rate.
Value of convenience stores: sales revenue.
Value of offices: 100% (excl. tax) of the amounts signed for off-plan/property development contracts, or share of capitalised fees for delegated project management, and market value for AltaFund.
(c) Projects under development not yet sold or rented ("properties for sale").

This project portfolio is almost exclusively managed in the form of options or sale agreements that the Group can activate according to commercial and financial criteria, which enables the management of the Group's pace of commitments.

Partnering with French metropolises[45],

The Group focuses its activities on approximately 12 metropolises in France[46], which hold most of France's demographic[47] and economic growth[48] on less than 10% of its land[49] area. The Group has also set itself up in the Basque Country, in Bayonne. This regional targeting allows us to take advantage of the dynamic of growing areas.

Secured pipeline (by metropolitan area)	Surface areas (m²)[a]	Potential value (€m)[b]
Grand Paris	1,572,200	8,584
Métropole Nice-Côte d'Azur	212,900	1,582
Marseille-Aix-Toulon	264,700	929
Toulouse Métropole	212,400	691
Grand Lyon	112,000	430
Grenoble-Annecy	84,900	326
Nantes Métropole	69,400	239
Bordeaux Métropole	239,400	947
Eurométropole de Strasbourg	56,700	199
Métropole Européenne de Lille	62,000	127
Montpellier Méditerranée Métropole	42,800	128
Italy	44,700	174
Spain	22,400	71
Autres	65,500	228
Total	**3,062,000**	**14,655**



REIT/Developer model

The capital employed by the Group is mainly allocated to retail real estate development, which derives its growth from executing the developed projects and maintaining them as standing assets (owned 100% or in partnership). The other asset classes (such as offices and residential,etc.) are held for sale to third parties, generating significant profits on a relatively moderate balance sheet commitment given the scale of the Group.

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45 Dominant urban district concentrating at a local level the population's, activities' and wealth's flows within a regional area, for a population of more than 300,000 inhabitants. On August 7th, 2015, the Law concerning the New Territorial Organisation of the Republic (NOTRe) gave new warrants to the regions' authorities, and redefined those granted to each local authority.
46 Grand Paris, Métropole Nice Côte d'Azur, Marseille-Aix-Toulon, Toulouse Métropole, Grand Lyon, Grenoble-Annecy, Nantes Métropole, Bordeaux Métropole, Eurométropole de Strasbourg, Métropole Européenne de Lille, Montpellier Méditerranée Métropole, Rennes Métropole.
47 The population of the 12 French cities where the Group's operations are concentrated has increased by 780,000 in the last five years (Source: Insee).
48 Average household income by taxable household is 15% higher than the national average (Source: Insee).
49 9.5% of the country territories account for more than 71% of GDP (Source: Insee).

1.1.1.2 SIGNIFICANT EVENTS OF THE YEAR

Equity reinforcement : €369 million raised

In 2016, Altarea Cogedim reinforced its equity by €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[50] level to 37.2% compared with 44.5% as at 31 December 2015.

Property Development: a strong year for deliveries

In 2016, the Group delivered two shopping centres: L'Avenue 83 in Toulon-La Valette (54,000 m²) and Le Parks in Paris (33,000 m²), as well as the first instalment of the redevelopment of the Cap 3000 centre in Nice (87,000 m²).

Travel retail: finalisation of the agreements on the Montparnasse and Austerlitz stations

In 2016 Altarea Cogedim signed a promise for a temporary occupation authorisation[51] from the Paris-Austerlitz train station and for a public spaces temporary occupation agreement[52] from the the Paris-Montparnasse station. The Group is thus expanding its portfolio of Parisian train stations[53] and strengthening its position as the leader in travel retail in France[54].

Property Development: very sharp increase in new orders (€2,884m, +46%)[55]

Boosted by a favourable environment, Property Development experienced very strong growth, in Residential in particular (+61% to €2,286m incl. tax, corresponding to 10,011 units). Excluding Pitch (company acquired in February 2016), the number of units sold was 8,372, up 39%[56].

New orders (€m, including tax)	2016	2015	*Change*
Residential	2,286	1,417	*+61%*
Nb units	*10,011*	*6,011*	*+67%*
Offices	598	563	*+6%*
Total	**2,884**	**1,980**	***+46%***

Leadership in large mixed-use urban projects

Large-scale mixed-use urban projects have in common the development of complex real estate programmes blending residential, retail and office spaces, along with public and leisure amenities such as hotel, cultural and sports complexes. In recent years, the Group has become the undisputed leader in this area by providing cities with an integrated real estate solution, thanks to its multi-product expertise. In 2016, the Group further strengthened its position by winning three major projects (Coeur d'Issy, Bordeaux Belvédère[57] and Bobigny-La Place) for a total floor area of 342,000 m².

The number of large urban projects in the pipeline in assembly or under construction now includes 10 deals, for an area of approximately 732,000 m² with potential revenue of more than €2.1 billion[58].

Large Projects	Housing & Resid.	Retail	Offices	Total surface area(a)
Bezons Cœur de Ville	700 units	18,700 m²	–	66,000 m²
Strasbourg Fischer	561 units	3,900 m²	–	42,000 m²
Hospices Civils Lyon	250 units	3,400 m²	–	17,000 m²
Toulouse Montaudran	635 units	12,400 m²	19,400 m²	75,000 m²
Gif sur Yvette	816 units	5,100 m²	–	52,000 m²
Massy	693 units	20,000 m²	6,400 m²	74,000 m²
Villeurbanne	756 units	3,500 m²	14,700 m²	64,000 m²
Bordeaux Belvédère	1,236 units	11,200 m²	53,500 m²	135,000 m²
Issy Cœur de ville	713 units	15,400 m²	40,000 m²	100,000 m²
Bobigny - La Place	1,425 units	13,600 m²	10,000 m²	107,000 m²
TOTAL	**7,785 units**	**107,200 m²**	**144,000 m²**	**732,000 m²**
Group share	*6,536 units*	*98,000 m²*	*117,700 m²*	*625,100 m²*

(a) Floor surface area.

Environmental efforts: always one length ahead

Altarea Cogedim won 1st place among the retail REITs evaluated by GRESB 2016[59], which ranks the best-performing real estate companies in the world. With an outstanding mark of 92/100 (up 6 points from 2015), the Group was granted the "Sector Leader" rank.

Altarea Cogedim became the first French commercial property company to obtain environmental certification for all assets managed: 100% of the Standing Assets are certified BREEAM In-Use[60].

Finally, Altarea Cogedim was also repeatedly singled out for its commitment during the year:

• Marques Avenue A13, the first retail park designed exclusively in wood, received the trophy of the CCNC[61] - Sustainable Development category;

• L'Avenue 83 and Cogedim Store (in Bercy Village) were each awarded the label Janus of Trade 2016 by the IFD[62];

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

50 Indebtness ratio. Consolidated net debt/Restated value of assets including transfer duties.
51 Autorisation d'Occupation Temporaire (AOT).
52 Convention d'Occupation Temporaire du Domaine Public (COTDP).
53 The Group already manages the commercial spaces of the Gare du Nord and the Gare de l'Est.
54 Travel retail in train stations.
55 O/w €686 for Pitch Promotion.
56 Pitch Promotion new orders have been taken into account from 1st January 2016.

57 The Group is involved on a 50% basis in this co-development project.
58 As Group share.
59 The Global Real Estate Sustainability Benchmark is a highly-regarded ranking system, assessing each year the CSR performance of the companies in the real estate sector (733 companies and funds tared in 2016).
60 BRE Environmental Assessment Method in-Use. Certification for environmental performance of building operation. Developed by the Building Research Establishment (BRE), it is now applicable throughout the world through the BREEAM in-Use International pilot standard.
61 This award was presented during the SIEC, the professional exhibition of retail and commercial real estate held in Paris in June.
62 Awarded each year by the French Institute for Design, this label recognises companies that use design and innovation for the benefit of consumers.

Digital transformation

Always on the cutting edge of new urban uses for its clients, Altarea Cogedim has committed itself to digital transformation by creating a Digitisation and Innovation Department. This department, serving all business lines, aims to make digital innovation a core process in the Group's operations, striving to develop the agility, growth and ultimately the performance of the Altarea Cogedim ecosystem.

Human resources and value-sharing

The Group considers identifying and recruiting talent as key to its short, medium and long-term success. With 1,394 employees (316 permanent[63] hired in 2016), Altarea Cogedim offers professional careers with a wealth of opportunities. Coming to work for Altarea Cogedim means choosing a Group with strong values and innovative projects, where results obtained are recognised and the value created is shared. Nearly 113,000 shares have been attributed to all the staff with the 2016 plans, accompanied by performance criteria (both individual and collective) and agreements to increase working time.

63 Excluding Histoire & Patrimoine, including Pitch Promotion.

1.2 BUSINESS REVIEW

1.2.1 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 future growth in rents will be generated by the entry into operations of large secured projects whose size (in terms of rent) represents around 72% of the current portfolio: potential rents amounting to €158.1 million compared to a current portfolio generating €218.4 million[64] in rent today.

1.2.1.1 RETAIL REIT

	Assets in operation			Projects under development		
31 December 2016	GLA (m²)	Gross rent current (€m)[d]	Value assessed by specialist (€m)[e]	GLA created (m²)	Gross rent projected (€m)	Net investments (€m)[f]
Controlled assets (fully consolidated)[a]	**702,700**	**190.2**	**4,089**	**410,200**	**150.7**	**1,998**
Group share	*553,300*	*135.5*	*2,811*	*385,500*	*126.0*	*1,720*
Share of minority interests	*149,400*	*54.7*	*1,278*	*24,700*	*24.7*	*279*
Equity assets [b]	**138,400**	**28.2**	**423**	**58,400**	**7.5**	**84**
Group share	*65,700*	*13.2*	*206*	*29,200*	*3.7*	*42*
Share of third parties	*72,700*	*15.0*	*217*	*29,200*	*3.7*	*42*
Total Portfolio assets	**841,100**	**218.4**	**4,512**	**468,600**	**158.1**	**2,082**
Group share	*619,000*	*148.7*	*3,018*	*414,700*	*129.7*	*1,762*
Share of third parties	*222,100*	*69.7*	*1,495*	*53,900*	*28.4*	*321*
Management for third parties [c]	**167,200**	**35.4**	**610**	**-**	**-**	**-**
Total assets under management	**1,008,300**	**253.8**	**5,122**	**468,600**	**158.1**	**2,082**
Group share	*619,000*	*148.7*	*3,018*	*414,700*	*129.7*	*1,762*
Share of third parties	*389,300*	*105.1*	*2,105*	*53,900*	*28.4*	*321*

(a) Assets in which Altarea Cogedim holds shares and over which Altarea Cogedim exercises operational control. Fully consolidated in the consolidated financial statements.
(b) Assets in which Altarea Cogedim is not the majority shareholder, but for which Altarea Cogedim 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 Cogedim with a management mandate for an initial period of three to five years, renewable.
(d) Rental value on signed leases at January 1st, 2017.
(e) Appraisal value including transfer duties.
(f) Total budget including interest expenses and internal costs.

[64] *Figures at 100%.*

Economic environment

Economic conditions improved slightly during the year, leading to a 1.1% growth in GDP[65]. The first 9 months of 2016 showed a modest but real recovery, despite a slowdown in the middle of the year, marked by strikes and attacks. The end of the year was more difficult for retail businesses in France, in a climate of political uncertainty and a wait-and-see approach.

Household consumption in France saw an overall increase of 1.9%[66], buoyed in particular by an increase of +11.3%[67] in capital spending in the housing sector.

The French shopping centre performance indicator (CNCC[68] index) was down, with tenants' revenues falling by −0.4%[69].

Operational performance

Revenue[70] and shopping centre traffic[71]

Total shopping centres	Sales (incl. tax)	Footfall
France	+1.1%	+1.3%
International	+2.0%	+0.6%
Total	**+1.2%**	**+1.2%**
Benchmark France (CNCC)	*(0.4)%*	*(1.2)%*

Net consolidated rental income

2016 net rental income (IFRS) was €168.3 million, up 4.9%. The increase in rental income was primarily due to the opening of L'Avenue 83.

On a like-for-like basis, the 1.5% rise reflects the renegotiations and extensions occurring in late 2015 and throughout 2016.

	In €m	
Net rental income at 31 December 2015	**160.5**	
o/w disposals 2015	*2.9*	
o/w shopping centre under redevelopment (a)	*41.5*	
o/w at constant scope	*116.1*	
Centres opened	12.1	
Acquisitions	1.3	
Disposals	(2.9)	
Redevelopments	(4.0)	
Like-for-like changes	1.7	*+1.5%*
Indexation(b)	(0.3)	
Net rental income at 31 December 2016	**168.3**	*+4.9%*

(a) Cap 3000, Okabé, Massy.
(b) With respect to France: ILC (Commercial rent Index) 2016.

Centres opened

L'Avenue 83 (Toulon)

The Group officially opened the L'Avenue 83 shopping centre (Toulon-La-Valette du Var) in spring 2016, located in one of the most attractive shopping areas in France, in the heart of a developing neighbourhood, and with 226 residential units, 3,000 m² of office space and an 86-room hotel. This 54,000 m² centre offers a unique experience with a 14-metre wide shopping promenade enhanced by numerous architectural details. The success of this open air shopping and leisure centre arranged around a California-style mall has exceeded the Group's expectations.

The centre has had 4.3 million visitors in 8 months of operation, and the revenue generated by the stores in that period are especially remarkable for a launch year.

The commercial offering is organised on three themes:

• "Fashion" with Primark, Stradivarius, Pull & Bear, etc.;

• "Sport" With Intersport, Nike, JD Sport, etc.;

• "Leisure" with the Pathé cinema (15 screens including the first Laser IMAX screen in France), a fitness centre, as well as 6,000 m² of restaurants, including 2,000 m² of terraces (20 restaurants).

Nearly 50,000 clients had signed up for the loyalty program by the end of December. The number of Facebook fans has passed the 30,000 barrier, and the mobile application has been downloaded over 25,000 times[72]. The Group introduced an additional offering of a digital food court, enabling customers to reserve their table and place orders in L'Avenue 83 restaurants from their app.

L'Avenue 83 received the Janus du Commerce label for 2016[73].

Le Parks (Paris, 19th arrondissement)

During the year 2016 the Group opened Le Parks, a set of shops on the ground floor of an urban building located in a changing Paris neighbourhood, also including residential and office space.

This shopping centre is located 100 meters from the new RER E Rosa Parks station (50,000 passengers per day) and is crossed by the T3 tram at the central plaza around which the whole project is built. It also located near a UGC cinema (14 screens), and offers 30 new shops spread over 33,000 m², half of which are restaurants.

This retail complex, in which a single tenant runs 600 metres along the Boulevard Macdonald, hosts a wide variety of outlets:

• Food, with the first Leclerc in Paris (4,300 m² GLA) offering many areas for dining and snacking;

• Home improvements, with Leroy Merlin, which opened on February 1st, 2017, with nearly 12,000 m² GLA on two levels;

• Sport, with the largest Decathlon in Paris (6,000 m²) offering an extensive range of running and swimming items;

[65] *Source: INSEE. Gross domestic product in Q4 2016, compared to Q4 2015.*
[66] *Source: INSEE. Household consumption of goods from December 2015 to December 2016, compared to household consumption from December 2014 to December 2015.*
[67] *Source: INSEE. Sales of manufactured products and housing sales.*
[68] *Conseil National des Centres Commerciaux. French professional organisation of all shopping centre industry professionals, which publishes an index of revenue earned in the shopping centres of the member companies.*
[69] *Source: CNCC, change in tenant revenue on a like-for-like basis at 31 December 2016.*
[70] *Change in tenants' revenue on a like-for-like basis (i.e., for retailers trading for at least the last 24 months). Excluding assets being redeveloped or in arbitrage.*
[71] *Like-for-like change in revenue from shopping centre tenants, excluding assets under refurbishment or in arbitrage.*

[72] *Data at 31 December 2016.*
[73] *Awarded each year by the French Institute for Design, this label recognises companies that use design and innovation for the benefit of consumers.*

• As well as an attractive array of first-class chains (Boulanger, Aubert, Basic Fit, etc.).

The centre also boasts a 590-car public parking garage.

Redevelopments

2016 saw the completion of the refurbishment of two of the Group's major assets, Carré de Soie in Lyon and Cap 3000 in Saint-Laurent-du-Var (near Nice). These redevelopments carried out in 2015 and 2016 constitute a first step in the upgrading of these two centres.

Carré de Soie

This centre is occupied by several new leisure chains (Mini-World, L'Appart Fitness, Nike Factory) that round out the leisure offerings already offered at the centre (Pathé, Gibert Joseph) and nearby (Hippodrome). As a direct consequence of the latest openings, footfall has increased steadily during the second half of the year (+5% on 12 consecutive months). The arrival of Carrefour scheduled for late 2017 should increase the number of shoppers further and retain their loyalty.

In addition, several Cogedim residential programmes (Existen'Ciel and Evidence) and offices (View One) are under construction in the immediate vicinity of the Centre and will extend its primary catchment area.

Cap 3000

Since 2015, the Group has undertaken the refurbishment and renovation of the Cap 3000 shopping centre in St-Laurent-du-Var, refashioning the inner structure of the centre to combine shopping, leisure, digital, and services. The number of parking spaces has also been significantly increased, to more than 3,500. This asset has an outstanding location with a strong regional draw. It boasts powerful retail programming, with new chains such as Levi's for Women, Uniqlo, Timberland, Alice Délice, Mauboussin, New Look, Prêt à Manger and Beef House. A medical facility has also been opened, to diversify the venues and create additional traffic.

An immersive screen of nearly 100 m² containing 2.5 million pixels was installed in the central plaza, along with four large pillars equipped with LED meshes to relay the content. This screen offers a novel, immersive experience with both artistic and commercial content. The arrangement, unique in the world, includes an integrated display in the base of the screen to announce events.

The first phase of work on the existing Centre was delivered at the end of September 2016. The extension works have started; this will gradually expand the centre to 300 shops on 135,000 m² of floor space (100,000 m² GLA), as compared to 140 shops and 85,000 m² of floor space today.

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

Leasing (leases signed)

At 100%	Number of leases	New rent (€m)	Change (€m)	%
Projects under development	95	12,1	12,1	*n/a*
Assets in operation	215	18,0	1,7	*+10%*
Total leasing activity	**310**	**30,1**	**13,8**	

In 2016, the Group signed up many innovative chains, enhancing the attractiveness of its standing assets and refreshing its portfolio (Mauboussin, Adidas, Mickael Kors, Nyx cosmetics and M.A.C). This was particularly the case at Bercy Village where food service has been expanded with the opening of the first Five Guys in France and Vapiano. Carrefour, Ikks Junior, Bensimmon and Levis also joined the Centre, which further benefits from being reopened on Sunday.

The Group has extended its partnership with the SNCF by signing, in early 2017, a rider to the temporary occupancy authorisation from the Gare de l'Est, allowing commercial space in the Saint-Martin hall to be expanded. The hall will thus welcome new ready-to-wear chains (Etam and Camaïeu).

France (91% of the portfolio)

Lease expiry schedule

Lease expiry date	In €m, at 100 %	% of total	3-year termination option	% of total
Past	8.5	*4.3%*	8.5	*4.3%*
2017	12.4	*6.3%*	25.2	*12.9%*
2018	13.5	*6.9%*	42.7	*21.8%*
2019	8.3	*4.3%*	37.9	*19.4%*
2020	18.7	*9.6%*	31.5	*16.1%*
2021	14.8	*7.6%*	20.0	*10.2%*
2022	16.0	*8.2%*	8.5	*4.3%*
2023	22.5	*11.5%*	8.9	*4.5%*
2024	28.2	*14.4%*	2.7	*1.4%*
2025	30.3	*15.5%*	5.9	*3.0%*
2026	17.3	*8.8%*	2.4	*1.2%*
2027	1.9	*1.0%*	–	*0.0%*
>2027	3.3	*1.7%*	1.5	*0.8%*
Total	**195.7**	**100%**	**195.7**	**100%**
o/w FC	*167.5*	*85.6%*		
o/w equity-method	*28.2*	*14.4%*		

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

Occupancy cost ratio[74], bad debt ratio[75] and financial vacancy rate[76]

	2016	2015	2014
Occupancy cost ratio	9.9%	9.9%	9.8%
Bad debt ratio	2.4%	1.9%	0.7%
Financial vacancy rate	2.7%	2.9%	3.4%

The Group renewed 15%[77] of its leases portfolio with the objective of improving the attractiveness of its commercial offering as well as its rental risk profile. This strategy has enabled the Group to realise some of the reversion potential[78] of the standing assets (+9%) with a limited increase in bad debts (2.4% vs 1.9% a year before), and to pave the way for growth in net rents in the coming years.

International (9% of the portfolio)

In Italy, the portfolio refocused on two assets in the North[79] shows solid performance with tenants revenue[80] up 0.3% and net rental income up 7.1%.

In the Sant Cugat centre in the suburbs of Barcelona, Spain, vacancy rates fell again (to less than 1% at 31 December 2016 against 1.6% at the end of 2015). The Group acquired the co-ownership units that it did not own, enabling the launch of a redevelopment operation to strengthen its leadership in its catchment area.

Management for third parties

As at 31 December 2016, assets managed for third parties represented €35.4 million in rental income, for a total value of €610 million, making a significant contribution to the growth in Altarea Commerce's fees.

Inventory of standing assets

The Group owns 41 sites (38 in France and 3 internationally) with an average unit value of €110 million (+12% from 2015).

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

Controlled assets[81] at 31 December 2016 represented €4,512 million, reflecting an increase of €691 million (+18.1%) during the year. This sharp increase is mainly explained by the deliveries during the year of L'Avenue 83 and Le Parks (€404 million) and the acquisition of co-ownership units on the Spanish balance sheet (€56 million).

in €m	Value(a)	
TOTAL at 31 December 2015	**3,821**	
Centres opened	404	
Acquisitions	56	
Disposals	(1)	
Like-for-like change	**232**	*+6.1%*
o/w France	223	
o/w International	9	
Total change	**691**	*+18.1%*
TOTAL at 31 December 2016	**4,512**	
o/w Group share	*3,018*	
o/w share of third parties	*1,495*	

(a) Assets controlled (fully consolidated) and assets consolidated under the equity method (figures à 100%).

Breakdown by type (€m)	2016		2015	
Regional shopping centres	2,900	*65%*	2,447	*64%*
Large retail parks (Family Village)	910	*20%*	845	*22%*
Local / downtown	702	*15%*	529	*14%*
TOTAL	**4,512**	*100%*	**3,821**	*100%*
o/w Group share	*3,018*		*2,606*	

Geographical distribution (€m)	2016		2015	
Paris Region	1,638	*36%*	1,398	*37%*
PACA/Rhône-Alpes/South	2,095	*47%*	1,709	*45%*
Other French regions	358	*8%*	357	*9%*
International (Lombardy & Barcelona)	421	*9%*	357	*9%*
TOTAL	**4,512**	*100%*	**3,821**	*100%*
o/w Group share	*3,018*		*2,606*	

Asset format		2016	2015	Change
France	Average value (€m)	108	96	*13%*
	Number of assets	38	36	*2*
International	Average value (€m)	140	119	*18%*
	Number of assets	3	3	*–*
TOTAL	**Average value (€m)**	**110**	**98**	***12%***
	Number of assets	**41**	**39**	***2***

Rate of return[82]

Average net rate of return, at 100 %	2016	2015
France	5.19%	5.26%
International	6.25%	6.69%
TOTAL Portfolio	**5.28%**	**5.40%**

[74] *Ratio of billed rents and expenses to tenants (including reductions) to sales revenue. Calculated including tax and at 100%, excluding property being redeveloped and in arbitrage.*
[75] *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.*
[76] *Estimated rental value of vacant units (ERV) as a percentage of total estimated rental value. Excluding property being redeveloped and in arbitrage.*
[77] *Ratio between the number of existing or vacant leases renewed and relet over the year, compared to the number of leases at the beginning of the year. (excluding redevelopments and assets managed for third parties). In France.*
[78] *Ratio of rental income for existing or vacant leases renewed and relet over the year, compared to the rental income at the years' beginning (excluding redevelopments and assets managed for third parties). In France.*
[79] *Le Due Torri and La Corte Lombarda outside Bergamo.*
[80] *Change in cumulative tenant revenue on a like-for-like basis at 31 December 2016.*
[81] *Consolidation and equity-method recognition.*

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

Appraisal values

The valuation of the Group's assets 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 Évaluation 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. transfer duties
Jones Lang LaSalle	France	28%
Cushman & Wakefield	France & International	72%

Top rank worldwide among retail REITS evaluated by GRESB

In 2016 Altarea Cogedim was rewarded with the first place among retail REITs evaluated by GRESB (Global Real Estate Sustainability Benchmark). This highly regarded ranking evaluates each year the CSR of the companies in the real estate sector in terms of sustainable development. In 2016, 733 companies and funds from around the world were evaluated.

Altarea Cogedim moved up from "Green Star" level to "Sector Leader" by earning the extraordinary score of 92/100 (up 6 points from 2015). The Group was ranked first worldwide among 129 retail REITs, including listed and unlisted companies.

Altarea Cogedim ranked first in Europe among all listed companies involved in real estate, which numbered 84. This was good for 2nd place among 197 listed companies globally.

This top rank among retail REITs and Europe-wide among all types of real estate companies for our corporate social responsibility (CSR) recognises the deep involvement of our people in all of the Group's real estate projects. It also results from the broadening of our CSR efforts into new issues such as well-being and improving the social footprint of our projects. These efforts help the long-term performance of Altarea Cogedim and reflect its commitment to all parties in the urban landscape.

Retail REIT: Portfolio composition at 31 December 2016

Centre	GLA in m²	Gross rent (€m)[e]	Value (€m)[f]	o/w Group share: Share	o/w Group share: Value (€m)[f]	o/w share of third: Share	o/w share of third: Value (€m)[f]
Nice - Cap 3000	69,600			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	6,600			100%		-	
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 - L'Avenue 83	53,900			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			100%		–	
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)	7,600			100%		n/a	
Sub-total France	**627,400**	**167.5**	**3,668**		**2,390**		**1,278**
Barcelona - San Cugat	20,500			100%		–	
Le Due Torri	33,700			100%		–	
Bellinzago	21,100			100%		–	
Sub-total International	**75,300**	**22.7**	**421**		**421**		**–**
Controlled assets (fully consolidated) [a]	**702,700**	**190.2**	**4,089**		**2,811**		**1,278**
Aix en Provence - Jas de Bouffan [b]	5,200			50%		50%	
Lyon - Carré de Soie	55,800			50%		50%	
Paris - Le Parks	33,300			50%		50%	
Paris - Les Boutiques Gare du Nord	4,600			40%		60%	
Châlons - Hôtel de Ville	5,300			40%		60%	
Roubaix - Espace Grand' Rue	13,400			33%		67%	
Various shopping centres (2 assets)	20,800			49%		51%	
Equity assets [c]	**138,400**	**28.2**	**423**		**206**		**217**
Total Portfolio assets	**841,100**	**218.4**	**4,512**		**3,018**		**1,495**
Assets managed for third parties [d]	**167,200**	**35.4**	**610**		**–**		**610**
Total assets under management	**1,008,300**	**253.8**	**5,122**		**3,018**		**2,105**

(a) Assets in which Altarea holds shares and over which Altarea exercises operational control. Fully consolidated in the consolidated financial statements.
(b) Aix en Provence shopping centre expansion.
(c) 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.
(d) Assets held entirely by third parties who entrusted Altarea with a management mandate for an initial period of three to five years, renewable.
(e) Rental value on signed leases at January 1st, 2017.
(f) Including transfer duties.

1.2.1.2 SHOPPING CENTRES UNDER DEVELOPMENT

Development pipeline

As a REIT, the Group is focused on initiatives to restructure and develop three product types:

• large regional shopping centres;

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

• Family Villages® (large retail parks).

At 31 December 2016, these initiatives represented a development pipeline of more than €2 billion in investments (at 100%).

Compared with standing assets in operation, this pipeline represents potential additional rental income of about 72% of the REIT's current rental income.[83].

	GLA in m² (c)	Proj. gross rental income (€m)	Net Invest. (€m) (d)	Proj. return Gross
Controlled projects (fully consolidated) (a)	**410,200**	**150.7**	**1,998**	**7.5%**
Group share	*385,500*	*126.0*	*1,720*	
Share of minority interests	*24,700*	*24.7*	*279*	
Equity projects (b)	**58,400**	**7.5**	**84**	**8.9%**
Group share	*29,200*	*3.7*	*42*	
Share of third parties	*29,200*	*3.7*	*42*	
Total	**468,600**	**158.1**	**2,082**	**7.6%**
Group share	***414,700***	***129.7***	***1,762***	***7.4%***

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

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

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

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

The total development pipeline declined by €466 million (at 100%) versus 31 December 2015, owing to:

• the deliveries of L'Avenue 83 (Toulon), the Le Parks (Paris) centre, the first instalment of the refurbishment and extension of Cap 3000 (Saint-Laurent-du-Var) and Carré de Soie in Lyon;

• offset by the winning of the competition in Issy-les-Moulineaux (Cœur de Ville), and the start of the expansion programme at Sant Cugat (Spain).

In addition, some programmes were expanded or reduced to meet the needs of their markets.

[83] *Gross rental income of the pipeline: €158.1 million compared to €218.4 million on existing assets (figures at 100% excluding assets managed for third parties).*

Geographic Breakdown

This pipeline[84] is primarily located in the Grand Paris and the fastest growing metropolises.

	GLA in m²	Proj. gross rental income (€m)	Net Invest. (€m)	%
Paris	43,900	25.0	356	*17%*
Grand Paris	245,100	65.8	931	*45%*
Large metropolises	179,600	67.3	796	*38%*
Total	**468,600**	**158.1**	**2,082**	***100%***

Secured Pipeline

The Group reports only on projects that are secured or underway.[85] This pipeline does not include certain identified projects on which development teams are currently in talks or carrying out advanced studies.

In €m, net	At 100%	%	Group share
Committed	560	*27%*	239
o/w paid out	*307*	*15%*	*74*
Remaining to be paid out	*253*	*12%*	*166*
Secured not committed	1,522	*73%*	1,522
Total	2,082	*100%*	**1,762**

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

The year's production

Leases signed

During the year, 95 leases were signed for the assets in the pipeline, for a total of nearly €12.1 million in rents. These leases mainly involved projects delivered during the year (L'Avenue 83 and Le Parks), soon to be delivered (Promenade de Flandre) or in the construction phase (Cap 3000 expansion).

Investments carried out for projects under development

Over the year, the Group invested[86] €214 million in its shopping centre project portfolio on a Group-share basis.

These investments mainly related to:

• Investments in recently delivered centres (L'Avenue 83 and Le Parks);

• Shopping centres under construction and/or redevelopment (largely Cap 3000 and Promenade de Flandre);

[84] *At 100%.*

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

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

• and the projects under development on the Parisian rail stations (signing of occupancy authorisations).

Travel retail: The Paris-Austerlitz and Paris-Montparnasse rail stations

In 2014, Altarea Cogedim 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. The public space temporary occupancy agreement for the Paris Monparnasse station was signed on 21 December 2016 for a term of 30 years after the outlets are open to the public.

In 2015, Altarea Cogedim 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 completion of the existing property redevelopment during the fourth quarter of 2016 has facilitated the acceleration of the expansion works. The works will be completed in several phases, with a first delivery in 2017 that will diversify the retail venues by welcoming Alice Delice, Hema (housewares), Benetton, Adidas, Timberland (clothing) and Bocage (footwear).

The works will be fully completed during 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 of the redevelopment and the extension amounts to over €400 million, bringing to over €1 billion the total invested in the centre since it was acquired, with a gross rents target of approximately €75 million.

Deliveries scheduled for 2017

In 2017, the Group will deliver Promenade de Flandre, a 60,000 m² retail park in Roncq, near the Belgian border, next to the fourth largest hypermarket in France and at the heart of a powerful cross-border catchment area. This centre will include five large stores and 24 medium-sized ones, as well as shops and restaurants. At 31 December 2016, this retail park was nearly 90% let.

New programmes

Issy Cœur de ville

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

The Group will develop a genuine downtown of over 100,000 m², including 15,000 m² of retail space positioned from the outset to be about nature, innovation and the shopping experience and combining neighbourhood convenience with services matching the needs of the people of Issy. These retail assets should be retained in the Group's portfolio.

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.

Bobigny

In November Altarea Cogedim was designated the sole investor-operator in the new city centre project in Bobigny of over 107,000 m².

This mixed-use project will house an urban, innovative retail space, with mixed venues of some 13,600 m² including a cinema, a fitness studio, 10,000 m² of offices and over 1,400 residential units. A 1,700 m² central plaza will become the meeting place for all residents of the neighbourhood.

Sant Cugat

The Group acquired the co-ownership units that it did not own, enabling it to launch a redevelopment operation to strengthen its leadership in its catchment area.

RETAIL REIT: Centres under development at 31 December 2016

		At 100%				Group share		
Centre	**Creation/Redevel. /Expansion**	**m² GLA created (a)**	**Gross rent (€m)**	**Net Invest. (€m) (b)**	**Yield**	**GLA in m² created (a)**	**Gross rent (€m)**	**Net Invest (€m) (b)**
Nice - Cap 3000	Redev./ Expansion	37,000				12,300		
Massy - -X%	Redev./ Expansion	37,000				37,000		
Issy - Cœur de ville	Creation	15,400				15,400		
Chartres	Creation	42,600				42,600		
Paris Region	Redev./ Expansion	86,000				86,000		
Paris - Gare Montparnasse	Creation	18,200				18,200		
Paris - Gare d'Austerlitz	Creation	25,600				25,600		
Other (6 operations)		74,000				74,000		
Developments - France		**343,100**	**134.4**	**1,779**	**7.6%**	**318,400**	**109.8**	**1,501**
Sant Cugat	Redev./ Expansion	22,400				22,400		
Ponte Parodi (Genoa)	Creation	36,700				36,700		
Le Due Torri (Lombardy)	Redev./ Expansion	8,000				8,000		
Developments - International		**67,100**	**16.2**	**219**	**7.4%**	**67,100**	**16.2**	**219**
Controlled developments (fully consolidated)		**410,200**	**150.7**	**1,998**	**7.5%**	**385,500**	**126.0**	**1,720**
Roncq - Promenade de Flandre	Creation	58,400				29,200		
Equity-method developments		**58,400**	**7.5**	**84**	**8.9%**	**29,200**	**3.7**	**42**
Total at 31 December 2016		**468,600**	**158.1**	**2,082**	**7.6%**	**414,700**	**129.7**	**1,762**
o/w redevelopments/ expansions		*259,400*	*103.5*	*1,349*	*7.7%*	*234,700*	*78.9*	*1,071*
o/w asset creation		*209,200*	*54.6*	*733*	*7.5%*	*180,000*	*50.9*	*691*

(a) Total GLA (Gross Leasable Area) created, excluding off-plan developments for third parties. For renovation/expansion projects, figures represent additional GLA created.
(b) Total budget including interest expenses and internal costs.

1.2.2 Property Development

Altarea Cogedim's Property Development business is operated under three trademarks, each having its own operational autonomy: Cogedim, Histoire & Patrimoine[87] and Pitch Promotion[88].

Cumulative new orders in the Property Development business (Residential and Office Property) represented €2,884[89] million in 2016, up 46% from 2015.

With revenue of €1,370 million (up 35% over 2015) and an operating margin[90] of 8%, Property Development contributed to the significant increase in the Group's consolidated results in 2016.

1.2.2.1 RESIDENTIAL

The 2016 Residential market and its outlook

With 21% growth from 2015, new residential property sales reached nearly 150,000 units by the end of 2016[91]. The residential market as a whole, including both investors and homeowners, enjoyed continued low interest rates[92] and effective incentives in the Pinel programme and increased Zero Rate Loans (ZRLs).

This bright spell for the market was also seen in figures for construction permits (+14.8% for the last 12 months) and started constructions (+10%)[93].

The market is expected to stay at a high level in 2017, benefiting from continued attractive interest rates, although having slightly risen since December, and of continued broad incentive measures (Pinel programme and ZRLs), which are not questioned by any of the major presidential candidates.

Products policy

A broad, demand-sensitive range of products

With a presence in the 12 regional capitals[94] with the greatest growth, the Group targets high-demand areas where the demand for housing is the greatest.

With its three trademarks (Cogedim, Pitch Promotion and Histoire & Patrimoine), Altarea Cogedim has a broad product offering, enabling it to perfectly meet the needs of every market segment:

• High-end products[95]: these products are defined by high-end requirements in terms of location, architecture and quality. They represent 23% of the Group's new orders;

• Mid-range and entry-level[96]: these programmes, which accounted for 65% of the Group's new orders in 2016, are specifically designed to:

- 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: the Group is developing a broad range (student, tourist/business, exclusive residences, etc.), which represented 10% of new orders in 2016. In addition, 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 2016 three Cogedim Club residences were officially opened in Chambéry, Pégomas near Cannes and Montpellier, bringing the number of residences opened to seven;

Divided ownership sales: under the Cogedim Patrimoine brand, the Group develops programmes under a French government policy known as social rental usufruct. This additional offering, while meeting the need for low-cost housing in high-demand areas and thereby helping out local communities, provides an alternative investment product for private investors;

• Renovation of historical sites: under the Histoire & Patrimoine brand, the Group has a range of products for Historical Monuments, Malraux Law properties and Real Estate Tax Losses.

In all of these ranges and its brands, the Group stands out by its signature, a guarantee of quality, innovation and environmental commitment.

Almost all the Group's operations are certified NF Habitat, a true benchmark of quality and performance of the housing, guaranteeing enhanced comfort and energy savings.

The Group strives to stay ahead of its clients' expectations. An expert team of architects and interior designers analyse, model and anticipate tomorrow's habits. The plans offer adjustable build-outs, tailored to family structures and lifestyles.

Customised services: "You'll see the difference with Cogedim"

Under the Cogedim brand, the Group offers customised and differentiating services:

• In June 2016 in Bercy Village (Paris 12th arrondissement) the Group opened its first Cogedim Store, a unique place dedicated to housing which was awarded the Janus label in 2016. This location, combining the real and the virtual, makes easy the every-day practicalities and offers a new form of assistance to customers seeking a home. This innovative and futuristic space of over 600 m² offers a unique experience: to-scale apartments, a room with a selection of ranges, and immersive digital experiences;

[87] Company 50% owned.
[88] Company 100% acquired in February 2016.
[89] Of this total, Pitch Promotion represents €688 million.
[90] Operating income over revenue.
[91] 148,618 units; Source: FPI 2016.
[92] Interest rates on real estate lending in France reached a low in November 2016 of 1.31% and averaged 1.34% in December 2016 (Observatoire du Crédit Logement).
[93] Source: Ministry of Sustainable Development. Housing construction - November 2016.
[94] Grand Paris, Métropole Nice Côte d'Azur, Marseille-Aix-Toulon, Toulouse Métropole, Grand Lyon, Grenoble-Annecy, Nantes Métropole, Bordeaux Métropole, Eurométropole de Strasbourg, Métropole Européenne de Lille, Montpellier Méditerranée Métropole, Rennes Métropole. The Group is also present in Bayonne.
[95] Programmes at over €5,000 per m² in the Paris Region and over €3,600 per m² in other regions, as well as exclusive programmes.
[96] Programmes under €5,000 per m² in the Paris Region and under €3,600 per m² in other regions, as well as exclusive programmes.

• Personalised housing: customers enjoy a variety of materials, several decorative atmospheres and several interior fitting schemes; In addition, special customisation kits have been put together: the "ready to rent" kit, designed to simplify life for investor customers, the "ready to live" kit for homebuyers, the "security kit" and the "connection kit" with the most state-of-the-art and best technology;

• a single point of contact for a simplified purchase path: a customer relationship manager is at the customer's side from the signing of the reservation contract onwards and supports them through to delivery providing a bespoke service. He or she is the single point of contact providing guidance to customers at each stage;

• a rental management offer to individual investors: with the creation of Cogedim Gestion & Services, combining the skills of Altarea Cogedim and Histoire & Patrimoine Gestion, the Group has developed strong synergies for rental and condominium management;

The Group also has a shared platform, Altarea Cogedim Partenaires, which offers all of our partners (financial advisers) and their customers the same customised benefits and services as the three brands Cogedim, Histoire & Patrimoine and Pitch Promotion: customer support, training, efficient tools for sales support and daily communication about the Group's offers and news.

Residential: reservations up +61%[97] in terms of value (+67% in terms of volume)

Reservations by volume and value

The Group's reservations for new housing amounted to €2,286 million,[98] in 2016 for 10,011 units (+61% in terms of value[99] and +67% in terms of volume).

	2016	2015	Change
Retail sales	1 598	898	+78%
Block sales	688	519	+33%
Total (€m)	**2 286**	**1 417**	**+61%**
Retail sales	5 964	3 396	+76%
Block sales	4 047	2 615	+55%
Total (number of units)	**10 011**	**6 011**	**+67%**

Breaking the 10,000 unit barrier for the first time, the Group turned in its best sales performance ever, with growth in volume of 67%, versus +21% for the market.

Reservations for the year were primarily driven by retail sales, which rose 78% from 2015, taking full advantage of the re-growth of solvency by households (low interest rates, ZRLs, the Pinel programme, etc.)

Block sales rose 33%: the Group is a preferred partner of investors, both for subsidised housing and intermediate or market-rate housing.

With its three brands, the Altarea Cogedim product offering is suitable for segments whose needs are growing while remaining a significant player in the high-end segment. The average price per unit sold was €228,000, including taxes.

Reservations by product range

Number of units	2016	%	2015	%	Change
Entry-level / mid-range	6,561	65%	3,977	66%	
High-end	2,275	23%	1,312	22%	
Serviced Residences	*941*		*510*		
Residential Services & Renovation	*65*		*47*		
Total Res. Services	1,006	10%	557	9%	
Renovation	169	2%	166	3%	
Total	**10,011**		**6,011**		**+67%**

Notarised sales: +49%[100]

In €m (incl. tax)	2016	%	2015	%	Change
Entry-level / mid-range	1,080	61%	669	56%	
High-end	542	30%	375	31%	
Serviced Residences	*90*		*122*		
Residential Services & Renovation	*11*		*4*		
Total Res. Services	101	6%	126	11%	
Renovation	60	3%	28	2%	
Total	**1,783**		**1,198**		**+49%**

Improvement in all performance indicators (Revenue, backlog)

Revenue: +21%[101]

In €m excl. tax	2016	%	2015	%	Change
Entry-level / mid-range	659	62%	491	56%	
High-end	356	33%	332	38%	
Serviced Residences	52	5%	60	7%	
Total	**1,067**		**883**		**+21%**

Considering the gap associated with the percentage of completion accounting method, the growth in business recorded since 2015 should have a greater impact on revenue in 2017.

Outlook

All the operational indicators reflecting the Group's outlook (backlog, commercial launches, property supply and pipeline) were up significantly from 2015.

[97] *Reservations net of cancellations, with Histoire & Patrimoine reservations accounted for in proportion to the Group share of ownership (55%).*
[98] *(incl. tax)*
[99] *Like-for-like (excluding Pitch Promotion) reservations for new housing were up by +35% in value terms and +39% in volume terms.*

[100] *Like-for-like, notarised sales were up by +24%.*
[101] *Revenues recognised according to the percentage-of-completion method in accordance with IAS 18. The percentage of completion is calculated according to the stage of construction not including land.*

Residential backlog: +52%[102]

In €m excl. tax	2016	2015	Change
Notarised revenues not recognised on a percentage of completion basis	1,307	959	
Revenues reserved but not notarised	1,333	780	
Backlog	**2,640**	**1,739**	**+52%**
Number of months	*24*	*21*	

Commercial launches: +63%[103]

	2016	2015	Change
As revenue incl. tax (€m)	**2,650**	**1,630**	**+63%**
Number of units	11,147	6,766	
Number of programmes	140	102	

Supply[104]: +29%[105]

	2016	2015	Change
Programmes supplied (in €m incl. tax)	**3,853**	**2,989**	**+29%**
Number of units	15,724	13,798	

74% of these agreements relate to entry-level and mid-range programmes, featuring price levels that are particularly suited to purchasers' creditworthiness.

Properties for sale[106] and future offering:+38%[107]

In €m (incl. tax)	At 31/12/2016	No. of months	At 31/12/2015	Change
Properties for sale	**1,337**	*8*	*717*	
Future offering	**6,809**	*43*	*5,195*	
Total Pipeline	**8,146**	**51**	**5,912**	**+38%**
In no. of units	*34,542*		*26,507*	*+30%*
In m²	*1,934,352*		*1,502,947*	*+29%*

102 Residential backlog consists of revenues (excluding tax) from notarised sales to be recognised on a percentage-of-completion basis and individual and block reservations to be notarised.

103 On a like-for-like basis (excluding Pitch Promotion), commercial launches increased by 35% from 2015.

104 Optional agreements for land signed and valued as potential residential orders (incl. taxes).

105 On a like-for-like basis (excluding Pitch Promotion), property supply increased by 8% from 2015.

106 Units available for sale (incl. taxes value, or number count).

107 Future offering consisting of controlled projects (through an option on the land, almost exclusively in unilateral form) whose launch has not yet occurred. (value including taxes when stated in euros). It incorporates the large mixed-use Bobigny project for which the Group was designated as sole operator-investor. Excluding ground-floor area. On a like-for-like basis (excluding Pitch Promotion), the pipeline increased by 16% from 2015.

Risk management

Breakdown of properties for sale at 31 December 2016 (€1,337 million incl. tax, or 8 months of business), according to the stage of operational completion:

In €m	-	⟵ Risk	⟶	+	
	1st stage development (a)	**Project not started yet (b)**	**Project under construction (b)**	**In stock (c)**	**Total**
Expenses(d)	101	50			
Cost price(d)			420	21	
Properties for sale(e)	**616**	**134**	**520**	**24**	**1,294**
in %	*48%*	*10%*	*40%*	*2%*	
Histoire & Patrimoine products					*32*
Measurement products					*11*
Properties for sale					**1,337**
o/w to be delivered in 2017			*79*		
in 2018			*340*		
in 2019 and after			*101*		

(a) Land not acquired.
(b) Land acquired.
(c) Completed residential properties.
(d) Excluding tax on unordered units + 25% of units reserved but unsold.
(e) As revenue including taxes.

Management of properties for sale

58% of properties for sale (or €750 million) relate to programmes for which construction has not yet started (48% under preparation and 10% 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.

40% of the offering (or €520 million) is currently under construction. Only 15% (€79 million) represent units to be delivered by year-end 2017.

The stock amount of finished products is insignificant (2% or €24 million).

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

- the choice to prioritize unilateral preliminary sale agreements signings rather than bilateral sale and purchase agreements;
- requiring a mandatory high level of pre-marketing at the site acquisition, as well as at the start of construction work;
- requiring the consent of 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.

1.2.2.2 OFFICE PROPERTY

Economic conditions in 2016

Investment in office property [108]

The investment market in France in 2016 was about €24 billion, down 8% from an unusually strong 2015.

In a context of low interest rates, investors have significant amounts of capital to invest in the market.

Investment in office property in the Paris Region [109]

2016 saw an upturn in the rental market with 2.4 million m² let, up 7% on the year and 4% higher than the average of the last 10 years.

The year saw a resumption of activity in the market for surface areas greater than 5,000 m², to a level near its historical average, particularly in Paris and western Ile de France. "Blank" launches were more numerous in 2016 with 34 developments of over 5,000 m² launched (versus 27 in 2015 and 14 in 2014). Priority was given to central locations.

The vacancy rate in Ile de France of 6.2% was the lowest since 2009.

New orders for the year [110]: €598m, +6%

The major new orders in the year involved:

• l'Ilot des Mariniers, a redevelopment of a 25,000 m² building located in the 14th arrondissement of Paris

• Paris Vaugirard, a 28,000 m² office development in the 14th arrondissement of Paris.

Office new orders	31/12/2016	31/12/2015	*Change*
In value (as Group share)	€598m	€563m	*+6.2%*
Surface area (at 100%)	163,100	192,300	*(15.2)%*

Group strategy

The Group has developed a unique model that enables it to operate in a highly significant manner with a limited risk on the office property market.

• as a property developer[111] with a particularly strong position on the market for turnkey projects intended for users,
• as a service[112] provider for major institutional investors.
• as an investor through AltaFund[113]. The Group is the fund's exclusive operator and one of its main shareholders, holding an interest of between 17% and 30%[114]. .

[108] Source CBRE: Marketview Investissement.
[109] Source CBRE: Marketview Bureaux.
[110] Value (incl. tax) of Office orders (signed off-plan & property development contracts, capitalised fees for delegated projects, and AltaFund arbitrations) signed during a period.
[111] In the form of off-plan sale agreements, off-plan lease and property development contracts.
[112] Through delegated project management contracts.
[113] 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.
[114] In March 2015, the Group increased its AltaFund capital allocation from €100 million to €150 million, thereby increasing its interest in new programmes initiated by AltaFund since 2015 to 30%.

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

The portfolio of projects secured by the Group thus represents 849,000 m² with a value at 100% of €4,325 million.

Portfolio of secured projects	No.	Area at 100%	Value at 100% excl. tax (€m)
Developer (Property development contracts/Off-plan sales [(a)])	41	509,300 m²	1,461
Delegated project management [(b)]	3	49,500 m²	165
AltaFund [(c)] Direct investor	9	290,100 m²	2,698
TOTAL	**53**	**849,000 m²**	**4,325**

(a) CPI/VEFA value = amount of signed contracts = amount of signed contracts (or estimate in the case of off-plan leases).
(b) DPM value = capitalised fees.
(c) AltaFund and investor value = market value of developed assets.

Commitments relatively small expressed as Group share

Developments sold as at 31 December 2016 represent a value of €1,157 million at 100%.

Operations currently being put together and not yet sold represent potential value of €3,167 million, on which the commitments of the Group in terms of its share are relatively small. Group obligations thus represent €349 million, of which €177 million was already invested at 31 December 2016 whilst €172 million[115] remains to be invested. This figure could be substantially reduced should there be an acceleration of asset disposals, made possible by the advance allocation of Group assets.

Portfolio of secured projects	Area at 100%	Value at 100% excl. tax (€m)
Operations sold	350,400 m²	1,157
Operations under development	498,600 m²	3,167
TOTAL	**849,000 m²**	**4,325**

Major events of the year

Purchase agreements/Acquisitions

In 2016 Altarea Cogedim won the competition for the development of two major mixed-use urban projects and signed the land purchase agreements:

• Bordeaux – Belvédère[116] : a new neighbourhood containing a 140,000 m² mixed-use space, including 53,500 m² of offices (at 100%);
• Issy – Cœur de Ville : a mixed-use neighbourhood of over 100,000 m² including 40,500 m² of offices in a first-class downtown location.

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

[115] Equity to be invested on AltaFund and direct investments.
[116] Operations at 50% Group share.

Also, in November Altarea Cogedim was designated the sole investor-operator in the new city centre project in Bobigny. This project represents over 100,000 m² including 10,000 m² of offices, and will seek both HQE and BREEAM© certification.

2016 deliveries

In 2016, the Group delivered the Safran corporate headquarters in Blagnac (Toulouse), instalment 1 of the Technopole de la Mer in Ollioules (Toulon), instalments 2 and 3 of the Euromed Center in Marseille, the five-star Hotel rue Boulanger in Paris, Athènes Clichy office building and the UNOFI building in Brives - all totalling 80,000 m².

Operations under construction

Some 15 projects are under construction, totalling 243,000 m². The most important of these are:

• in Paris and its immediate areas: the Richelieu building in the 2nd arrondissement (31,800 m²), the Ilot des Mariniers building in the 14th arrondissement (25,000 m²), and the Kosmo building in Neuilly (26,200 m²);

• in the regions, the View One buildings in Villeurbanne (15,000 m²), the Sanofi corporate headquarters in Lyon (15,000 m²) and the last two instalments of the Euromed Center in Marseille (24,000 m²).

Backlog[117] (Off-plan, Property Development contracts and delegated project management)

The Group had a backlog of €630 million, 92% higher than at year-end 2015.

In €m	2016	2015	*Change*
Backlog (Off-plan, Property Development contracts)	626.2	324.0	
Backlog of delegated project management fees	3.8	4.1	
TOTAL	**630.0**	**328.1**	*+92%*

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

1.2.2.3 CONVENIENCE 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 initiative, born of the Group's retail know-how, is quite different from that of other, traditional housing developers, as demonstrated by the Group's recent successes in large urban 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, which will be added to the net operating income from Development.

As at 31 December 2016, the "Alta Proximité" portfolio is as follows:

	No.	Surface area (m²)	Revenue (€m)
Secured transactions	**40**	**110,000**	**324**
< 3,000 m²	31	20,900	57
between 3,000 m² and 7,000 m²	4	18,500	53
> 7,000 m²	5	70,600	214
Transactions under development	**11**	**50,400**	**147**
< 3,000 m²	5	6,000	12
between 3,000 m² and 7,000 m²	3	14,400	42
> 7,000 m²	3	30,000	92
Total Portfolio	**51**	**160,400**	**471**

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;

• Occasional retention for unusually attractive opetions.

1.3 CONSOLIDATED RESULTS

1.3.1 Results

1.3.1.1 +19.1% GROWTH IN FFO (€13.60 PER SHARE, I.E. +7.2%)

Altarea Cogedim revenue was €1,581.7 million (+29.8%), and recurring net result (FFO) Group share rose significantly to €192.0 million (+19.1%), with all business lines contributing to the growth.

FFO per share increased by 7.2% to €13.60 per share after taking into account the impact of dilution resulting from transactions to strengthen equity implemented in the first half-year (creation of 2,514,790 shares in total).

In €m	31/12/2016					31/12/2015		
	Operating cash flow from operations (FFO)		Changes in value, estimated expenses and transaction costs	TOTAL		Operating cash flow from operations (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL
Retail	206.2	*5.3%*	5.5	211.7		195.9	10.7	206.6
Residential	1,067.6	*20.9%*	–	1,067.6		883.1	–	883.1
Offices	302.4	*135.3%*	–	302.4		128,5	–	128.5
REVENUE	**1,576.2**	***30.5%***	**5.5**	**1,581.7**	*+29.8%*	**1,207.5**	**10.7**	**1,218.2**
o/w Property development	*1,369.9*	*35.4%*		*1,369.9*		*1,011.6*		*1,011.6*
Retail	167.7	*7.9%*	167/1	334.8		155.5	111.4	266.9
Residential	69.5	*32.8%*	(14.6)	55.0		52.3	(5.0)	47.4
Offices	40.1	*32.0%*	(6.5)	33.6		30.4	(1.1)	29.4
Other	(2.9)	*n/a*	(4.7)	(7.6)		(3.5)	(0.7)	(4.2)
OPERATING INCOME	**274.5**	***17.0%***	**141.2**	**415.7**	*+22.5%*	**234.7**	**104.7**	**339.4**
o/w Property development	*109.7*	*32.5%*	*(21.1)*	*88.6*		*82.8*	*(6.0)*	*76.7*
Net borrowing costs	(37.2)	*16.4%*	(6.3)	(43.5)		(31.9)	(5.4)	(37.4)
Discounting of debt and receivables	–	-	(0.3)	(0.3)		–	(0.2)	(0.2)
Change in value and income from disposal of financial instruments	–	-	(75.8)	(75.8)		–	(40.5)	(40.5)
Proceeds from the disposal of investments	–	-	(0.1)	(0.1)		–	(0.1)	(0.1)
Corporate income tax	(1.4)	*n/a*	(27.5)	(28.9)		(0.9)	(3.9)	(4.8)
NET RESULT	**236.1**	***17.0%***	**31.3**	**267.4**	*+4.2%*	**201.8**	**54.7**	**256.5**
Non-controlling interests	(44.1)	8.4%	(57.8)	(101.8)		(40.7)	(35.2)	(75.8)
NET RESULT, Group share	**192.0**	**19.1%**	**(26.5)**	**165.5**		**161.2**	**19.5**	**180.7**
FFO (group share) per share	**13.60**	***7.2%***				**12.69**		
Average number of shares after dilutive effect [(a)]	*14,120,403*					*12,703,660*		

(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.

1.3.1.3 FFO[118] GROUP SHARE: €192.0M (+19.1%)

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

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

In €m	2016	2015	Change
FFO Retail	**99.6**	**94.2**	+5.7%
o/w Commercial Property	115.6	113.9	+1.5%
o/w Services and Development	(16.1)	(19.7)	x 0.8
FFO Property Development	**95.4**	**70.5**	+35.2%
o/w Residential	58.9	42.2	+39.8%
o/w Offices	36.4	28.3	+28.5%
FFO Corporate	**(2.9)**	**(3.5)**	
FFO (consolidated) Group share	**192.0**	**161.2**	+19.1%

FFO Retail: €99.6 million, +5.7%

This includes, on the one hand, FFO Commercial Property, which measures the financial performance of the portfolio, Group share, and, on the other, FFO Services and Development. FFO Services and Development is composed of Altarea Retail costs that are not covered by fees and expenses related 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	2016	2015	Change
Rental income	183.9	174.6	
Net rental income	**168.3**	**160.5**	+4.9%
% of rental income	*91.5%*	*91.9%*	
Contribution of EM associates	15.4	14.7	
Net borrowing costs	(26.8)	(26.5)	
Non-controlling interests	(41.3)	(34.9)	
FFO Commercial Property	**115.6**	**113.9**	+1.5%
FFO Services and Development	**(16.1)**	**(19.7)**	
FFO Retail	**99.6**	**94.2**	+5.7%

FFO Commercial Property grew by 1.5% to €115.6 million drawn by the growth in net rental income (+4.9%), related among other things to the opening of Avenue 83 in La Valette-du-Var in April 2016, and to the full-year effect following the 100% acquisition of the Qwartz shopping centre in March 2015. The net cost of debt for Retail was stable compared to 2015. Non-controlling interests relate to assets held in partnership (essentially Cap 3000 and the Allianz partnership).

FFO Services and Development improved by €3.6 million resulting both from the management of operating costs in 2016 and better coverage via fees invoiced to third parties.

FFO Development: €95.4 million, +35.2%

In 2016, the Group began to benefit from the first results of the excellent operational performances of 2015 and 2016 in Residential bookings and the Pitch Promotion contribution, consolidated in the Group accounts since 28 February 2016.

In €m	2016	2015	Change
Residential Revenue	1,067.6	883.1	+20.9%
Office Revenue	302.4	128.5	x 2.4
Revenue	**1,369.9**	**1,011.6**	+35.4%
Residential Operating Cash Flow	69.5	52.3	
Office Operating Cash Flow	40.1	30.4	
Operating Cash Flow	**109.7**	**82.7**	+32.5%
Net borrowing costs	(10.2)	(5.5)	
Non-controlling interests	(2.7)	(5.8)	
Corporate income tax	(1.4)	(0.9)	
FFO Property Development	**95.4**	**70.5**	+35.2%

The share of Operating Cash Flow to minority interests was €2.7 million in 2016 (compared to €5.8 million en 2015).

Corporate income tax corresponds to the non-SIIC sector, essentially regrouped under the Altareit tax consolidation. In 2016, the Group was able to offset its taxable income against tax loss carryforwards resulting in an amount of income tax payments to be recorded of -€1.4 million.

FFO Corporate

FFO Corporate corresponds to Group expenses not allocated to subsidiaries. It was -€2.9 million compared to -€3.5 million in 2015.

FFO per share: €13.60 per share, +7.2%

The average number of shares in 2016 was 14,120,403 compared to 12,703,660 in 2015. The increase was the result of transactions to strengthen the Group's equity, which allowed €369 million to be raised in 2016:

- the 2016 dividend payment (for 2015) in shares (creation of 821,762 shares);
- a capital increase in the market (creation of 1,503,028 shares),
- a reserved capital increase as part of the acquisition of Pitch Promotion (creation of 190,000 shares).

In addition, the average number of 2015 shares used to calculate the earnings per share was corrected to take into account the capital increase carried out as a DPS in accordance with the IAS 33 standard.[119].

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

[119] *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 to reflect this loss of substance in the IFRS per-share indicators.*

1.3.1.4 CHANGES IN VALUE AND ESTIMATED EXPENSES: - €26.5M

Group share	In €m
Change in value of Investment Properties	177.2
Change in value - Financial instruments	(75.8)
Disposal of assets and transaction costs	(3.1)
Share of equity-method associates	(5.5)
Deferred tax	(27.5)
IFRS 2 stock grant plan charges	(16.4)
Estimated expenses [(a)]	(17.7)
TOTAL	**31.3**
Non-controlling interests	(57.8)
TOTAL Group share	**(26.5)**

(a) Allowances for depreciation and non-current provisions, pension provisions, staggering of debt issuance costs.

The change in value of investment properties corresponds to adjustments in value of each building measured at fair value. The increase in value was the result of rate compression in 2016.

The flattening of the rate curve during 2016 led to a strong decrease in the value of the hedging instruments portfolio, including the amount of premiums and balancing payments.

The deferred tax recognised in 2016 was related, on the one hand, to the use of the Group's deficits and, on the other, to a timing effect on Development, the results of which are recognised in advance in the consolidated financial statements when they are recorded primarily at closing in the corporate financial statements.

Net result, Group share

Total 2016 net result, Group share, was €165.5[120] million, including €192.0 million in FFO and -€26.5 million in changes in value and estimated expenses.

[120] *Net result from continuing operations, Group share, i.e. net result (after the impact of discontinued operations) of €167.8 million.*

1.3.2 Net asset value (NAV)

1.3.2.1 INTRODUCTION

Diluted Going Concern NAV: €159.6 per share (+16.2%)

The Diluted Going Concern NAV (in millions of euros) increased significantly over the year (+€680 million, i.e. +39.5%). The increase was due, in particular, to capital increase transactions (€369 million).

On a per share basis, the Diluted Going Concern NAV was up 16.2% to €159.6/share after the impact of the shares created (see 1.3.1.1).

GROUP NAV	31/12/2016				31/12/2015 Published	
	In €m	*Change*	€/share[d]	*Change/ share*	In €m	€/share[d]
Consolidated equity, Group share	1,620.9		107.8		1,230.3	98.3
Other unrealised capital gains	636.5				381.4	
Restatement of financial instruments	68.7				20.8	
Deferred tax on the balance sheet for non-SIIC assets [a]	23.9				20.1	
EPRA NAV	**2,350.1**	*+42.2%*	**156.4**	*18.4%*	**1,652.5**	**132.1**
Market value of financial instruments	(68.7)				(20.8)	
Fixed-rate market value of debt	(14.4)				(19.4)	
Effective tax for unrealised capital gains on non-SIIC assets [b]	(27.2)				(18.2)	
Optimisation of transfer duties [b]	90.8				66.4	
Partners' share[c]	(18.5)				(15.8)	
EPRA NNNAV	**2,312.1**	*+40.6%*	**153.8**	*17.0%*	**1,644.7**	**131.4**
Estimated transfer duties and selling fees	86.7				74.5	
Partners' share [c]	(0.7)				(0.7)	
Diluted Going Concern NAV	**2,398.1**	*+39.5%*	**159.6**	*16.2%*	**1,718.5**	**137.3**

(a) International assets.
(b) Varies according to the type of disposal (assets or securities).
(c) Maximum dilution of 120,000 shares.
(d) Number of diluted shares: 15,030,287 (31/12/2016); 12,513,433 (31/12/2015)

1.3.2.2 CALCULATION BASIS

Asset valuation

Property assets already appear at their appraisal value in the Group's IFRS statements (Investment properties). The unrealised capital gains on other assets consist of:

- 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, Histoire et Patrimoine and Pitch Promotion);
- 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 and Semmaris. The Property Development and Investments divisions were assessed by two appraisers this year, Accuracy an EightAdvisory. 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. EightAdvisory uses a multi-criteria DCF-based approach, an approach using multiples from listed peer group comparables and multiples from comparable transactions.

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.

Rights

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 NNNAV, duties are deducted either on the basis of a transfer of securities or building-by-building based on the legal status of the organisation holding the asset.

The rate of duties was changed in France in 2016, and the amount included in the going concern NAV includes an "enhancement on opening" linked to the change in the rate (which only affects the explanation of the variation in the going concern NAV).

Partners' share

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

1.3.2.3 CHANGE IN GOING CONCERN NAV [121]

The diluted Going Concern NAV increased from €137.3/share in 2015 to €159.6/share in 2016. The change breaks down as follows:

• (€11.0)/share linked to the dividend;

• +€2.5/share linked to the capital increases[122];

• (€4.7)/share linked to changes in the value of financial instruments (decrease in long rates in 2016);

• +€35.5/share in growth in real estate value.

Diluted Going Concern NAV	In €m	€/sha
At 31 December 2015	**1,718.5**	**137.3**
2015 dividend	**(140.5)**	**(11.0)**
Capital increases (a)	**369.1**	**2.5**
Change in value of financial instruments (b)	**(70.8)**	**(4.7)**
FFO 2016	192.0	13.6
Growth in retail value	219.5	14.6
Growth in Property Development value net of	138.5	9.2
Share buyback (d)	(12.2)	(0.8)
Other (e)	(16.0)	(1.1)
Growth in real estate value	**521.8**	**35.5**
At 31 December 2016	**2,398.1**	**159.6**

(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. Including the dilutive effect.

(b) Of which the market value of fixed-rate debt.

(c) Deferred taxes & taxes on unrealised capital gains.

(d) Impact of the purchase of shares on the market as part of stock grant plans.

(e) Estimated expenses, transaction costs, taxes on non-SIIC assets (excluding development), GP impact.

[121] *Equity market value assuming a continuation in business, taking into account the potential dilution related to the SCA status.*

[122] *The capital increases 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).*

1.3.2.4 GROWTH IN REAL ESTATE VALUE

The growth in real estate value of €35.5/share breaks down as follows:

+€13.6/share of 2016 FFO;

+€14.6/share from the growth in retail value. This growth in value is primarily linked to the increasing value of the shopping centres. It also includes the growth in value of the other retail assets excluding investment real estate (hotel businesses, rental management division, Semmaris) The contribution of retail assets to NAV is virtually equally split between "rate effects" and "income effects";

+€9.2/share from the revaluation of the Property Development value net of taxes. The revaluation is linked to the increase in the values assessed by both Accuracy and EightAdvisory. It is the result of the following combination of factors:

• a significant increase expected for 2017, 2018 and 2019 explained by the backlog secured on 31/12/2016, which significantly increases the cash flows of the first periods of the business plan compared to the previous year,

• a decrease in the WCR linked to the structural change in the Cogedim residential product mix with a growing proportion of entry/middle level housing which consume less WCR than high-end housing (notably the land portion). The result of this change is a decrease of the capital employed at equivalent activity levels,

• an improvement in the average margin[123] rate linked to productivity gains and economies of scale generated by the size of the residential activity (purchasing, marketing and communication). An improvement is expected in the contribution made by Pitch Promotion, which is fully benefiting from the synergies with the Group,

• a new, higher standard of activity resulting from structural market share gains made over the past three years. This level is used by the experts to determine residual value.

It is important to note that all of the growth in value of the marketing division is the result of operational items that have structurally modified the business plan. The rate used to discount cash flows has remained unchanged since 2015, as has the growth rate used to project the perpetual residual cash flow (respectively, 9.0% and 1.5%).

[123] *Operating income (FFO column)/ Revenue.*

1.4 FINANCIAL RESOURCES

1.4.1 Financial position

Equity reinforcement : €369 million raised

Altarea Cogedim reinforced its equity by €369 million in 2016 with three transactions during the first half-year: €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 37.2% compared with 44.5% as at 31 December 2015.

Group net debt: €2,425 million

At 31 December 2016, the Altarea Cogedim Group's net financial debt stood at €2,425 million, down compared to 31 December 2015.

In €m	Dec. 2016	Dec. 2015
Corporate and bank debt	490	602
Credit markets[(a)]	995	545
Mortgage debt	1,142	1,313
Property development debt	276	248
Total gross debt	**2,903**	**2,708**
Cash at bank and in hand	**(478)**	(266)
Total net debt	**2,425**	**2,442**

(a) of which €358 million in treasury bills.

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

€1,241 million in long-term financing set up

In 2016, the Group signed financing agreements for a total of €1,241 million taken at 100%[124] :

• €642 million in refinancing of existing loans,

• and €599 million in new funds.

The average term of the financing put in place (excluding development credits and treasury bills) was:

• 8 years and 4 months for mortgage financing for an average spread of 1.36%,

• 5 years and 2 months for corporate financing for an average spread of 1.66%.

The Group also issued a private placement of €50 million over 10 years for a spread of 1.82%.

Nominal amount (€m)	New money	Refinancing	TOTAL
Mortgage financing	185	246	431
Corporate financing	364	396	760
Bond financing	50	-	50
Total (at 100%)	**599**	**642**	**1 241**

Available cash and cash equivalents: €863 million

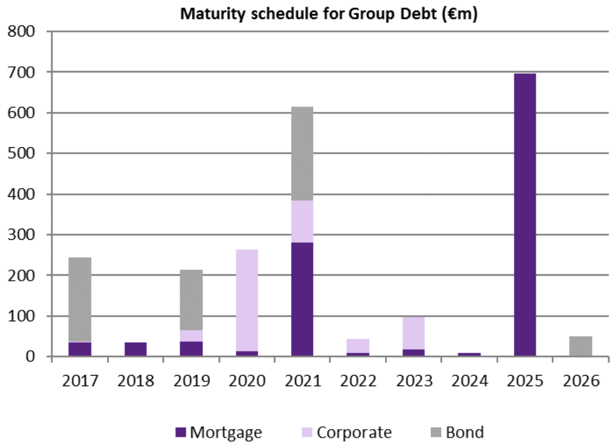
At 31 December 2016, available cash and cash equivalents included:

• 170 million in available cash and cash equivalents backed with specific projects,

• €693 million in unused revolving credits lines.

Available cash and cash equivalents do not include the €358 million in treasury bills (with maturities from one month to one year).

Maturity schedule for Group debt (€m)[125]



Mortgage maturities in 2017 correspond to the maturities of two private placements (€100 million in June 2017 and €100 million in December 2017). Refinancing conditions are already planned.

The 2021 mortgage maturity corresponds to Cap 3000, the extension of which will have been completed the previous year.

The 2025 maturity corresponds to mortgage financing implemented since 2015.

[124] *Figures at 100% (€1,160 million in group share).*

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

1.4.2 Financing strategy

Hedging: nominal amount and average rate

The Group primarily borrows at a variable rate and sets a target hedge of 70% and 90% of the nominal value of its payables [126] with the balance exposed to the Euribor 3M.

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.

The Group reworked its hedging profile during the first half-year to reduce its exposure to negative Euribors by replacing swaps with caps at strike 0% for an average nominal value of €644 million for 2016[127]. The Group continued to improve its average hedging rate during the second half-year via the implementation of short- and medium-term variabilisation swaps and deferred swaps, therefore benefiting from the extremely low rate markets in September.

The duration of the hedge was extended and the average hedge rate now stands between 0.38% and 1.11% up to 2025, 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)]
2016	619	593	644	1,856	0.38%
2017	612	490	866	1,967	0.38%
2018	1,929	453	107	2,489	1.07%
2019	1,998	438		2,437	1.11%
2020	2,035	298		2,333	0.94%
2021	2,072	295		2,367	0.97%
2022	1,964	293		2,257	0.99%
2023	1,963	290		2,253	0.99%
2024	1,912	287		2,199	0.98%
2025	978	168		1,145	1.03%
2026	–	50		50	0.63%

(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 has optional shorter-term instruments excluding cash.

Average cost of debt[128]: 1.92% (1.94% in 2016)

The Group's optimised average cost of debt with long-term visibility is explained by combination of efficient hedging and significant recourse to mortgage financing. Altarea Cogedim anticipates remaining structurally under 2.50% in average cost over the coming years thanks to the highly secure profile of its liabilities, regardless of changes in interest rates.

Development financing

At the Group level, net Development debt is negligible (<4.5% of the total). It consists primarily of support credits and completion guarantees (off-balance sheet). The Group renegotiated all of its terms and conditions at the end of the year, significantly improving them effective 2017.

Financial covenants

	Covenant	31/12/2016	31/12/2015	Delta
LTV [(a)]	≤ 60%	37,2%	44.5%	(7,3) pts
ICR [(b)]	≥ 2,0 x	7,4 x	7,3 x	0,1 x

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

(b) ICR = Operating income / Net borrowing costs (Operating cash flow from operations column)

The Group had largely complied with all covenants at the end of December 2016.

[126] When taking fixed-rate obligations into account.
[127] Over one to two years.
[128] Average total cost, including set-up commissions and non-use commissions.

Consolidated Income statement by segment at 31 December 2016

In €m	31/12/2016 Funds from operations (FFO)	31/12/2016 Changes in value, estimated expenses and transaction costs	31/12/2016 Total	31/12/2015 Funds from operations (FFO)	31/12/2015 Changes in value, estimated expenses and transaction costs	31/12/2015 Total
Rental income	183.9	–	183.9	174.6	–	174.6
Other expenses	(15.6)	–	(15.6)	(14.1)	–	(14.1)
Net rental income	**168.3**	**–**	**168.3**	**160.5**	**–**	**160.5**
External services	21.9	–	21.9	21.3	–	21.3
Own work capitalised and production held in inventory	9.4	–	9.4	17.6	–	17.6
Operating expenses	(47.3)	(3.6)	(50.8)	(58.6)	(0.8)	(59.4)
Net overhead expenses	**(16.1)**	**(3.6)**	**(19.6)**	**(19.7)**	**(0.8)**	**(20.5)**
Share of equity-method affiliates	**15.4**	**(2.1)**	**13.3**	**14.7**	**(11.0)**	**3.7**
Net allowances for depreciation and impairment	**–**	**(2.6)**	**(2.6)**	**–**	**(2.4)**	**(2.4)**
Income/loss on sale of assets	**–**	**(0.3)**	**(0.3)**	**–**	**9.8**	**9.8**
Income/loss in the value of investment property	**–**	**177.2**	**177.2**	**–**	**118.7**	**118.7**
Transaction costs	**–**	**(1.6)**	**(1.6)**	**–**	**(3.0)**	**(3.0)**
NET RETAIL INCOME	**167.7**	**167.1**	**334.8**	**155.5**	**111.4**	**266.9**
Revenue	1,066.5	–	1,066.5	883.3	–	883.3
Cost of sales and other expenses	(981.1)	(2.4)	(983.5)	(812,2)	–	(812.2)
Net property income	**85.4**	**(2.4)**	**83.0**	**71.1**	**–**	**71.1**
External services	1.1	–	1.1	(0.2)	–	(0.2)
Production held in inventory	98.2	–	98.2	68.9	–	68.9
Operating expenses	(134.0)	(6.9)	(140.9)	(93.4)	(1.3)	(94.7)
Net overhead expenses	**(34.8)**	**(6.9)**	**(41.6)**	**(24.6)**	**(1.3)**	**(25.9)**
Share of equity-method affiliates	**18.9**	**(2.0)**	**16.9**	**5.9**	**0.3**	**6.2**
Net allowances for depreciation and impairment	**–**	**(3.0)**	**(3.0)**	**–**	**(2.6)**	**(2.6)**
Transaction costs	**–**	**(0.3)**	**(0.3)**	**–**	**(1.5)**	**(1.5)**
NET RESIDENTIAL PROPERTY INCOME	**69.5**	**(14.6)**	**55.0**	**52.3**	**(5.0)**	**47.4**
Revenue	295.9	–	295.9	121.1	–	121.1
Cost of sales and other expenses	(261.4)	(2.2)	(263.6)	(102.8)	–	(102.8)
Net property income	**34.6**	**(2.2)**	**32.4**	**18.2**	**–**	**18.2**
External services	6.4	–	6.4	7.4	–	7.4
Production held in inventory	16.4	–	16.4	12.8	–	12.8
Operating expenses	(26.1)	(2.3)	(28.3)	(16.4)	(0.5)	(16.9)
Net overhead expenses	**(3.2)**	**(2.3)**	**(5.5)**	**3.8**	**(0.5)**	**3.4**
Share of equity-method affiliates	**8.8**	**(1.3)**	**7,4**	**8.3**	**(0.1)**	**8.3**
Net allowances for depreciation and impairment	**–**	**(0.7)**	**(0.7)**	**–**	**(0.0)**	**(0.0)**
Transaction costs	**–**	**–**	**–**	**–**	**(0.5)**	**(0.5)**
NET OFFICE PROPERTY INCOME	**40.1**	**(6.5)**	**33.6**	**30.4**	**(1.1)**	**29.4**
Other (Corporate)	**(2.9)**	**(4.7)**	**(7.6)**	**(3.5)**	**(0.7)**	**(4.2)**
OPERATING INCOME	**274.5**	**141.2**	**415.7**	**234.7**	**104.7**	**339.4**
Net borrowing costs	**(37.2)**	**(6.3)**	**(43.5)**	**(31.9)**	**(5.4)**	**(37.4)**
Discounting of debt and receivables	**–**	**(0.3)**	**(0.3)**	**–**	**(0,2)**	**(0,2)**
Change in value and income from disposal of financial instruments	**–**	**(75.8)**	**(75.8)**	**–**	**(40.5))**	**(40.5)**
Proceeds from the disposal of investments	**–**	**(0.1)**	**(0.1)**	**–**	**(0.1)**	**(0.1)**
PROFIT BEFORE TAX	**237.5**	**58.7**	**296.3**	**202.8**	**58.6**	**261.3**
Corporate income tax	**(1.4)**	**(27.5)**	**(28.9)**	**(0.9)**	**(3.9)**	**(4.8)**
NET RESULT FROM CONTINUING OPERATIONS	**236.1**	**31.3**	**267.4**	**201.8**	**54.7**	**256.5**
Minority shares in continued operations	**(44.1)**	**(57.8)**	**(101.8)**	**(40.7)**	**(35.2)**	**(75.8)**
NET RESULT FROM CONTINUING OPERATIONS, Group share	**192.0**	**(26.5)**	**165.5**	**161.2**	**19.5**	**180.7**
Diluted average number of shares (1)	*14,120,403*			*12,703,660*		
NET RESULT PER SHARE FROM CONTINUING OPERATIONS, Group share	**13.60**	**(1.88)**	**11.72**	**12.69**	**1.54**	**14.22**
NET RESULT FROM DISCONTINUED OPERATIONS	**–**	**2.3**	**2.3**	**–**	**(72.3)**	**(72.3)**
NET RESULT	**236.1**	**33.5**	**269.6**	**201.8**	**(17.7)**	**184.2**
Non-controlling interests	**(44.1)**	**(57.8)**	**(101.8)**	**(40.7)**	**(35.1)**	**(75.8)**
NET RESULT, Group share	**192.0**	**(24.2)**	**167.8**	**161.2**	**(52.8)**	**108.4**
NET RESULT PER SHARE (€/SHARE), Group share	*13.60*	*(1.72)*	*11.88*	*12.69*	*(4.16)*	*8.53*

(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 31 December 2016

In €m	31/12/2016	31/12/2015
NON-CURRENT ASSETS	**5,034.9**	**4,498.0**
Intangible assets	257.9	202.1
o/w goodwill	*155.3*	*128.7*
o/w brands	*89.9*	*66.6*
o/w client relations	*5.5*	*–*
o/w other intangible assets	*7.2*	*6.7*
Property, plant and equipment	14.2	6.2
Investment properties	4,256.0	3,759.6
o/w investment properties in operation at fair value	*3,797.0*	*3,453.6*
o/w investment properties under development and under construction at cost	*459.0*	*306.0*
Securities and receivables in equity affiliates and unconsolidated interests	412.0	361.0
Loans and receivables (non-current)	9.1	42.9
Deferred tax assets	85.7	126.2
CURRENT ASSETS	**2,046.6**	**1,634.9**
Net inventories and work in progress	978.1	711.5
Trade and other receivables	524.0	475.0
Income tax credit	9.4	6.0
Loans and receivables (current)	46.4	29.2
Derivative financial instruments	10.2	20.0
Cash and cash equivalents	478.4	266.0
Assets held for sale and from the discontinued operation	–	127.2
TOTAL ASSETS	**7,081.4**	**6,132.9**

EQUITY	**2,758.3**	**2,250.9**
Equity attributable to Altarea SCA shareholders	**1,620.9**	**1,230.3**
Capital	229.7	191.2
Other paid-in capital	588.3	396.6
Reserves	635.1	534.0
Income associated with Altarea SCA shareholders	167.8	108.4
Equity attributable to minority shareholders of subsidiaries	**1,137.4**	**1,020.6**
Reserves associated with minority shareholders of subsidiaries	840.5	749.8
Other equity components, subordinated perpetual notes	195.1	195.1
Income associated with minority shareholders of subsidiaries	101.8	75.8
NON-CURRENT LIABILITIES	**2,337.6**	**2,416.2**
Non-current borrowings and financial liabilities	2,280.7	2,366.4
o/w participating loans and advances from associates	82.3	63.6
o/w bond issues	*428.0*	*477.8*
o/w borrowings from lending establishments	*1,770.3*	*1,825.0*
Long-term provisions	20.0	17.4
Deposits and security interests received	31.7	29.8
Deferred tax liability	5.3	2.5
CURRENT LIABILITIES	**1,985.5**	**1,465.8**
Current borrowings and financial liabilities	799.9	450.6
o/w bond issues	*104.4*	*4.4*
o/w borrowings from lending establishments	*240.0*	*335.1*
o/w treasury notes	*358.6*	*60.5*
o/w Bank overdrafts	*2.5*	*4.9*
o/w advances from Group shareholders and partners	*94.3*	*45.8*
Derivative financial instruments	75.3	37.3
Accounts payable and other operating liabilities	1,109.9	837.7
Tax due	0.4	9.5
Liabilities of the discontinued operation	–	130.7
TOTAL LIABILITIES	**7,081.4**	**6,132.9**