RECORD GROWTH IN 2017
FFO per share: +20.7%
ALTAREA COGEDIM, LEADING PROPERTY DEVELOPER IN FRANCE

Leading property developer in France

- Consolidated pipeline[1]: Potential value of €17.1 billion (+17%) *(essentially controlled in the form of options[2])*
- Leadership in large mixed-use projects: 9 projects underway (above 750,000 m²)
- New orders (Residential & Office): €3.7 billion (incl. tax) (+29%)
- Backlog (Residential & Office): €4.2 billion (excl. tax) (+28%)

Residential

- New orders: €2.6 billion (+15%) i.e. 11,189 units (+12%)
  New orders tripled in 4 years

Office

- New orders: €1.1 billion (+80%)
- Pipeline Investment[3]: €3.1 billion (€0.9 billion in Group share)

Retail

- Rental income[4]: +3.7% (+3.9% like-for-like)
- Portfolio[5]: €4.7 billion (€3.1 billion in Group share)
- Pipeline[3]: €3.4 billion (€2.9 billion in Group share)

Results

- Revenue: €1,940 million (+22.6%)
- Recurring net result (FFO)[6]: €256,3 million (+33.5%) *i.e. €16.42/share[7] (+20.7%)*
- Diluted Going Concern NAV[8]: €2,793 million (+16.5%) *i.e. €174.0/share[7] (+9.1%)*
- Dividend[9]: €12.50/share (+8.7%)
- LTV[10]: 36.1% (-110bps)

Paris, 5 March 2018, 5.45 p.m. Following review by the Supervisory Board, the Management approved the consolidated financial statements for financial year 2017. Audit procedures on consolidated and individual financial statements (Altarea SCA) were carried out and their certification's audit reports are being issued.

1 Estimated market value at delivery date. Retail: potential market value including transfer duties for projects when delivered (net rental income capitalised at market rates) at 100% and revenue excl. tax for convenience retail development programme. Residential: property for sale and portfolio (incl. taxes). Office: potential market value excluding transfer duties on the date of disposal for investment projects (at 100%), amount (excl. tax) of VEFA/CPI contracts signed or estimated for the other development programmes (at 100%, or Group share for jointly owned projects), and delegated project management fees capitalised.
2 This portfolio is almost exclusively managed in the form of options or sale agreements that the Group may activate according to commercial and financial criteria, thus enabling smooth management of the pace of its commitments.
3 Potential value.
4 Change in rental income like-for-like, excluding assets under refurbishment.
5 Transfer duties included.
6 Funds From Operations (FFO): net profit excluding changes in value, calculated expenses, transaction fees and changes in differed tax. Group share.
7 After taking into account the creation of 1,488,547 new shares, compared to 2016, resulting from transactions to increase the Group's equity over the last two years (full year impact of capital increases in 2016 and of payment of scrip dividends in financial years 2015 and 2016).
8 Equity market value assuming a continuation in business, taking into account the potential dilution related to the SCA status.
9 The dividend is submitted to the shareholders for approval during the General Meeting that will take place on 15 May 2018.
10 « Loan-to-value »: Indebtness ratio. Consolidated net debt/Restated value of assets including transfer duties.

Altarea Cogedim is well ahead of plan.

Ahead on financial targets. After having raised our FFO guidance for 2017 from €14.50 to €16.00/share last May, we ultimately reached €16.42/share, for a record increase of +20.7% over one year. All business lines have contributed to this outperformance: Residential and Office of course, but also Retail, the model for which now incorporates a growing component of property development.

Ahead on strategic objectives. Altarea Cogedim is the leading property developer in France, all categories of assets combined, with a consolidated pipeline of €17.1 billion in potential value. In particular we have developed our leadership in the iconic market of large mixed-use projects which concentrate our Group's skills and represent the future of our cities.

This tremendous success is primarily the result of the talent and work of the women and men at Altarea Cogedim. Creativity, daring and commitment are what set us apart in terms of pipeline development and are the key to our winning tenders. Then, through discipline, expertise and hard work we keep our promises to our customers, which is crucial to our long-term performance. Altarea Cogedim is a Group which promotes strong values, innovative projects, where results are recognised, and the value created shared.

Altarea Cogedim defines itself as an Urban Entrepreneur. Our Group strives to rebuild the urban connections between the centre and the outskirts of gateway cities and entrench its economic and environmental impact over the long-term. We are particularly proud of being both an economic driving force for the French economy, with almost 53,000 direct, indirect and induced employments, and the leader among property companies in terms of sustainable development.

Our outlook has never been this good and our Group's operating income is set to increase significantly over the next three years. Thus, the Group has set itself an FFO target in the order of €300 million by 2020 having taken into account the growing level of tax on its non-SIIC business.

Alain Taravella, Chairman and Founder of Altarea Cogedim

1. ALTAREA COGEDIM, LEADING PROPERTY DEVELOPER IN FRANCE

A pipeline of €17.1 billion

Altarea Cogedim is the only urban player with a developer know-how in all classes of asset. At 31 December 2017, the Group is managing the biggest secured property portfolio in France, representing more than 3.6 million m², all products combined, i.e. €17.1 billion in potential market value.

Secured pipeline	Surface areas[11]	Potential value[12]
Retail	614,750 m²	€3,411 million
Residential	2 183 150 m²	€9,205 million
Office	835,900 m²	€4,491 million
TOTAL	**3,633,800 m²**	**€17,107 million**
Change vs 31/12/2016	*+ 19%*	*+17%*

Concentrated in the most dynamic French gateway cities, this pipeline is essentially secured in the form of options[13], enabling the Group to control the level and pace of its commitments according to the context. End 2017, consolidated commitments[14] across this pipeline amounted to €1.4 billion in Group share, of which €0.5 billion paid out and €0.9 billion remaining to be paid out.

Leader in large mixed-use projects[15]

This segment of the property market is currently being carried by very strong momentum driven by territorial metropolisation. Communities which were once located on the outskirts of main built-up areas are being transformed into real urban centres with multiple needs in terms of property infrastructure. Thanks to its unique combination of skills, Altarea Cogedim positions itself as the main point of contact for local authorities when creating their new town centres. As such, in just a few years the Group has become the leader in large mixed-use projects, with some 9 projects underway, representing 758,400 m² of surface area, all products combined, and a potential value of €2.9 billion.

In particular, 2017 was marked by the delivery of "Place du Grand Ouest" in Massy, the biggest property construction project in the Paris Region (100,000 m²) which was completed in a single phase within just 30 months, and by winning two additional large projects representing 174,500 m² together of surface area ("Quartier Guillaumet" in Toulouse, "Joia Méridia" in Nice).

2. Property Development (Residential and Office): very strong growth across all indicators

New orders reached €3.7 billion (incl. tax) (up 29%) and revenue €1.7 billion (excl. tax) (+26%). Profitability is increasing even more with operating income of €161 million (+ 46%) and the medium-term outlook has improved with a backlog of €4.2 billion excluding tax.

Property Development (Residential and Office)	2017	2016	*Change*
New orders (incl. tax)	€3,709 million	€2,884 million	*+29%*
Revenue (excl. tax)	€1,731 million	€1,370 million	*+26%*
FFO operating income (excluding VAT).	€160.6 million	€109.7 million	*+46%*
Operating profitability	*9,3%*	*8,0%*	*+1,3 pt.*
Backlog (excl. tax)	€4,181 million	€3,270 million	*+28%*

11 Retail: retail area created in m² including convenience stores. Residential: living surface area (properties for sale and future offering). Office: floor area or usable surface area.
12 Estimated market value at delivery date. Retail: potential market value including transfer duties for projects for delivery (net rental income capitalised at market rates) at 100% and revenue excl. tax for property development programme. Residential: property for sale and portfolio (incl. taxes). Office: potential market value excluding transfer duties on the date of disposal for investment projects (at 100%), amount (excl. tax) of VEFA/CPI contracts signed or estimated for the other development programmes (at 100%, or Group share for jointly owned projects), and capitalised delegated project management fees.
13 This portfolio is almost exclusively secured in the form of options or sale agreements that the Group may activate according to commercial and financial criteria, thus enabling smooth management of the pace of its commitments.
14 Commitments relate only to pipeline projects. They correspond to costs already spent or yet to be spent under the contract and not covered by sales. For 2016, the total amount of commitments came to €1.5 billion in Group share.
15 Complex real estate programmes of at least 40,000 m2 of floor area, offering a mix of Residential (minimum 400 units), Retail and Office, and also including public and leisure facilities (hotel resorts, cultural and sports venues…).

3. RESIDENTIAL

In 2017, the fundamentals of the residential market remained very sound (low interest rates, effective incentives). In 2018, the market should enter a new phase with a number of contradictory trends at work. An improved economic outlook (particularly in terms of unemployment) should drive demand for new housing. Conversely, the likely increase in interest rates should have a negative impact on the creditworthiness of some customer segments.

New orders	2017	2016	*Change*
Retail sales	6,692 units	5,964 units	*+12%*
Block sales	4,497 units	4,047 units	*+11%*
Total in units	**11,189 units**	**10,011 units**	***+12%***
Total in value (incl. tax)	**€2,636 million**	**€2,286 million**	***+15%***

Altarea Cogedim is among the French property developers "Top 3"[16], with 11,189 residential property sold, representing 8.6% of the domestic market in 2017[17]. In 4 years the Group has tripled its new orders and doubled its market share[18].

This growth is the result of a development model geared to customers and meeting their wants and needs. As such, this year, Cogedim was the first property developer to win the "Customer Service of the Year"[19] award and entered the Top 10 of French businesses in the Les Echos / HCG[20] ranking for Customer Hospitality, as the #1 property developer.

Results	2017	2016	*Change*
Revenue	€1,424 million	€1,068 million	*+33%*
Operating income	€117.2 million	€69.5 million	*+69%*
Operating margin[21]	*8.2%*	*6.5%*	*+1.7 pt.*

Business outlook is also looking very good. Backlog is equivalent to more than 2 years in revenue and the Residential pipeline represents 42 months of business with almost 39,000 units (of which 99% in high-demand areas eligible for "Pinel" Act tax scheme).

Outlook	2017	2016	*Change*
Backlog (excl. tax)	€3,273 million	€2,640 million	*+24%*
In months of revenue	*28 months*	*24 months*	*+4 months*
Pipeline (incl. tax).[22]	€9,205 million	€8,146 million	*+13%*
Number of units	*38,985 units*	*34,542 units*	*+13%*

16 Altarea Cogedim is France's second biggest developer in terms of value (with €2,636 million in orders) and third biggest in terms of units.
17 In 2017, 129 817 units reserved in France (+2.1% vs 2016) – Source: Ministry of Territorial Cohesion.
18 In 2013, 85 151 units were reserved in France and 3 732 for the Group. Source: Ministry of Territorial Cohesion.
19 The "Elu service client de l'année" (Customer Service of the Year) award, which was created in 2007 by Viséo Customer Insight, uses mystery shoppers to annually test the customer service quality of French companies in 42 different economic sectors. It is the benchmark ranking for customer relationships in France. Property developers were included for the first time this year.
20 Ranking by The Human Consulting Group and Evertest for les Echos, published on 29 January 2018. The survey test the customer service of the 200 biggest companies in France to assess the overall quality of their customer approach. Each company received ten phone calls, a letter, three e-mails, a message via the website and five messages via social media.
21 Operating income (FFO) / revenue.
22 Potential revenue in €m (incl. tax) (properties for sale and future offering).

4. OFFICE

Altarea Cogedim has developed a unique model that enables it to operate in a highly significant manner and with limited risk on the office property market. This model is based on two complementary activities:

- Medium-term investment in assets to be redeveloped pending sale (directly or via AltaFund[23]),
- Property Development[24] on behalf of external customers (investors and users) as well as on behalf of its own investment projects, under VEFA (off-plan sale)/BEFA (off-plan lease)/CPI (property development contract) and more marginally as a service provider (MOD - delegated project management).

As at the end of 2017, these activities represented a total pipeline of 51 projects.

Figures at 100%	# projects	Surface area	Potential value[25]
Medium-term investment	8	257,900 m²	€3,088 million
Property development[26] (CPI/VEFA)	39	499,500 m²	€1,190 million
Delegated mandate contracts (MOD)	4	78,500 m²	€213 million
Pipeline Office	**51**	**835,900 m²**	**€4,491 million**

Medium-term investment

In the course of the year, three iconic leases were signed for a total of over €60 million in rental income. These are the future international head offices of Orange (Bridge in Issy-les-Moulineaux) and Parfums Christian Dior (Kosmo in Neuilly-sur-Seine), as well as the future head office of the Group (Richelieu – Paris 2nd arrondissement, delivery mid-2019).

The estimated value creation deriving from the 8 investment projects is around €280 million in Group share. It will be carried in income over the next 3 to 5 years.

Property Development

2017 saw a number of significant commercial successes for the Group with €1.1 billion (incl. tax) in new orders (+80%), mainly in the form of CPI (property development contract). In the course of the year, some 15 construction projects began (amounting to a total of 264,000 m²) and 21 projects were delivered (totalling 236,850 m²).

Results and backlog

Office	2017	2016	*Change*
Revenue	€307 million	€302 million	*+1.4%*
Operating income	€43.4 million	€40.1 million	*+8.0%*
Operating margin	*14.1%*	*13.3%*	*+0.8 pt.*
Backlog	€908 million	€630 million	*+44%*

23 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.
24 The Group's Property Development business does not carry any commercial risk: Altarea Cogedim only carries a risk in terms of work. VEFA: property development/off-plan sales - BEFA: for lease off-plan - CPI: real estate development contract - MOD: delegated project management.
25 Potential value: potential market value excluding transfer duties on the date of disposal for investment projects (at 100%), amount (excl. tax) of VEFA/CPI contracts signed or estimated for the other development programmes (at 100%, or Group share for jointly owned projects), and capitalised delegated project management fees.
26 Projets intended for "100% external" customers only: Aside from the property development contract either signed or quoted, projects for which the Group acts as a medium-term co-investor (directly or through AltaFund), representing total revenue of €920 (excl. tax).

5. RETAIL

Altarea Cogedim has a portfolio of 40 assets, amounting to a total value of €4.7 billion including transfer duties (€3.1 billion in Group share) and gross rental income of €216 million (€146 million in Group share).

Development is focused on four formats suited to present-day consumer patterns:

- Large leading regional shopping centres, for their appeal,
- Large retail parks for their competitive pricing,
- Travel retail for the exceptional footfall,
- And convenience retail for the "services" aspect.

Altarea Cogedim is thus the biggest retail developer in France with a pipeline representing €3.4 billion in potential value[27] as part of a mixed model combining:

- Proprietary development with a view to long term ownership alone or in partnership,
- Property development on behalf of third-parties, with a view to selling to outside investors.

Pipeline Retail	GLA	Potential value
Large regional SCs	265,100 m²	€1,905 million
Large retail parks	148,300 m²	€477 million
Travel retail	49,400 m²	€522 million
Convenience retail	151,950 m²	€507 million
TOTAL	**614,750 m²**	**€3,411 million**

Pipeline Development

At the end of 2017, the Group won the tender for the future retail & leisure centre of Ferney-Voltaire on the outskirts of Geneva (46 400 m²): the project is unique for the novel offering, with the first opening in shopping malls for the Pompidou Centre (Modern Art) and Universcience[28].

Moreover, in 2017 the Group launched the final phase of their extension of Cap 3000 and the marketing of the Gare Montparnasse shopping area.

REIT

	2017	*Change*	*CNCC*
Tenants' revenue[29]	+2.0%		*(1.2%)*
Footfall[30]	+0.7%		*(1.8%)*
Net rental income	€174.7 million	*+3.7%*	
Like-for-like change	*+ €6.4 million*	*+3.9%*	

The sharp increase in net rental income is evidence of the high standard of management at existing centres (a significant drop in bad debts, increased occupancy rate, increase in the variable share of rent), of the success of the centres recently delivered, and of the effective appeal of the "leisure" offering.

27 Potential market value including transfer duties for projects for delivery (net rental income capitalised at market rates) at 100% and revenue excluding tax for the convenience retail property development programme.
28 Universcience, a joint initiative of the Palais de la Découverte and the Cité des Sciences et de l'Industrie, aims to get people to know and adopt modern science and to promote scientific and technological culture.
29 Change (including tax) to tenants' revenue from like-for-like sites over 12 months in France. Excluding property being redeveloped.
30 Like-for-like year-on changes at sites in France. Excluding property being redeveloped.

6. NON-FINANCIAL / CSR PERFORMANCE

CSR approach: global number 1 at GRESB (listed companies)

Ranked as the leading retail REIT evaluated by GRESB[31] over the past two years, Altarea Cogedim has confirmed the excellence of its CSR approach by becoming the world's leading listed property company (all sectors combined). Moreover, with a score of 96/100, the Group is now ranked second in the world, all categories combined (listed and unlisted companies).

The Group has rolled out environmental certification across its Retail assets (100% of the portfolio is certified BREEAM In-Use[32]), and 100% of new Office developments have received at least an NF HQE™[33] rating of "Excellent" and a BREEAM® rating of "Very good".

Attracting talent and sharing value

The Group considers identifying and recruiting talent as key to its short, medium and long-term success. It also takes care to offer its employees professional careers with a wealth of opportunities and to develop their skills throughout their career.

Thus, as at end 2017, some 1,742 employees are contributing to the Group's development, compared with 1,526 end 2016 and 1,045 two years ago.

With the scheme "Tous en Actions!" (Shares for all), nearly 388 000 shares have been attributed to all staff in the last three years (i.e. €81 million[34]), as part of a programme of free share grants through various plans accompanied by commitments to increase working time and individual and collective performance criteria.

31 GRESB (Global Real Estate Sustainability Benchmark), a leading international ranking, annually assesses the CSR performance of real estate companies around the world. In 2017 it assessed 823 companies and funds, of which 194 were listed companies.
32 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.
33 The French NF standard for commercial buildings (NF HQE™ Bâtiments Tertiaires) identifies buildings whose environmental an energy performances correspond to the best existing practices.
34 Based on the share price as at 31 December 2017.

7. SHARP INCREASE IN NET FINANCIAL INCOME, STRENGTHENED FINANCIAL STRUCTURE

Very strong growth in revenue (+22.6%) and recurring net result (FFO)[35] Group share (+33.5%)

In € million	Retail	Residential	Office	Other Corporate	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL
Revenue	**208.1**	**1 424.4**	**306.6**	**0.4**	**1 939.5**	**–**	**1 939.5**
Change vs 31/12/2016	*+1.2%*	*+33.4%*	*+1.4%*	*N/A*	*+23.0%*		*+22.6%* [36]
Net rental income	174.7	–	–	–	174.7	–	174.7
Net property income	0.4	129.9	40.8	–	171.2	(5.5)	165.7
External services	17.8	2.0	15.0	0.4	35.2	–	35,2
Net revenue	**192.9**	**131.9**	**55.9**	**0.4**	**381.0**	**(5.5)**	**375.5**
Change vs 31/12/2016	*+1.4%*	*+52.5%*	*+36.3%*	*N/A*	*+19.7%*		
Own work capitalised and production held in inventory	6.4	138.0	22.0	–	166.4	–	166.4
Operating expenses	(54.3)	(174.2)	(38.9)	0.7	(266.8)	–	(266.8)
Net overhead expenses	**(48.0)**	**(36.2)**	**(16.9)**	**0.7**	**(100.4)**	**–**	**(100.4)**
Share of equity-method affiliates	49.4	21.5	4.4	–	75.3	1.3	76.6
Changes in value, calculated expenses and Retail transaction costs					–	202.5	202.5
Estimated expenses and Residential transaction costs					–	(12.3)	(12.3)
Estimated expenses and Office transaction costs					–	(2.2)	(2.2)
Other					–	(8.5)	(8.5)
OPERATING INCOME	**194.3**	**117.2**	**43.4**	**1.1**	**355.9**	**175.2**	**531.1**
Change vs 31/12/2016	*+15.8%*	*+68.6%*	*+8.0%*	*na*	*+29.7%*		*+27.8%*
Net borrowing costs	(29.1)	(6.0)	(3.3)	–	(38.4)	(5.9)	(44.3)
Other financial results	4.0	–	–	–	4.0	4.7	8.8
Income/loss in the value of financial instruments	–	–	–	–	–	2.9	2.9
Other	–	0.2	–	–	0.2	(0.2)	0.0
Corporate Income Tax	(5.5)	(5.2)	(4.7)	–	(15.4)	(7.0)	(22.5)
Net income	**163.8**	**106.2**	**35.3**	**1.1**	**306.4**	**169.7**	**476.1**
Non-controlling interests	(41.4)	(8.8)	0.1	–	(50.1)	(102.9)	(153.1)
Net income, Group share	**122.4**	**97.4**	**35.4**	**1.1**	**256.3**	**66.7**	**323.0**
Change vs 31/12/2016	*+22.9%*	*+65.3%*	*(2.8)%*	*na*	*+33.5%*		*+95.2%*
Diluted average number of shares					*15 608 950*		*15 608 950*
Net income, Group share per share					**16.42**		**20.69**
Change vs 31/12/2016					*+20.7%*		*+76.6%*

Altarea Cogedim revenue was €1,939.5 million (+22.6%), and recurring net result (FFO) Group share rose significantly to €256.3 million (+33.5%).

This strong growth is mainly driven by very good Residential results, which benefit both from a volume effect (revenues up 33.4%) and a significant increase in the margin[37] (+1.7 point to 8.2%), and Retail results from the very good performance of portfolio assets as well as a growing property development business.

The Office FFO does not yet reflect the significant volumes expected from new orders and the major construction projects begun this year, which will have a strong impact on results over the next two years.

35 Funds from operations or operating cash flow from operations: net result excluding changes in value, calculated expenses, transaction fees and changes in deferred tax.
36 Change in revenue at 31/12/2016, based on revenue including changes in value, calculated expenses and transaction costs of €1,581.7 million.
37 Operating income (FFO) / revenue.

FFO per share increased by 20.7% to €16.42, taking into account the increase in the average number of shares from recent capital increase transactions[38].

Diluted[39] Going Concern NAV: €174.0/share (+9.1%)

Diluted Going Concern NAV increased over the year from €395 million to €2,793 million (+16.5%) On a per share basis, the Diluted Going Concern NAV was up 9.1% to €174.0/share after the impact of the shares issuance[38].

Diluted Going Concern NAV	In € million	€/share
At 31/12/2016	**2,398.1**	**159,6**
2016 dividend	(173.9)	(11.5)
Capital increase [40]	157.1	(0.2)
Share buyback [41]	(33.4)	(2.1)
Proforma dividend and financial transactions	**2,347.9**	**145.8**
Deferred tax	**(13.3)**	**(0.8)**
Change in value – Financial instruments	**23.4**	**1.5**
FFO 2017	256.3	16.4
Creation of REIT value [42]	111.2	6.9
Creation of property development value	77.8	4.8
Other[43]	(10.0)	(0.6)
Creation of real estate value	**435.2**	**27.6**
At 31/12/2017	**2,793.3**	**174.0**
Change vs 31/12/2016	*+16.5%*	*+9.1%*

Financial structure: strengthened resources

The Group launched its first unrated 7-year bond issue [44] of €500 million, offering a fixed annual coupon of 2.25%. This transaction demonstrates the confidence investors have in Altarea Cogedim's unique economic model, both as a REIT and a property developer, and in the quality of its credit profile.

In 2017 the option of payment of a 2016 scrip dividend increased equity to €157.1 million[45].

	31/12/2017	31/12/2016	*Change*
Net debt	€2,526 million	€2,425 million	*+ €101 million*
Net duration	5 years 4 months	5 years 4 months	*=*
Average cost[46]	1.75%	1.92%	*-17 bps*
LTV[47]	36.1%	37.2%	*-110 bps*
ICR	9.3x	7.4x	*+1.9x*

Changes in accounting standards

Starting 1st of January 2018, the Group has applied IFRS 15 (Revenue from contracts with customers) which impacts revenues from property development projects. The standard means swifter recognition of percentage-of-completion[48] revenue and of the resulting net property income.

38 Creation of 1,488,547 new shares, compared to 2016, resulting from transactions to increase the Group's equity over the last two years (impact over a full year of capital increases in 2016 and payment of scrip dividends in financial years 2015 and 2016).
39 Equity market value assuming a continuation in business, taking into account the potential dilution related to the SCA status.
40 Following the 2016 scrip dividend at €153.84, under NAV (dilutive effect).
41 Impact of the share buyback intended for the bonus share plans.
42 Including change in value of Retail.
43 Including allowances for depreciation and amortisation and partners' share.
44 Bond issue launched on 29 June 2017, with settlement on 5 July 2017.
45 The subscription rate was 91.69%, which resulted in the issuance of 1,021,555 new shares.
46 Average total cost including related fees (commitment fees, CNU…).
47 Loan-to-Value (LTV): debt ratio. Consolidated net debt / Consolidated market value of Group assets.
48 However, the methods for measuring the transfer of control (percentage of completion) will change. The whole cost price will now be included in the calculation, including land-related costs.

8. GUIDANCE AND OUTLOOK

Dividend for the 2017 financial year

A dividend of €12.50/share (an increase of +8.7%) will be proposed at the General Shareholders' Meeting on 15 May 2018, for the 2017 financial year.

2020 guidance

Business:

- Residential: exceed 10% market share in France,
- Office: implement our twofold business strategy (developer-investor), to extract the very best from each phase of the cycle,
- Retail: deliver the pipeline, whilst being opportunistic on selected disposal options.

Financial:

- An FFO target in the region of €300 million, taking into account the impact of IFRS 15 and 16 rules and the growing level of tax on its non-SIIC business,
- LTV around 40%,
- A dividend policy ensuring continuity with the last few years.

Financial calendar 2018

Q1 revenue: 14 May (after closing)
General Meeting of shareholders: 15 May
Half-year results: 26 July (after closing)

A presentation will be available for download on the Finance page of Altarea Cogedim's site, in both French and English versions, on 6 March before market opening.

ABOUT ALTAREA COGEDIM - FR0000033219 - ALTA

Altarea Cogedim is the leading owner developer in French regions. As both a developer and investor, the Group is established in three principal real estate markets (Retail, Residential and Office), and as such is now the top name in large mixed-use projects for urban renewal in France. In each business sector, the Group has the full know-how required to design, develop, commercialise and manage made-to-measure property products. In Retail, Altarea Cogedim manages a portfolio worth €4.7 billion. Listed on compartment A of Euronext Paris, Altarea had a market capitalisation of €3.3 billion at 31 December 2017.

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DISCLAIMER

BUSINESS REVIEW
31 DECEMBER 2017

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1.1 Introduction

1.1.1 Altarea Cogedim, leading property developer in France

A comprehensive offer

Altarea Cogedim is the only urban player with developer know-how in all asset classes.

This means that the Group manages the biggest secured property portfolio in France, representing 3.6 million m² (all products combined) or €17.1 billion in potential market value as at 31 December 2017[49].

Secured pipeline (by product)	Surface areas (m²)[(a)]	Potential value (€m)[(b)]
Retail	614,750	3,411
Residential	2,183,150	9,205
Office	835,900	4,491
TOTAL	**3,633,800**	**17,107**
Change vs 31/12/2016	*+19%*	*+17%*

(a) Surface area Retail: in m² created, including neighbourhood convenience stores Residential surface area: living surface area (properties for sale and future offering). Surface area Office: floor area or usable area.

(b) Market value as of delivery date.
Retail value: potential market value including transfer duties for projects for delivery (net rental income capitalised at market rates) at 100% and revenue excl. tax for the retail property development programme. Residential value: property for sale + future offering incl. tax. Office value: potential market value excluding transfer duties on the date of disposal for investment projects (at 100%), amount excluding tax of VEFA/CPI contracts signed or estimated for the other development programmes (at 100%, or Group share for jointly owned projects), and capitalised delegated project management fees.

This portfolio is almost exclusively secured in the form of options or sale agreements that the Group may activate according to commercial and financial criteria and so smoothly manage the pace of commitments.

The largest projects are also often set up as partnerships in order to share the risk. Accordingly, out of this €17.1 billion pipeline, only €1.4 billion corresponds to amounts committed[50] (in Group share), of which €0.5 billion paid out and €0.9 billion remaining to be paid out, a decrease of 7% over the year.

A unique model

Altarea Cogedim has developed a unique model that combines the operational know-how of a multi-product developer with the financial strength of an REIT.

With €17.1 billion in projects secured, the Group is the leading property developer in France in all product categories. Most of this pipeline is completed using a "developer" type of business model (development for sale). This model now applies to all asset classes, including retail, where a growing proportion of the projects are for sale (such as the Promenade de Flandre retail park project, which was sold this year prior to delivery).

Most of the Group's invested capital is, however, allocated to investor activity. The Group acts as an REIT company for certain retail formats (with assets of €4.7 billion including rights as of 31 December 2017, or €3.1 billion as Group share) and as a medium-term investor for some significant office sites. This "REIT-investor" model thus provides the Group with a high recurrence of income from its rents and significant capital gains derived from its arbitrages.

In total, Altarea Cogedim is both the property investor with the highest capacity for asset creation and the most financially agile promoter.

Partnering with French gateway cities

The Group focuses its activities on the twelve major French metropolises, contributing to their territorial development in terms of employment and economic growth in particular. Accordingly, each direct job at Altarea Cogedim can support 30 additional jobs in the French economy, a total of about 52,700 jobs[51] in 2017.

Secured pipeline (by metropolitan area)	Surface areas (m²)[(a)]	Potential value (€m)[(b)]
Grand Paris	1,848,800	10,258
Métropole Nice-Côte d'Azur	238,800	1,471
Marseille-Aix-Toulon	377,500	1,405
Toulouse Métropole	253,800	810
Bordeaux Métropole	215,900	716
Grand Lyon	171,400	627
Grenoble-Annecy	148,000	883
Eurométropole de Strasbourg	71,700	258
Nantes Métropole	137,900	311
Métropole Européenne de Lille	5,200	20
Montpellier Méditerranée Métropole	83,700	130
Métropole de Rennes	4,000	16
Other[(c)]	77,100	202
TOTAL	**3,633,800**	**17,107**

(a) (b) Please refer to the previous table.
(c) Other French and international cities (Italy and Spain).

[49] Excluding the large mixed-use project Joia Meridia in Nice (73,500 m²) won in January 2018.
[50] Commitments relate only to pipeline projects. These correspond to costs already spent or yet to be spent under the contract and not covered by sales. For 2016, total commitments amounted to €1.5 billion in Group share.

[51] Data from a study conducted in 2016 (and extrapolated for 2017) by Cabinet Utopies using the Local Footprint® method to model the functioning of the economy based on national accounting (Eurostat Input-Output tables).

Leader in large mixed-use projects

This segment of the property market is currently buoyed by very strong momentum driven by territorial metropolisation. Communities once located on the outskirts of main built-up areas are being transformed into real urban centres with multiple needs for property equipment.

In response to these needs, the Group has emerged over the past several years as the largest urban designer in France. This leading position is due to the combination of several factors:

• the multi-product know-how that allows the Group to be the single point of contact for local authorities;

• the retail/leisure expertise that is often a distinguishing factor for a project;

• the power of the Group, both operationally and financially.

Complex real estate programmes with a floor area of at least 40,000 m^2 offer a mix of Residential (400 units minimum), Retail and Office and also include public and leisure facilities such as hotel resorts and cultural and sports venues.

Altarea Cogedim currently manages 9 large mixed-use projects representing a potential market value of €2.9 billion[52].

Large projects at the publication date[(a)]	Residential (units)	Retail (m^2)	Office (m^2)	Total (m^2)[(b)]
Belvédère (Bordeaux)	1,230	11,200	53,500	141,100
La Place (Bobigny)	1,450	13,600	9,500	107,000
Cœur de Ville (Issy les M.)	630	17,000	40,850	100,000
Quartier Guillaumet (Toulouse)	1,200	5,800	7,500	101,000
Aerospace (Toulouse)	640	11,800	19,400	75,000
Joia Meridia (Nice)	800	4,700	2,900	73,500
Coeur de Ville (Bezons)	730	18,300		66,900
Gif sur Yvette	820	5,800		52,500
Fischer (Strasbourg)	580	3,300		41,400
TOTAL	**8,080**	**91,500**	**133,650**	**758,400**

(a) This portfolio includes the large project won in early 2018 "Joia Meridia" in Nice.

(b) Floor area.

1.1.2 The year's highlights

A successful first bond issue

The Group successfully completed its first unrated 7-year bond issue[53] of €500 million, offering a fixed annual coupon of 2.25%. This transaction was part of the continuation of the diversification policy and drives to disintermediate the Group's financing. It demonstrates the confidence investors have in Altarea Cogedim's distinctive economic model, both as a REIT and a property developer, and in the quality of its credit profile.

Large mixed-use projects: first iconic delivery and new successes

In 2017 the Altarea Cogedim delivered "Place du Grand Ouest", the new heart of the town of Massy. This project is a perfect illustration of the Group's know-how in creating a coherent and sustainable urban complex combining shops, public facilities and services for users and local residents. The biggest development project in the Paris Region[54] (100,000 m^2) and built from scratch in two and a half years, it has generated €290 million (incl. tax) in new orders, all products combined.

The Group has also confirmed its leading position in recent months by winning two major projects totaling 175,000 m^2 in surface area:

• in December, the "*Quartier Guillaumet*" project located at the former site of the CEAT (*Centre d'Essais Aéronautiques de Toulouse*), which will develop 1,200 residences, 7,500 m^2 of office space, 5,800 m^2 of shops and 10,000 m^2 of facilities on land of 101,000 m^2;

• in January 2018, the "Joia Méridia" project in Nice. This new quarter of 73,500 m^2 will offer 800 housing units, 8,000 m^2 of hotels and resort accommodation, 4,700 m^2 of retail and local services, 2,900 m^2 of tertiary space and a car-park with over 1,200 places.

Solid performance of all business lines

Retail: €3.4 billion of pipeline[55]

As France's leading retail developer, the Group has enhanced its leadership by winning a number of public bidding processes.

At the end of 2017, the Group was chosen for the construction of the future retail & leisure centre of Ferney-Voltaire on the outskirts of Geneva in a catchment area with exceptional purchasing power. This project, with a GLA of 46,400 m^2, is unique for the novel offering of culture and leisure, with the first openings in shopping malls for the Pompidou Centre (1,800 m^2) and Universcience[56] (2,500 m^2).

The Group has continued the development of several high-profile projects (commercial launch of the Paris-Montparnasse railway station and extension of the Cap 3000 regional centre in particular) and intensified its development activity for third parties, for both neighbourhood shops and large-scale retail sites (sale of the "Promenade de Flandre" retail park to Auchan group).

Residential: 11,189 units sold (+12%)

The Group posted a new number of reservations record in 2017, with 11,189 units reserved (up by 12% on 2016),

[52] These large projects, excluding "Joia Méridia" project, are included in the overall €17.1 billion pipeline.

[53] Bond issue launched on 29 June 2017, with settlement on 5 July.

[54] With an area of 100,000 m2, the project comprises 850 residential units, the Cogedim Club senior residence, a conference hall and shops next to the RER and TGV stations.

[55] In potential market value at 100%

[56] Universcience, a joint initiative of the Palais de la Découverte and the Cité des Sciences et de l'Industrie, aims to get people to know and adopt modern science and to promote scientific and technological culture.

comfortably surpassing its objective of 10,000 residential units sold per year and confirming its positioning as one of France's top three residential property developers[57]. In value, reservations grew by +15%, to more than €2.6 billion.

In terms of development, the Residential pipeline (offering and land portfolio) amounted to €9.2 billion (+13%). The renewal of the Pinel Act in 2018 for a four-year period and its greater confinement to high-demand areas[58] confirms the Group's territorial strategy, with more than 99% of the pipeline being located in eligible areas.

Office: major leases signed in a buoyant pipeline

Thanks to its mixed developer/medium-term investor model in Office, the Group manages 51 projects including some of the most iconic schemes in *Grand Paris*, reinforcing the Group's leadership status in this market. There are potential projects worth €4.5 billion in the pipeline.

During the year the Group signed two flagship leases for the future world HQs of Orange and Parfums Christian Dior, respectively the Bridge building in Issy-les-Moulineaux and the Kosmo building in Neuilly-sur-Seine.

The Group has announced the move of its future headquarters to the Richelieu building, in the 2nd *arrondissement* of Paris. This property, in which the Group is also an investor with a 58% holding, will showcase its vision of the "Office of the Future".

In 2017, the Group launched four major projects: the Landscape and Eria towers in La Défense and the Richelieu and Bridge programmes in Paris.

Recognition of the quality of customer relationships

The Group continued its customer relations and satisfaction endeavours through a new organisational structure, new tools, single contacts, digitalisation, and Cogedim Stores.

In 2017, the Group launched the "mon-cogedim.com" website, a digital platform in which a single customer relationship manager provides dedicated follow-up for each customer for the duration of the real estate project.

The results of these endeavours speak for themselves:

The N°1 developer for customer hospitality

The Group is rated first among property brands and eighth across all sectors combined in France in the rankings established by Les Echos/HCG/Evertest for Customer Hospitality and Experience[59].

"Customer Service of the Year" for Cogedim:

The first real estate developer to be awarded "Customer Service of the Year in 2018[60]", Cogedim was rewarded for standards of service and quality of customer relations.

CSR approach: global number 1 ranking by GRESB

Ranked as the leading commercial property company evaluated by GRESB[61] for the past two years, Altarea Cogedim has confirmed the excellence of its CSR approach by becoming the world's No. 1 listed property company (all products combined). Moreover, with a score of 96/100, the Group ranked second in the world, all categories combined (listed and unlisted companies).

The Group has rolled out environmental certification across its Retail assets (100% of the portfolio is certified BREEAM In-Use[62]), and 100% of new Office developments have received at least a NF HQE™ rating of "Excellent" and a BREEAM® rating of "Very good".

Altarea Cogedim is also committed to preserving biodiversity. In 2017, Cap 3000 has become the first BiodiverCity® certified shopping centre in France.

Attracting talent and sharing value

The Group considers identifying and recruiting talent as key to its short, medium and long-term success. It also sees to it that its employees are offered professional careers with a wealth of opportunities and to develop their skills throughout their career.

As a result, at the end of 2017, some 1,742 employees were contributing to the Group's development, compared with 1,526 at the end of 2016 and 1,045 two years ago.

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.

With the "*Tous en Actions!*" scheme, nearly 388,000 shares (nearly €81 million[63]) have been attributed to all staff in the last three years as part of a programme of free share grants through various plans accompanied by commitments to increase working time and individual and collective performance criteria.

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[57] Altarea Cogedim is France's second biggest developer in terms of value (with €2,636 million in orders) and third biggest in terms of units..

[58] The "high-demand areas" correspond to areas A bis, A and B1. At the end of 2017, only 321 units (i.e., less than 1% of the Residential pipeline) are located in area B2, and half of those are in French Genevois, which has strong appeal.

[59] Ranking by The Human Consulting Group and Evertest for les Echos, published on 29 January 2018. The survey tests the customer services of the 200 biggest companies in France to assess the overall quality of their customer approach. Each company received ten phone calls, a letter, three e-mails, a message via the website and five messages via social media.

[60] The "Elu service client de l'année" (Customer Service of the Year) award, which was created in 2007 by Viséo Customer Insight, uses mystery shoppers to annually test the customer service quality of French companies in 42 different economic sectors. It is the benchmark ranking for customer relationships in France. Property developers were included for the first time this year.

[61] GRESB (Global Real Estate Sustainability Benchmark), a leading international ranking, annually assesses the CSR performance of real estate companies around the world. In 2017 it assessed 823 companies and funds, of which 194 were listed companies.

[62] 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.

[63] Using the share price as at 31 December 2017.

1.2 Business

1.2.1 Retail

The Group's unique strength lies in the size of the pipeline of projects developed, whether for the purpose of ownership by the property company (100% or in partnership) or development for third parties (development, commercialisation, sale).

In a mature market disrupted by mixed consumption modes (mobility and digitisation, practical/pleasure, physical/on-line purchases, desire for experience and leisure, etc.) and urban uses (pedestrian city centre, paid car parks, etc.), Altarea Cogedim has chosen to focus on four high-potential niches with very "premium" offers and positioning that are located in dynamic metropolises:

• **large regional shopping centres**, which have high levels of footfall and potential for development (land reserves for an extension programme) or redevelopment. As shopping destinations, these assets are resilient and dominant in their catchment area and destined to become living areas in their own right by integrating more of a leisure dimension to provide an ever richer and more diversified customer experience;

• **large retail parks**, whose price/product match makes them one of the most successful asset classes. This model developed by the Group has proven itself year after year with record footfall and revenue. Many brands that have historically been present in shopping centres are changing their formats to be present in retail parks. Many leisure activities are being developed successfully in these open-air centres;

• **travel retail**. As a forerunner in the establishment of international retailers at railway stations and with firm awareness of the new lifestyles and consumption practices outside of places normally reserved for that purpose, Altarea Cogedim has been imagining retail solutions for over ten years for transit areas such as Gare de l'Est or Gare du Nord in Paris. In 2017, the marketing of Gare de Paris-Montparnasse began with prestigious names;

• **convenience retail**. With changes in lifestyles and consumption, this format is once again popular with consumers. Since 2014, the Group has created "Alta Proximité" to provide a qualitative offer of shops and daily services for all of its development operations in city centres. As a result, the Group is forming partnerships with local retailers to industrialise the offering in the worlds of health, food/gastronomy, childcare and leisure. The Group has also developed special know-how to attract local merchants and professionals such as doctors, bakers and restaurant owners.

The Group has seriously ramped up its "Sports & Leisure" offering, a strong lever of attractiveness for city centres with iconic store-names for each segment:

• Cinemas: UGC at Bercy Village, Pathé Gaumont at Carré de Soie and Avenue 83 (where the brand opened the first Imax cinema in France);

• Sport: UCPA at Carré de Soie, Feel Sport and Feel Jump in Aubergenville;

• Children: Cap Pirate in Aubergenville, Pirates Aventures at Avenue 83;

• Culture and leisure: Universcience and a branch of the Pompidou Centre in the expanding centre of Ferney Voltaire, and Miniworld at Carré de Soie.

1.2.1.1 PIPELINE

The Group communicates on a portfolio of projects that are underway or secured[64], which does not include identified projects for which development teams are in the negotiation or advanced study phase.

The Retail pipeline includes the programmes that are designed to be owned (100% or in partnership) by the property company, as well as property development programmes for external investors, which mainly concern the local retail programmes included in large mixed-use projects.

At 31 December 2017, the Retail pipeline represents a potential value of €3.4 billion euros (100% owned).

	GLA (in m²)	%	Potential value (€m)[a]	%
Large regional SCs	265,100	43%	1,905	56%
Large retail parks	148,300	24%	477	14%
Travel retail	49,400	8%	522	15%
Convenience retail	151,950	25%	507	15%
TOTAL	**614,750**	**100%**	**3,411**	**100%**

[a] Potential market value, duties included, of fully delivered projects (net rents capitalised at a market rate) and revenue, excl. tax, for local retail development programmes).

Mainly located in Grand Paris (64%) and the other most dynamic French cities (27%).

	GLA (in m²)	%
Grand Paris	395,600	*64%*
of which Paris inner city	*49,825*	*8%*
Other French cities	164,450	*27%*
International	54,700	*9%*
TOTAL	**614,750**	***100%***

Given the Group's cautious criteria, the decision to start 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 2024.

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

€ millions, net	At 100%	%	Group
Committed	648	27%	354
o/w paid out	305	*13%*	*162*
o/w to be paid out	342	*15%*	*192*
Secured not committed	1,720	*72%*	1,667
TOTAL	**2,368**		**2,021**

Pipeline/property investments

Bid won

Ferney Voltaire (Ferney-Genève)

The Group was awarded the project for the future shopping and leisure centre located in the heart of the Ferney-Geneva urban development area (Pays de Gex-Ain), with a total surface area of over 46,400 m^2.

This complex is part of the Greater Geneva development project called the Circle of Innovation. Altarea Cogedim's project stood out because of its unique commercial offer, perfect integration into the territory, architectural design by Jean-Michel Wilmotte, respect for the environment and unique cultural and leisure offer with Universcience and creation of a new branch of the Pompidou Centre, the institution's third establishment outside Paris, and the first in a shopping centre.

Progress of projects

Travel retail: The Paris-Montparnasse rail station

Following signature of the public space temporary occupancy agreement for the Paris Montparnasse station at the end of 2016, launch of the works site will be conducted in several phases. The contracts are currently being signed.

This exceptional site has an actual footfall of 70 million travellers per year and will grow with the opening of the high-speed Paris-Bordeaux and Paris-Rennes train lines. It offers a retail space with 90 boutiques and 30 restaurants, the delivery of which is planned as work proceeds, starting in 2018.

Marketing began with the Group's first Nespresso shop and the signing of an agreement to open a dozen restaurant brands with SSP, a specialist in train station restaurants and a Elior group subsidiary.

National personal goods brands such as Levi's and Camaieu or Accessorize will join the restaurant brands.

The beauty and health sector will be represented by Lush, Yves Rocher and L'Occitane as well as a pharmacy.

Cap 3000 (Saint-Laurent-du-Var, Nice)

The extension of this exceptional centre is being rolled out in three stages, the first of which was completed this year with the opening of nine retail banners in the new "Biot" central area.

The next two stages will be:

• the opening in spring 2018 of the western central area, which includes the centre's new iconic entrance and around twenty new shops;

• and finally the delivery of the southern central area in 2019, with the transformation of the centre being competed in its golden anniversary year.

The offer of the new Cap 3000 (135,000 m² of which commercial areas will represent 105,000 m²), which will have doubled in size to accommodate 300 shops, will be based around three areas:

• a premium area (western hub) on the city side for high-end international "fashion and trend" brands that are new or rare in France and will set up their French concept store in the centre;

• new restaurant options in the central areas and seaside terraces (southern hub), through the participation of master chefs and the introduction of international restaurants with original concepts;

• digital services and innovation dedicated to improving the customer experience (concierges, personal shoppers, geolocation, etc.).

Leasing (leases signed)

In 2017, 79 leases were signed for the pipeline's assets, for a total of €23.1 million in rental income. These leases are mainly for the extension of Cap 3000, recently delivered projects (including Le Parks and Promenade de Flandre) and Gare de Paris-Montparnasse, with 15 brands that have signed leases.

Pipeline/Development

Sale of Promenade de Flandre

The Group sold the Promenade de Flandre retail park in Roncq to Auchan group. The shopping centre was fully marketed by Altarea Cogedim's sales teams, then sold before delivery.

RETAIL PIPELINE at 31 December 2017 (investment and development)

Projects by type (at 100%)		Group share	GLA (in m²)[(a)]	Gross rent (€m)	Net invest. (€m)[(b)]	Yield	Potential value (€m)[(c)]	Progress
Cap 3000 (Nice)	Redev./ Expansion	33%	34,400					Under construction
Ferney-Voltaire (Geneva area)	Creation	100%	46,400					Secured
Sant Cugat (Barcelona)	Redev./ Expansion	100%	10,000					Under construction
Ponte Parodi (Genoa)	Creation	100%	36,700					Secured
Le Due Torri (Lombardy)	Redev./ Expansion	100%	8,000					Under construction
Orgeval	Creation	100%	77,400					Secured
Other (2 operations)			52,200					
Shopping centre subtotal (8 projects)			**265,100**	**104.5**	**1,531**	**6.8%**	**1,905**	
L'Illiade (Chartres)	Creation	100%	49,600					Secured
PACA region	Creation	100%	43,500					Secured
Massy -X%	Redev./ Expansion	100%	35,900					Secured
Aubergenville 2	Redev./ Expansion	100%	9,400					Secured
La Vigie (Strasbourg)	Redev./ Expansion	100%	9,900					Secured
Retail parks subtotal (5 projects)			**148,300**	**25.7**	**377**	**6.8%**	**477**	
Gare de Paris-Montparnasse	Creation	100%	18,200					Under
Gare de Paris-Austerlitz	Creation	100%	26,200					Secured
Gare de Paris-Est	Creation	51%	5,000					Secured
Travel retail subtotal (3 projects)			**49,400**	**27.1**	**355**	**7.6%**	**522**	
La Place (Bobigny)	Creation	100%	12,600					Secured
Cœur de Ville (Issy-les-M.)	Creation	100%	17,900					Secured
Convenience retail subtotal (2 projects)			**30,500**	**6.7**	**105**	**6.4%**	**128**	
Total Investment (18 projects)			**493,300**	**164.0**	**2,368**	**6.9%**	**3,032**	
Group share			*458,417*	*141.5*	*2,021*	*7.0%*	*2,529*	
Convenience retail development (35 projects)			**121,450**	**27.6**	**355**	**7.8%**	**379**	
Total at 31 December 2017 (53 projects)			**614,750**	**191.6**	**2,723**	**7.0%**	**3,411**	

(a) Total m² GLA created, including property development. For renovation/extension projects, figures represent additional GLA created.

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

(c) Potential market value including transfer duties for projects for delivery (net rental income capitalised at market rates) at 100% and revenue excl. VAT for the convenience store property development programme.

1.2.1.2 PORTFOLIO

Figures at 100%	No.	GLA (in m²)	Gross rent current (€m)[d]	Value (€m)[e]
Controlled assets[a]	33	724,600	187.6	4,260
Equity assets[b]	7	114,500	28.3	426
Total portfolio assets	**40**	**839,100**	**215.9**	**4,686**
o/w Group share	*na*	624,670	*145.9*	*3,086*
Management for third parties[c]	**7**	**150,700**	**30.3**	
Total assets under management	**47**	**989,800**	**246.2**	

(a) Assets in which Altarea Cogedim holds shares and over which the Group 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 leases signed as at 1 January 2018.
(e) Appraisal value including transfer duties.

Portfolio value

€ millions	Value[a]	*Change*
Total at 31 December 2016	**4,512**	
France	*188*	
International	*17*	
Like-for-like change	**204**	***+4.5%***
Centres opened	40	
Sale	-70	
Total change	**174**	
Total at 31 December 2017	**4,686**	***+3.8%***
o/w Group share	*3,086*	

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

The value of the portfolio[65] assets at 31 December 2017 was €4,7 billion, an increase of 3.8% year on year. This increase is attributable primarily to the opening of the Biot central area in Cap 3000, the quality of re-leasing and lease renewals (particularly Bercy), and a compression of the capitalisation rate.

Property exit rate ("capitalisation rate")

The exit rate (or "capitalisation rate") is the rate used by appraisers to capitalise rents in the terminal period of their DCF models. It reflects the fundamental medium- to long-term quality of assets.

Average capitalisation rate at 100%	2017	2016
Total portfolio	4.83%	5.04%

The 21-basis-point decline in the capitalisation rate is attributable chiefly to strategic assets, which now account for approximately 85% of the Group's portfolio (at 100%). As a result, large regional shopping centres, major retail parks and railway station complexes are now valued at a rate of less than 5%, in line with transactions in France and Europe in general. Shopping centres (15% of the portfolio) are valued at between 5% and 8% depending on their location, their vacancy rate and their medium-term rental situation.

Significant events of the year

Deliveries

Cap 3000 (Saint-Laurent-du-Var)

The opening of the "Biot" shopping centre in April 2017 marks the first stage of the extension, with the arrival of Michael Kors, Palais des Thés, Old River, Armani Exchange, Adidas, Benetton, Hema, Bocage and Alice Delice to reinforce the retail line-up. The quality of the centre's renovation and overall design was distinguished by the 2017 Prix Versailles for Europe.

Since its classification in an International Tourist Zone in February 2016, the site has also benefited from the possibility of extending trading hours into the evening and on Sundays. The whole centre has taken advantage of this opportunity.

In terms of customer experience, the new central square is home to the "Digital Wave", a wave-shaped screen more than 5 metres tall, offering visitors total immersion into the projected image. This concept was rewarded by the prize for Excellence in marketing (Silver Customer Experience award) bestowed by ADETEM, the largest network of marketing professionals in France.

Together, these innovations have boosted footfall in the centre, which attracted more than 8 million visitors this year despite the extension work.

Arbitrage

Sale of L'Aubette (Strasbourg)

In July 2017, Altarea Cogedim sold the L'Aubette shopping centre. The transaction was part of the Group's arbitrage policy, which aims to focus its portfolio on regional assets located in major French cities.

Business activities of the centres

L'Avenue 83 (Toulon)

[65] *Consolidation and equity-method recognition.*

Eighteen months after its opening, L'Avenue 83 has confirmed its success. It has already established a loyal clientele, with annual footfall of 6.9 million visitors and a stellar performance by the Pathé cinema complex, ranked 10th among France's 200 most popular cinemas.

The development of the region is continuing with the creation of residential properties, offices and a hotel by the urban district of Toulon. The centre's line-up of retailers will be further enhanced by the opening of eight new shops under development on the ground floors of residential buildings.

In the second half, the site received BREEAM In-Use Excellent certification on the Asset side, Excellent on the Production side and Very Good on the Building Management side.

Bercy Village (Paris)

The Group's iconic site by virtue of its unique architecture, Bercy Village is completing a transformation dating back to 2016. With all units leased, Sunday trading authorised and performance indicators on the rise, the retail line-up is changing. The centre is now home to premium foodservice brands including Maison Pradier, a Parisian pastry chef who won the prize for the best chocolate éclair in Paris in 2015, not to mention Jour, a French customised salad concept. Lastly, Le Paradis du Fruit will open an outlet in the first half of 2018.

Carré de Soie (Vaulx-en-Velin)

The centre completed its repositioning this year with the opening in the second half of a mid-sized 4,600 m^2 Carrefour supermarket, an Old Wild West theme restaurant, a JD Sports shop and a low-cost Babou banner. These arrivals come on top of those of Nike Factory, MiniWorld, L'Appart Fitness and Jennyfer. In the first half of 2018, the site will also welcome Chausséa.

The centre's footfall has risen by 6% since 1 January, 2017.

The reinforcement of the immediate catchment area continues, with the creation of housing and offices, a large part of which is being carried out by Altarea Cogedim.

Okabé (Kremlin Bicêtre)

Okabé has completed its transformation, with the arrival of the children's brand "Orchestra", which has opened its new global concept store, and the Dutch non-food chain Action. Footfall at the centre increased by 6.5% in 2017.

Le Due Torri (Stezzano - Italy)

At the beginning of the year, Due Torri confirmed its environmental performance by becoming the first Italian shopping centre awarded an Excellent BREEAM In-Use International rating in Asset Performance and Building Management. Redevelopment work ended with the opening of Sportland, as well as Piazza Italia and Calliope, two ready-to-wear fashion banners.

Gare de Paris-Est

The Group has extended its partnership with the SNCF by signing, in early 2017, a rider to the temporary occupancy authorisation at the Gare de Paris-Est, allowing commercial space in the Saint-Martin hall to be expanded with the arrival of ready-to-wear fashion stores Etam and Camaïeu in the second half of 2017. Further new stores, including popular foodservice concepts such as Factory & Co, already present at Bercy Village, and Monop', will open in 2018.

Operational performance

Economic environment

After the wait-and-see climate that prevailed early in the year, the final months of 2017 saw a slight rebound in activity driven by more encouraging economic indicators: GDP grew by 1.9% in 2017, compared with 1.1% in 2016, a growth rate that "has not been seen since 2011" according to INSEE.

Revenue[66] and footfall[67]

	Sales (incl. tax)	Footfall
France	2.0%	0.7%
International	0.4%	(2.1)%
TOTAL	**1.7%**	**0.3%**
Benchmark France (CNCC)	*(1.2)%*	*(1.8)%*

The increase in the revenue from tenants in France was driven in large part by the retail parks.

Net consolidated rental income

Net rental income (IFRS) was €174.7 million in 2017, an increase of 3.7% overall and 3.9% like-for-like. The increase in rental income reflects work conducted to improve the collection of rents and a noteworthy performance in variable rents and speciality leasing.

	€ millions	*Change*
Net rental income at 31 December 2016	**168.3**	
Acquisitions and openings	1.6	
Sale	(1.7)	
Like-for-like change	**6.4**	***+3.9%***
Net rental income at 31 December 2017	**174.7**	***+3.7%***

[66] *Change in merchant sales on a same-site basis in 2017. Excluding property being redeveloped.*

[67] *Like-for-like change in revenue from shopping centre tenants, excluding assets under refurbishment or in arbitrage.*

Occupancy cost ratio[68], bad debt ratio[69] and financial vacancy rates[70]

	2017	2016
Occupancy cost ratio	10.8%	10.3%
Bad debt ratio	1.2%	2.3%
Financial vacancy	2.4%	2.7%

The 0.5% increase in the occupancy cost ratio in 2017 was attributable to the one-off impact this year of renovations on the occupancy cost ratio at Cap 3000, one of the Group's main assets.

The significant reduction in the bad debt ratio in 2017 reflects the improvement in the Group's collection strategy and the good performance of retail banners.

The quality of leasing activity continues to pay off, both on the existing portfolio and with new assets, resulting in a further fall in the vacancy rate over the year.

Leasing (leases signed)

At 100%	Number of leases	New rent	Change
France	209	€18.4m	€1.1m
International	80	€7.3m	€0.4m
TOTAL	**289**	**€25.7m**	**€1.4m**

Combining the 79 initial marketing signatures on assets under development (see above) and the 289 signed leases, the teams worked on a total volume of 368 leases (compared with 310 in 2016), representing aggregate rental income of €48.8 million.

Lease expiry schedule

Lease expiry at 100%	€ millions, at 100 %	% of total	3-year termination option	% of total
Past	16.7	*7.7%*	16.7	*7.7%*
2018	14.2	*6.6%*	36.4	*16.9%*
2019	9.6	*4.4%*	41.6	*19.3%*
2020	16.9	*7.8%*	43.1	*20.0%*
2021	16.0	*7.4%*	33.0	*15.3%*
2022	19.4	*9.0%*	12.0	*5.6%*
2023	20.8	*9.6%*	10.9	*5.0%*
2024	28.3	*13.1%*	4.0	*1.9%*
2025	28.1	*13.0%*	4.4	*2.0%*
2026	22.6	*10.5%*	4.3	*2.0%*
2027	16.1	*7.5%*	4.6	*2.1%*
2028	2.1	*1.0%*	0.2	*0.1%*
> 2028	5.1	*2.4%*	4.7	*2.2%*
TOTAL	**215.9**	**100%**	**215.9**	**100%**

Excluding assets managed for third parties, Altarea Cogedim manages a total of approximately 1,720 leases in France and internationally.

[68] Ratio of billed rents and expenses to tenants (including reductions) to sales revenue. Calculated including tax and at 100%. France and International. In 2016, the Group reported an occupancy cost ratio on the France scope and excluding restructuring-only assets of 9.9%. On the same scope of analysis, it would stand at 10.8% at the end of 2017.

[69] 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 %. France and International.

[70] Estimated rental value (ERV) of vacant units as a percentage of total estimated rental value. France and International. Excluding property being redeveloped.

Detail of assets managed at 31 December 2017

Asset and type		GLA (in m²)	Gross rent (€m)(d)	Value (€m)	Group share	Group share (€m)
Cap 3000 (Nice)	SC	71,200			33%	
Espace Gramont (Toulouse)	SC	56,700			51%	
Avenue 83 (Toulon-La Valette)	SC	53,500			51%	
Qwartz (Villeneuve-la-Garenne)	SC	43,300			100%	
Bercy Village (Paris)	SC	23,500			51%	
Massy -X%	SC	18,400			100%	
La Vigie (Strasbourg)	SC	18,200			100%	
Family Village (Le Mans-Ruaudin)	RP	30,500			100%	
Family Village (Limoges)	RP	29,000			75%	
Family Village (Nîmes)	RP	28,800			100%	
Family Village (Aubergenville)	RP	27,800			100%	
Les Portes de Brest Guipavas	RP	28,600			100%	
Espace Chanteraines (Gennevilliers)	RP	23,700			51%	
Les Portes d'Ambresis (Villeparisis)	RP	20,300			100%	
XIV Avenue (Herblay)	RP	14,300			100%	
Marques Avenue A13 (Aubergenville)	RP	12,900			100%	
Pierrelaye	RP	10,000			100%	
Gare de l'Est (Paris)	TR	6,800			51%	
Grand Place & Les Tanneurs (Lille)	CG	25,500			100%	
Thiais Village	CG	22,800			100%	
Porte Jeune (Mulhouse)	CG	15,600			65%	
Okabé (Le Kremlin-Bicêtre)	CG	15,000			65%	
C.C. de Flins (Flins)	CG	9,800			100%	
Grand' Var (Toulon)	CG	6,400			100%	
Jas de Bouffan (Aix-en-Provence)	CG	4,500			100%	
Espace Saint Christophe (Tourcoing)	CG	4,300			100%	
C.C. d'Ollioules (Toulon)	CG	3,300			100%	
Various shopping centres (3 assets)	CG	14,800			100%	
Sub-total France		**639,500**	**163.1**	**3,822**		**2,440**
Sant Cugat (Barcelone)	SC	33,000			100%	
Le Due Torri (Bergame-Stezzano)	SC	30,900			100%	
Corte Lombarda (Bellinzago)	CG	21,200			100%	
Sub-total International		**85,100**	**24.5**	**438**		**438**
Controlled assets(a) (33 assets)		**724,600**	**187.6**	**4,260**		**2,878**
Carré de Soie (Lyon)	SC	51,000			50%	
Le Parks (Paris)	SC	33,300			50%	
Les Boutiques Gare du Nord (Paris)	TR	4,600			40%	
Espace Grand' Rue (Roubaix)	CG	12,000			32%	
Jas de Bouffan (Aix-en-Provence)	CG	5,300			50%	
Hôtel de Ville (Châlons)	CG	5,300			40%	
Various shopping centres (2)	CG	3,000			49%	
Equity assets(b) (7 assets)		**114,500**	**28.3**	**426**		**208**
Total portfolio assets (40 assets)		**839,100**	**215.9**	**4,686**		**3,086**
Assets managed for third parties(d) (7 assets)		**150,700**	**30.3**			
Total managed assets (47 assets)		**989,800**	**246.2**			

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

(b) Assets in which Altarea is not the majority shareholder, but on which it exercises joint operational control or 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 1 January 2018.

(SC) Shopping centre – (RP) Retail park – (TR) Travel retail – (CS) Convenience store – (CG) Commercial gallery (mall)

1.2.2 Residential

A winning strategy

Ranked in the top 3 of French developers[71], with 8.6%[72] of the market in 2017 (11,189 units reserved), the Group recorded its highest growth in France for four years. New orders were multiplied by 3[73], representing the gain of 4.2 points of market share (of which 2.8 points resulting solely from organic growth).

This performance was the result of a targeted, multi-brand and multi-product geographic development strategy, based above all on attention to satisfying customer wants and needs.

Customers are at the core of the process

The Group stands out in the market by virtue of its capacity to tune into the wants and needs of its customers. To develop appropriate and suitable products, the Group has focused its efforts on three main areas.

Comprehensive customer support

The Group adopts an approach to customer support, backed up by:

• customisation of the offer: four collections featuring turnkey packs (“ready to live”, “ready to rent”, “connected”, “security”); a catalogue of technical and decorative options. Customers can now make their choices in a Cogedim Store: the stores, open in Paris, Toulouse and Bordeaux, include display apartments, a room devoted to the choice of materials, and immersive digital experiences;

• the launch in 2017 of “mon-cogedim.com”. This digital platform allows buyers to receive personalised support throughout their residential experience; the customer relationship manager nurtures long-term dialogue with the buyer, who benefits from a single point of contact and dedicated follow-up, providing a service tailored to wants and needs;

• assistance in financing and rental management assistance for indivual investors.

These actions undertaken by the Group for the satisfaction of its customers have been rewarded: for instance, Cogedim became the first property developer to win “Customer Service of the Year” award for the level of service and quality of its customer relations in 2018. The Group also made its entry into the Top 10 French companies in the nationwide Les Echos/HCG ranking of customer reception (8th place), ranking 1st among French property developers.

A signature, a pledge of quality

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

Expert teams of architects and interior designers analyse, model and anticipate tomorrow’s uses. The plans offer adjustable build-outs, tailored to family structures and lifestyles.

The Group innovates by offering “new ways of living”. In the 13th arrondissement of Paris for instance, the Nudge programme will encourage residents to adopt more virtuous behaviour in terms of eco-responsibility, socialisation with neighbours and creativity in everyday life.

Programmes rooted in their city

The Group strives to develop projects that fit seamlessly into their environment and match the end-needs of customers as closely as possible: close to shops, public transport and schools.

A multi-brand and multi-product strategy

The Group operates across France through three complementary brands: Cogedim, Pitch Promotion et Histoire & Patrimoine.

The Group provides a well-judged response in all market segments for all customer types:

• High-end[74]: products defined by demanding requirements in terms of location, architecture and quality. In 2017, they accounted for 15% of the Group’s orders by number of units, including three programmes currently on the market in Paris, where the Group is the leading developer[75];

• Entry level/mid-range[76]: these programmes, which accounted for 78% of the Group’s new orders, 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,

- and meet the challenges faced by social housing providers, with which the Group is developing genuine partnerships to help them increase their rental stock and upgrade some ageing assets;

• Serviced residences: the Group develops an extended line (student residences, business tourism residences, exclusive residences, etc.). Under the Cogedim Club® brand, it also designs serviced residences for active seniors, combining locations in the heart of the city with a broad range of bespoke services. In 2017, three Cogedim Club® residences were opened in Bordeaux (33), Suresnes (92) and Massy (91), bringing the number of residences in operation to 10;

• Sales in divided ownership: under the Cogedim Investissement 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

[71] *Altarea Cogedim is France's second biggest developer in terms of value (with €2,636 million in orders) and third biggest in terms of units.*
[72] *129,817 units reserved in France in 2017 (+2.1% vs 2016) – Source: Ministry of Territorial Cohesion.*
[73] *In 2013, 85 151 units were reserved in France and 3 732 for the Group. Source: Ministry of Territorial Cohesion.*

[74] *Programmes at over €5,000 per m² in the Paris Region and over €3,600 per m² in other regions.*
[75] *By value of new orders.*
[76] *Programmes under €5,000 per m² in the Paris Region and under €3,600 per m² in other regions, as well as exclusive programmes.*

out local communities, provides an alternative investment product for private investors;

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

Well-judged regional targeting

Operating in the largest and most dynamic regional gateway cities,the Group targets high-demand areas where the need for housing is the greatest.

The extension in 2018 of the Pinel tax scheme for a further four years and its strengthening in high-demand areas are welcome news for the Group in its regional strategy, as more than 99% of its pipeline (offering and future offering) is located in eligible areas.[77]

The market and outlook in 2017

The housing market remained buoyant in 2017: with growth of 2.1%[78], 2017 reservations beat the 2016 level, which marked a return to pre-crisis levels.

The residential market as a whole, including institutional investors, private investors and homeowners, enjoyed continued low interest rates and effective incentives in the Pinel programme and increased Zero Rate Loans (ZRLs).

This improvement in the market is also reflected in building permits (+8.2% in 2017) and housing project commissioning (+15.7%)[79].

The refocusing of the Pinel tax scheme since 1 January 2018 is unlikely to seriously undermine market conditions, which remain favourable given the extent of needs.

Confident in the market trends, the Group aims to continue its trans-regional and multi-product developments in high-demand areas.

Reservations up[80] 15% by value and 12% by volume

11,189 units sold in 2017

The Group exceeded its target for new housing reservations in 2017. With 11,189 units sold (+12%), reservations reached €2,6 billion (inclusive of tax), an increase of 15% year on year.

	2017		2016		Change
Retail sales	€1,780	m	€1,598	m	*+11%*
Block sales	€857	m	€688	m	*+25%*
Total in value terms	**€2,636**	**m**	**€2,286**	**m**	**+15%**
o/w equity-method (Group share)	*€277*	*m*	*€241*	*m*	*+15%*
Retail sales	6,692	unit	5,964	unit	*+12%*
Block sales	4,497	unit	4,047	unit	*+11%*
Total in units	**11,189**	**unit**	**10,011**	**unit**	**+12%**

Reservations were driven by:

• retail sales, which were up 12% by volume compared with 2016, benefiting fully from households' increased solvency (low interest rates, ZRLs, Pinel tax scheme, etc.);

• block sales, which were up 11% by volume: the Group is a preferred partner for investors in both social housing (which accounts for 25% of total new orders) and intermediate or market-rent housing. The increase in block sales by 25% in value resulted in particular from a large number of sales in the immediate Paris Region.

Reservations by product range

Number of units	2017	%	2016	%	Change
Entry-level / mid-range	8,703	*78%*	6,561	*66%*	
High-end	1,680	*15%*	2,275	*23%*	
Serviced Residences	537	*5%*	1,006	*10%*	
Renovation/Rehabilitation	269	*2%*	169	*2%*	
TOTAL	**11,189**		**10,011**		**+12%**

Notarised sales: +49%

€ millions incl. tax	2017	%	2016	%	Change
Entry-level / mid-range	1,613	*61%*	1,080	*61%*	
High-end	855	*32%*	542	*30%*	
Serviced Residences	104	*4%*	101	*6%*	
Renovation/Rehabilitation	90	*3%*	60	*3%*	
TOTAL	**2,663**		**1,783**		**+49%**

The change in notarised sales reflects growth in the Group's business activity since 2015.

[77] The "high-demand areas" correspond to areas A bis, A and B1. Only 321 units (i.e. less than 1% of the Residential pipeline) are located in area B2, and a large part of them are in French Genevois, which has strong appeal.
[78] Source: Ministry of Territorial Cohesion.

[79] Source: Ministry of Ecological and Solidarity Transition data – Housing construction at the end of December 2017.
[80] Reservations net of withdrawals, in euros including tax when expressed in value. New orders at 100%, with the exception of projects under joint control (Group share of placements). Histoire & Patrimoine accounted for in proportion to the Group share (55%).

Revenue by % of completion: +33%[81]

€ million excl. tax	2017	%	2016	%	Change
Entry-level / mid-range	900	63%	659	62%	
High-end	441	31%	356	33%	
Serviced Residences	81	6%	52	5%	
TOTAL	1,422		1,067		+33%

Outlook

All the operational indicators reflecting the Group's outlook were up significantly.

Supply[82]: +4%

Supply	2017	2016	Change
€ millions (incl. tax)	4,016	3,853	+4%
Number of units	17,889	15,724	+14%

Commercial launches: +9%

Launches	2017	2016	Change
Number of units	12,841	11,147	+15%
Number of transactions	177	140	+26%
Revenue incl. tax (€m)	2,901	2,650	+9%

Residential backlog[83]: +24%

€ millions excl. tax	2017	2016	Change
Notarised revenues not recognised on a % of completion basis	1,956	1,307	
Revenues reserved but not notarised	1,317	1,333	
Backlog	3,273	2,640	+24%
o/w equity-method (Group share)	*281*	*232*	*+21%*
Number of months	*28*	*24*	

The €3.3 billion backlog also includes projects on which the Group exercises joint control (projects consolidated by the equity method). The corresponding revenue is therefore not included in the consolidated revenue of the Group's Residential business line.

Projects under construction: +43 projects

At the end of 2017, 210 projects were under construction, compared to 167 at the end of 2016.

Properties for sale[84] and future offering: 42 months of pipeline[85]

€ millions incl. tax of potential revenue	2017	No. of month	2016	Ch.
Property for sale	1,581	*7*	*1,337*	
Future offering	7,624	*35*	*6,809*	
Pipeline	9,205	42	8,146	+13%
In no.of units	*38,985*		*34,542*	*+13%*
In m².	*2,183,100*		*1,934,400*	*+13%*

Risk management

Breakdown of the Group's properties for sale at end-2017 (€1.6 billion incl. tax, or seven months of business), by percentage of completion:

€ millions		from lowest to highest risk			
		Project not yet started	Project under construction	In stock (a)	TOTAL
Already spent(b)		184			
Cost price(c)			554	14	
Properties for sale(d) (e)		**839**	**700**	**18**	**1,557**
In %		*54%*	*45%*	*1%*	
Histoire & Patrimoine products					*17*
Measurement products					*7*
Properties for sale(e)					**1,581**
o/w to be delivered	*in 2018*		*115*		
	in 2019		*387*		
	≥ 2020		*197*		

(a) Total value for sale on delivered programmes.
(b) Total amount already spent on operations in question, excl. tax.
(c) Cost price of properties for sale (excl. tax).
(d) Excl. Histoire & Patrimoine and Pitch Promotion renovation programmes.
(e) As revenue incl. tax.

Management of real estate commitments

54% of properties for sale (or €839 million) concerns programmes for which construction has not yet started (40% under preparation and 14% where the construction 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, and cost of property (if applicable).

45% of the offering (or €700 million) is currently under construction, including a limited share (16% or €115 million) representing units to be delivered by the end of 2018.

The stock amount of finished products is insignificant (1% of the total offer).

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

- the choice to prioritise unilateral preliminary sale agreements signings rather than bilateral sale and purchase agreements;
- requiring the consent of the Commitments Committee at all stages of the transaction: signature of the purchase agreement, marketing, land acquisition and launch of construction;
- strong pre-commercialisation required when acquiring land;
- abandonment or renegotiation of projects having generated inadequate take-up rates.

[81] 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.
[82] Sale agreements for land signed and valued as potential residential orders (incl. taxes).
[83] 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.
[84] Units available for sale (incl. taxes value, or number count).
[85] Future offering consisting of secured projects (through an option on the land, mostly in unilateral form) whose launch has not yet occurred (value including taxes of potential revenue when expressed in euros).

1.2.3 Office

An investor developer model

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

• as a promoter[86] in the form of off-plan sales, off-plan leases and property development contracts, with a particularly strong position on the turnkey users market, or as a service provider under delegated project management contracts;

• as an investor directly or through AltaFund[87] as part of an investment strategy in assets with high potential (prime location) in view of their medium-term sale once redevelopped[88].

The Group is systematically the developer of projects in which it acts as co-investor and manager[89].

Altarea Cogedim can operate throughout the value chain, with a diversified revenue model: PDC margins, rent, capital gains, fees, etc.

The market in 2017

After a record year in 2016[90], the amount of investments in office property reached €18.8 billion thanks notably to a very strong fourth quarter. The French market is very attractive for investors; transactions are focused primarily on the Paris region and the Lyon area, on premium assets of significant size[91].

This strength is also reflected in the rental market, with demand rising by 8% year on year in the Paris region to 2.6 million m². The Paris region vacancy rate accordingly edged down to 6.2%, and the scarcity of quality supply in the most sought-after business districts (CBD[92], La Défense, Western Crescent) is beginning to have an upward impact on headline rents.

€1,1 billion in new orders in 2017 (+80%)

New orders is an indicator of commercial activity, combining numbers for two types of events:

• signing of property development or off-plan sales contracts in the development business[93];

• sale of assets in the investment business.

Business	Amount of placement	Recognition in accounts
Property Development	Amount (incl. tax) of the property development or off-plan sale contract	Revenue (excl. tax) by % of completion
Investment	Sale price, net of property development or off-plan sales contracts already signed (if applicable)	Capital gain recognised in profit (a)

(a) As the Group generally holds a minority stake in investment projects, the associated capital gain is recognised in equity-accounted income.

In 2017, the Group recorded significant commercial success, with a record level of new orders of €1.1 billion including tax (298,800 m²).

€ millions incl. tax	31/12/2017	31/12/2016	*Change*
Signing of property development or off-plan sales contracts	1,073	353	
o/w equity-method (Group share)	*75*	*29*	
Asset sales	–	245	
TOTAL	**1,073**	**598**	***+80%***

The main new orders related to the signature of the property development contracts for four projects: Bridge in Issy-les-Moulineaux, Landscape and Tour Eria in La Défense, and Richelieu in Paris. The impact of these orders on revenue will be seen in the coming years.

Pipeline: 51 projects underway

At 31 December 2017, the project portfolio comprised 51 developments, of which 8 are part of the Group's medium-term investment strategy and 4 represent delegated project management contracts.

The potential value at 100% of these projects under construction or secured is €4.5 billion.

At 31 December 2017	No.	Surface areas at 100% (m²)	Potential value at 100% (€m excl. tax)
Investments(a)	8	257,900	3,088
Property developer (property development or off-plan sales contracts)(b)	39	499,500	1,190
Delegated project management(c)	4	78,500	213
TOTAL	**51**	**835,900**	**4,491**

(a) Potential value: market value excluding project rights at the date of sale, held directly or via AltaFund.
(b) Projects intended for "100% external" customers only. Potential value: revenue (excl. tax) from signed or estimated property development or off-plan sale contracts, at 100%.
(c) Potential value: capitalised fees for delegated projects.

[86] *This development activity does not present any commercial risk: Altarea Cogedim carries only a measured amount of technical risk.*
[87] *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.*
[88] *Resold rented or not.*
[89] *Through marketing, sale, asset and fund management contracts.*
[90] *€19.1 billion invested in 2016. Source: Cushman & Wakefield/Immostat.*
[91] *Transactions covering an area of more than 5,000 m². represent 43% of the surface market, an increase of 6 points year on year.*
[92] *Central Business District.*
[93] *New orders including tax at 100%, with the exception of projects under joint control (equity-accounted) for which placements are in Group share.*

Commitments

For new developments, commitments are limited to the amount of studies for projects being arranged. For projects under construction, financial commitments are covered by calls for funds (except “blank” transactions).

On investment transactions, the Group’s commitments correspond to the obligations of equity contributions in operations. For AltaFund projects, the equity that the Group was committed to contribute had already been handed over at 31 December 2017.

At the balance sheet date, the Group had accordingly committed a total of €291 million in Group share.

In €m, Group share	Investment	Property Development	TOTAL Portfolio
Already invested	182	13	195
To be invested	96	–	96
Total commitments	**278**	**13**	**291**
Change 31/12/2016			*(17)%*

The residual commitments of the investment activity mainly concern a prime transaction located in the inner suburbs of Paris.

1.2.3.1 INVESTMENT

Eight investment projects at the end of 2017

At 31 December 2017, the Group was involved in eight medium-term investment projects, which it shares with leading institutional investors.

These projects covered the development or restructuring of office buildings in exceptional locations (Paris and inner suburbs), offering high potential once delivered.

The cost price of these projects was €2.1 billion at 100% (€637 million in Group share), representing a potential value of more than €3 billion (estimated selling price).

The deliveries of these transactions will be staggered between 2018 and 2023.

Leasing activity

In 2017, the Group signed two significant lettings for the future global headquarters of Orange and Parfums Christian Dior, respectively in the Bridge building in Issy-les-Moulineaux and Kosmo in Neuilly-sur-Seine.

Furthermore, in July the Group also announced plans to locate its future head office in the Richelieu building (Paris 2). This building, in which it is also an investor with a 58% share, will showcase its vision of the “Office of the Future”.

It will host a new co-working concept and a business centre managed by Altarea Cogedim. Drawing on the Group’s expertise in heavy redevelopment, the project will be delivered in the second quarter of 2019.

These three projects together account for over €60 million in headline rents. The value creation from these three transactions will fuel the Group's profits over the coming years[94].

Group investment projects at 31 December 2017

Project	Group share	Surface area (m²)	Estimated rental income (€m)[a]	Cost price (€m)[b]	Potential value (€m)[c]	Progress[d]
Kosmo – Neuilly-sur-Seine	17%	26,200				Under construction/leased
Richelieu (Paris)	58%	31,800				Under construction/leased
Bridge (Issy-les-Moulineaux)	25%	56,800				Under construction/leased
Landscape (La Défense)	15%	67,400				Under construction
Tour Eria, La Défense	30%	25,000				Under construction
Issy Coeur de ville – Hugo (Issy-les-Moulineaux)	26%	26,100				Secured
Issy CDV – Leclerc & Vernet (Issy-les-Moulineaux)	50%	15,100				Secured
La Place (Bobigny)	100%	9,500				Secured
TOTAL at 100%	**30%[e]**	**257,900**	**128.0**	**2,146**	**3,088**	
o/w Group share			*38.2*	*637*	*923*	

(a) Gross rent before supporting measures.
(b) Including acquisition of land.
(c) Potential market value excluding project rights at the date of sale, held directly or via AltaFund.
(d) Secured projects: projects either fully or partly authorised, where the land has been acquired or for which contracts have been exchanged, but on which construction has not yet begun.
(e) % in Group share: weighted average of group share.

[94] *The average share for the Group in these three transactions represents 32% (of cost price).*

1.2.3.2 PROPERTY DEVELOPMENT

Property Development portfolio

In office development, the Group operates under off-plan and property development contracts, in two types of projects:

• projects in which the Group also acts as a medium-term investor (directly or via AltaFund), already presented above;

• "100% external" customer projects (investors, users).

	No.	Surface area (m²)	Revenue (€m)[(a)]
Group investments	8	257,900	920
100% external projects	39	499,500	1,190
Portfolio 31/12/2017	**47**	**757,400**	**2,110**
o/w under construction	*19*	*297,300*	*1,055*
o/w secured projects	*28*	*460,100*	*1,056*

(a) Revenue (excl. tax) from signed or estimated property development or off-plan sale contracts, at 100%.

Altarea Cogedim is also acting as a delegated project manager on four developments, some of which are among the most iconic in progress in the French capital.

The year's highlights

Supply

Altarea Cogedim took on 19 new projects representing a total of 222,000 m². The Group was notably selected for a 25,050 m² project in Rueil-Malmaison and for the future Orange regional headquarters in Balma near Toulouse (19,100 m²).

Deliveries

21 projects representing a total of 236,850 m² were delivered, including the Fhive building in Paris (4th arrondissement, 22,700 m²), a 15,100 m² building in Lyon (Gerland district), and the "Austerlitz" building in the 13th arrondissement of Paris (14,800 m²).

Projects started

This year, work was started on 15 projects (representing a total of 264,000 m²), including the Richelieu building in Paris, Bridge in Issy-les-Moulineaux, and Landscape and the Eria Tower in La Défense.

Backlog[95] (off-plan, property development contracts and delegated project management)

€ millions	31/12/2017	31/12/2016	*Change*
Off-plan, property development contracts	906	626	
o/w equity-method (Group share)	*8*	*22*	
Fees (delegated project management)	3	4	
TOTAL	**908**	**630**	***44%***

Development portfolio at 31 December 2017

	Type	Surface area (m²)	Revenue (€m)[(a)]	Progress[(b)]
Group investment projects (8 developments)		**257,900**	**920**	
Belvédère (Bordeaux)	Off-plan	53,500		Secured
Bassins à Flot (Bordeaux)	Off-plan	37,100		Secured
Orange (Lyon)	PDA	25,850		Under construction
Le Lumière (Reuil Malmaison)	Off-plan	25,050		Secured
Campus Orange (Balma, Toulouse)	Off-plan	19,100		Secured
Other (34 operations)	PDA/Off-plan sales	338,900		
Other "100% external" projects (39 developments)		**499,500**	**1,190**	
Total off-plan, property development contracts portfolio (47 projects)		**757,400**	**2,110**	
42 Vaugirard (Paris)		29,000		Under construction
52 Champs-Elysées (Paris)		24,000		Under construction
16 Matignon, Paris		13,000		Under construction
Tour Paris-Lyon (Paris)		12,500		Under construction
Delegated project management portfolio (4 developments)		**78,500**	**213**	
Total development portfolio (51 projects)		**835,900**	**2,324**	

(a) Property development or off-plan sales contracts: revenue (excl. tax) from signed or estimated contracts, at 100%. Delegated project management: fees capitalised.

(b) Secured projects: projects either fully or partly authorised, where the land has been acquired or for which contracts have been exchanged, but on which construction has not yet begun.

[95] 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.

1.3 Consolidated results

1.3.1 Results

1.3.1.1 STRONG GROWTH IN REVENUE AND FFO (+22.6% AND +33.5%)

Altarea Cogedim revenue was €1.9 billion (+22.6%), and recurring net result (FFO) Group share rose significantly to €256.3 million (+33%). This strong growth is mainly driven by very good Residential results: the significant investment levels achieved this year with Office have not yet had an impact on the 2017 financial year accounts.

Per share, FFO rose by 20.7% to €16.42 including the effect of the increase in the average number of shares (+1,488,547 shares compared with 2016). This creation of new shares is the result of equity-bolstering operations carried out over the last two years (impact in full year of capital increases of 2016 and of the payment of the scrip dividend in 2017).

In M€	Retail	Residential	Office	Other Corporate	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL
Revenue	**208.1**	**1,424.4**	**306.6**	**0.4**	**1,939.5**	**–**	**1,939.5**
Change vs 31/12/2016	*+1.2%*	*+33.4%*	*+1.4%*	*na*	*+23.0%*		*+22.6%**
Net rental income	174.7	–	–	–	174.7	–	174.7
Net property income	0.4	129.9	40.8	–	171.2	(5.5)	165.7
External services	17.8	2.0	15.0	0.4	35.2	–	35.2
Net revenue	**192.9**	**131.9**	**55.9**	**0.4**	**381.0**	**(5.5)**	**375.5**
Change vs 31/12/2016	*+1.4%*	*+52.5%*	*+36.3%*	*na*	*+19.7%*		
Own work capitalised and production held	6.4	138.0	22.0	–	166.4	–	166.4
Operating expenses	(54.3)	(174.2)	(38.9)	0.7	(266.8)	–	(266.8)
Net overhead expenses	**(48.0)**	**(36.2)**	**(16.9)**	**0.7**	**(100.4)**	**–**	**(100.4)**
Share of equity-method affiliates	49.4	21.5	4.4	–	75.3	1.3	76.6
Changes in value, calculated expenses and Retail transaction costs					–	202.5	202.5
Calculated expenses and Residential transaction costs					–	(12.3)	(12.3)
Calculated expenses and Office transaction costs					–	(2.2)	(2.2)
Other					–	(8.5)	(8.5)
Operating income	**194.3**	**117.2**	**43.4**	**1.1**	**355.9**	**175.2**	**531.1**
Change vs 31/12/2016	*+15.8%*	*+68.6%*	*+8.0%*	*na*	*+29.7%*		*+27.8%*
Net borrowing costs	(29.1)	(6.0)	(3.3)	–	(38.4)	(5.9)	(44.3)
Other financial results	4.0	–	–	–	4.0	4.7	8.8
Gains/losses in the value of financial	–	–	–	–	–	2.9	2.9
Other	–	0.2	–	–	0.2	(0.2)	0.0
Corporate Income Tax	(5.5)	(5.2)	(4.7)	–	(15.4)	(7.0)	(22.5)
Net income	**163.8**	**106.2**	**35.3**	**1.1**	**306.4**	**169.7**	**476.1**
Non-controlling interests	(41.4)	(8.8)	0.1	–	(50.1)	(102.9)	(153.1)
Net income, Group share	**122.4**	**97.4**	**35.4**	**1.1**	**256.3**	**66.7**	**323.0**
Change vs 31/12/2016	*+22.9%*	*+65.3%*	*(2.8)%*	*na*	*+33.5%*		*+95.2%*
Diluted average number of shares					*15,608,950*		*15,608,950*
Net income, Group share per share					**16.42**		**20.69**
Change vs 31/12/2016					*+20.7%*		*+76.6%*

**Calculated change on revenue at 31/12/2016, including changes in value, calculated expenses and transaction costs of €1,581.7 million.*

1.3.1.2 FFO[96] GROUP SHARE: €256.3 MILLION (+33.5%)

FFO Group share represents operating income after net borrowing costs, corporate income tax and non-controlling interests, for all group activities.

FFO Retail: €122.4 million, +22.9%

FFO Retail illustrates the developer-investor model investor developed by Group. It is made up of:

• FFO Retail REIT which measures financial performance of the Group share assets;

• FFO Property Development and Retail Services which includes the retail assets development activity, and Altarea Commerce expenses not covered by fees and those linked to projects launched, redeveloped or commissioned but which cannot be capitalised in IFRS accounts.

€ millions	2017	2016	
Rental income	188.4	183.9	+2.4%
Rental costs/cost of land	(13.8)	(15.6)	
Net rental income	**174.7**	**168.3**	+3.7%
% of rental income	*92.7%*	*91.5%*	+1.2 pt
Contribution of EM associates	18.1	15.4	
Net borrowing costs	(29.1)	(27.0)	
Other financial results	4.0	–	
Other	–	0.1	
Corporate income tax	(0.5)	–	
Non-controlling interests	(41.4)	(41.3)	
FFO Retail REIT	**125.9**	**115.6**	+8.9%
Services	17.8	21.9	
Contribution of EM associates	31.3	–	
Net property income	0.4	–	
Own work capitalised and production	6.4	9.4	
Operating expenses	(54.3)	(47.3)	
Corporate income tax	(5.0)	–	
FFO Property Development and Retail Services	**(3.5)**	**(16.1)**	
FFO Retail	**122.4**	**99.6**	+22.9%

FFO Retail REIT grew significantly in 2017 (+8.9%) thanks to the very good performance of portfolio assets both in leasing activity and asset management and administration.

Net rental income progressed 3.7% to €174.7 million (+3.9% on a like-for-like basis), boosted by a strengthening of the attractiveness of centres, particularly reflected in collection and bad debt indicators, and by the rise in specialty leasing, the deployment of which is now systematic in our centres.

Other financial results consist of income on hedging instruments, which follows the resolution of a dispute.

FFO Property Development and Retail Services this year registered the property development margin on the Promenade de Flandre retail park, whose income is registered under "Contribution from equity method associates". This project, developed and marketed by the Group, was transferred before opening to the Auchan group.

FFO Residential: €97.4 million, +65.3%

FFO Residential has followed the progress made by property operations: spending relating to each Transaction Under Development is held in inventory and then reversed under net property income according to the percentage of completion[97] and commercial progress of the transaction.

€ millions	2017	2016	
Revenue	1,422.4	1,066.5	
Cost of sales and other expenses	(1,292.5)	(981.1)	
Net property income	**129.9**	**85.4**	+52.2%
% of revenue	*9.1%*	*8.0%*	
Services	2.0	1.1	
Production held in inventory	138.0	98.2	
Operating expenses	(174.2)	(134.0)	
Contribution of EM associates	21.5	18.9	
Operating income	**117.2**	**69.5**	+68.6%
% of (revenue + ext. serv. prov.)	*8.2%*	*6.5%*	+1.7 pt
Net borrowing costs	(6.0)	(6.5)	
Other	0.2		
Corporate income tax	(5.2)	(1.4)	
Non-controlling interests	(8.8)	(2.7)	
FFO Residential	**97.4**	**58.9**	+65.3%

2017 revenue stems from progress in operations mostly marketed in 2014 and 2015. The significant development of revenue (and associated margin) reflects the strong growth in new orders registered in these years.

Due to this growth and the control of structural costs, the margin[98] rose 1.7 points to 8.2%.

FFO Office: €35.4 million, (2.8)%

€ millions	2017	2016	
Revenue	291.6	295.9	
Cost of sales and other expenses	(263.1)	(261.4)	
Other income	12.4	–	
Net property income	**40.8**	**34.6**	+18.2%
% of revenue	*14.0%*	*11.7%*	
Services	15.0	6.4	
Production held in inventory	22.0	16.4	
Operating expenses	(38.9)	(26.1)	
Contribution of EM associates	4.4	8.8	
Operating income	**43.4**	**40.1**	+8.0%
% of (revenue + ext. serv. prov.)	*14.1%*	*13.3%*	+0.9 pt
Net borrowing costs	(3.3)	(3.7)	
Corporate income tax	(4.7)	–	
Non-controlling interests	0.1	–	
FFO Office	**35,4**	**36,4**	(2.8)%

FFO Office, at €35.4 million, is mainly made up of margins on operations delivered (or close to delivery) in 2017. It does not yet reflect the significant volumes expected from new orders and the major construction projects begun this year,

[96] *Funds from operations or operating cash flow from operations.*
[97] *At 31 December 2017, the Group applied IAS 18, percentage of completion calculated according to the stage of construction not including land.*
[98] *Operating income (FFO / revenue.*

which will have a strong impact on results over the next two years.

Potential rises in value of investment projects, from significant lettings, signed this year, have not been taken into account either at this stage. They will boost future Group results in the form of capital gains accounted in contributions from equity method associates.

Other income relates to the margin on the "turnkey" Vaugirard operation (project acquired and re-sold during the year).

FFO per share: €16.42, +20.7%

The average number of shares in 2017 was 15,608,950 compared to 14,120,403 in 2016 (+1,488,547 shares).

This increase results from the impact of the weighted average (over the period) of the Group's equity reinforcement transactions:

- in 2016:

• 2015 dividend payment in shares (821,762 shares issued),

• capital increase in the market (1,503,028 shares issued),

• reserved capital increase as part of the acquisition of Pitch Promotion (190,000 shares issued);

- and in 2017, 2016 dividend payment in shares (1,021,555 shares issued).

Despite this increase in the average number of shares, FFO per share was up by 20.7% thanks to the strong growth in the Group's results.

1.3.1.3 CHANGES IN VALUE AND CALCULATED EXPENSES: €66.7 MILLION

Group share	€ millions
Change in value Investment properties	197.3
Change in value - Financial instruments	2.9
Disposal of assets and transaction costs	8,4
Share of equity-method associates	1,3
Deferred tax	(7,0)
IFRS 2 stock grant plan charges	(17,1)
Other estimated expenses [(a)]	(16,0)
Total	**169,7**
Non-controlling interests	(102.9)
Total	**66.7**

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

1.3.1.4 CHANGES IN ACCOUNTING STANDARDS

Starting 1st of January 2018, the Group has applied IFRS 15 (Revenue from contracts with customers) which impacts revenues from property development projects: The standard means swifter recognition of percentage-of-completion[99] revenue and of the resulting net property income.

[99] *However, the methods for measuring the transfer of control (percentage of completion) will change. The whole cost price will now be included in the calculation, including land-related costs.*

1.3.2 Net asset value (NAV)

1.3.2.1 DILUTED GOING CONCERN NAV: €174.0 PER SHARE (+9.1% OVER A YEAR)

The Diluted Going Concern NAV increased significantly over the year up to €2.8 billion (+€395 million, i.e. +16.5%). On a per share basis, the NAV was up 9.1% to €174.0/share after the impact of the shares issuance (see above).

GROUP NAV	31/12/2017				31/12/2016	
	€ millions	*Change*	€/share	*Change/share*	€ millions	€/share
Consolidated equity, Group share	**1,904.8**		**118.7**		**1,620.9**	**107.8**
Other unrealised capital gains	722.1				636.5	
Restatement of financial instruments	26.2				68.7	
Deferred tax on the balance sheet for non-SIIC assets (a)	30.2				23.9	
EPRA NAV	**2,683.3**	***+14.2%***	**167.2**	***6.9%***	**2,350.0**	**156.4**
Market value of financial instruments	(26.2)				(68.7)	
Fixed-rate market value of debt	9.1				(14.4)	
Effective tax for unrealised capital gains on non- SIIC assets(b)	(29.5)				(27.2)	
Optimisation of transfer duties (b)	84.6				90.8	
Partners' share(c)	(20.2)				(18.5)	
EPRA NNNAV (NAV liquidation)	**2,701.2**	***+16.8%***	**168.3**	***9.4%***	**2,312.1**	**153.8**
Estimated transfer duties and selling fees	92.8				86.7	
Partners' share(c)	(0.7)				(0.7)	
Diluted Going Concern NAV	**2,793.3**	***+16.5%***	**174.0**	***9.1%***	**2,398.1**	**159.6**
Number of diluted shares:	*16,051,842*				*15,030,287*	

(a) International assets.
(b) Depending on disposal structuring (asset deal or share deal).
(c) Maximum dilution of 120,000 shares.

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:

• the Rental Management and Retail Property Development division (Altarea France);

• the Property Development (Residential and Office) division (Cogedim, Histoire et Patrimoine and Pitch Promotion);

• the Office Investment division (AltaFund);

• a hotel going concern (Wagram hotel);

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

These assets are valued once a year within the framework of the annual closing by external appraisers.

For retail and the hotel going concern, the valuation is entrusted to Cushman & Wakefield and Jones Lang LaSalle. The appraisers use two methods:

• discounting cash flows (DCF method), 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 Institution of Chartered Surveyors. The surveyors' assignments were all carried out in accordance with the recommendations of the COB/AMF "Barthes de Ruyter working group" and comply fully with the instructions of the Appraisal Charter of Real Estate Valuation (*Charte de l'Expertise en Evaluation Immobilière*) updated in 2012. Surveyors are paid lump-sum compensation based on the size and complexity of the appraised properties. Compensation is therefore totally independent of the results of the valuation assessment.

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

Appraiser	Portfolio	% of value, incl. transfer duties
Jones Lang LaSalle	France	38%
Cushman & Wakefield	France & International	62%

The valuations for Altarea France and Semmaris are entrusted to Accuracy.

The Property Development (Residential and Office) division and the Office Investment division are valued by two experts, Accuracy and 8 Advisory.

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. Eight Advisory 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.

Transfer Taxes

Investment properties have been recognised in the IFRS consolidated financial statements at appraisal value excluding transfer taxes. To calculate Going Concern NAV, however, transfer duties were added back in the same amount. In Altarea Cogedim's 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.

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[100]

The Diluted Going Concern NAV per share at 31 December 2017 has risen strongly to €174.0 compared with 31 December 2016 (at €159.6 per share). This change breaks down as follows:

Diluted Going Concern NAV	€ millions	€/share
As at 31 December 2016	**2,398.1**	**159.6**
2016 dividend	**(173.9)**	**(11.5)**
Capital increase[a]	**157.1**	**(0.2)**
Share buyback[b]	**(33.4)**	**(2.1)**
Proforma dividend and financial transactions.	**2,347.9**	**145.8**
Deferred tax	**(13.3)**	**(0.8)**
Change in value of fin. instruments[c]	**23.4**	**1.5**
2017 FFO	256.3	16.4
Creation of REIT value[d]	111.2	6.9
Creation of property development value	77.8	4.8
Other[e]	(10.0)	(0.6)
Creation of real estate value	**435.2**	**27.6**
At 31 December 2017	**2,793.3**	**174.0**

(a) 2016 scrip dividend payment option at €153.84 below opening NAV (diluting effect).

(b) Impact of the share buyback intended for the bonus share plans.

(c) Including fixed-rate market value of debt.
(d) Including change in value of Retail.
(e) Including allowances for depreciation and amortisation and partners' share.

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

1.4 Financial resources

1.4.1 Financial position

Success of inaugural bond issue of €500 million

The Group carried out its first bond issue for an amount of €500 million in July 2017. This unrated bond, with a maturity of seven years, offers a fixed annual coupon of 2.25%.

The Group thus entered a new phase on the capital markets, having carried out €380 million of Euro PP since 2012.

This transaction was part of the continuation of the diversification policy and drives to disintermediate the Group's financing. It demonstrates the confidence investors have in Altarea Cogedim's distinctive economic model, both as a REIT and a property developer, and in the quality of its credit profile.

Reinforcement of equity: €157.1 million raised

In 2017, the success of the option to receive a scrip dividend in 2016 enabled the Group to bolster its equity by €157.1 million. The subscription rate was 91.69%, which resulted in the issuance of 1,021,555 new shares.

Consolidated net debt: €2,526 million

As at 31 December 2017, the Group's net financial debt stood at €2,526 million, up €101 million compared to 31 December 2016.

The average duration remains stable in relation to 31 December 2016, at 5 years and 4 months.

€ millions	31/12/2017	31/12/2016
Corporate and bank debt	541	490
Credit markets[(a)]	1,769	995
Mortgage debt	1,071	1,142
Property development debt	316	276
Total gross debt	**3,696**	**2,903**
Cash and cash equivalents	(1,169)	(478)
Total net debt	**2,526**	**2,425**

(a) This figure includes €838 million in treasury notes.

€ millions	REIT division	Property Development division	TOTAL
Corporate and bank debt	199	342	541
Credit markets[(a)]	1,300	469	1,769
Mortgage debt	1,071		1,071
Property development		316	316
Total gross debt	**2,569**	**1,127**	**3,696**
Cash and cash	(716)	(453)	**(1,169)**
Total net debt	**1,852**	**674**	**2,526**

(a) This figure includes €838 million in treasury notes.

€600 million in long-term financing secured

During the 2017 financial year, the Groupe put in place €600 million worth of new financing:

• €100 million in corporate credit with a five year and three-month term;

• €500 million in bonds with a seven-year term.

Treasury notes

Altarea Cogedim has two treasury bill programmes (maturities from one month to one year) for which the maximum amounts are €750 million for Altarea SCA and €600 million for Altareit SCA[101].

As at 31 December 2017, the outstanding amounts were respectively €369 million and €469 million for Altarea SCA and Altareit SCA.

Available liquidity

As at 31 December 2017, available liquidity, to be drawn at any time and immediately, was composed of:

• €959 million in cash;

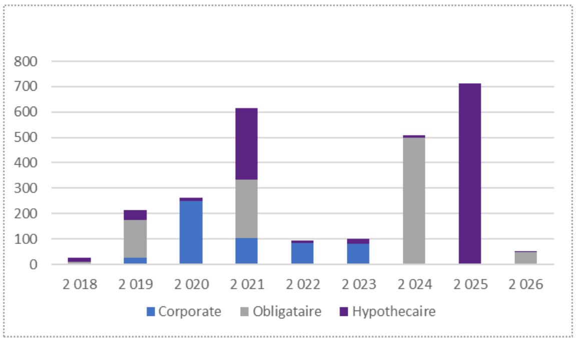
• €659 million in undrawn committed revolving credit facilities;

• €37 million in overdraft authorisations.

This available liquidity includes €838 million in treasury bills with an average term of five months.

Debt maturity schedule[102]

The following graph shows the debt of the Group by maturity at 31 December 2017 including the bond issued on 5 July 2017.



The mortgage debt due in 2021 corresponds to Cap 3000, the extension of which will have been completed the previous year. The bond related-debt due in 2024 corresponds to the term of the bond issued in July 2017.

The 2025 maturity corresponds to the mortgage financing put in place on a portfolio of shopping centres in 2015.

[101] Altareit is a subsidiary 99.85% held by Altarea Cogedim, listed on Euronext Paris (AREIT), mainly grouping the Residential and Office activities of the Group.

[102] Credit drawn at 31 December 2017 excluding 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 debt[103] with the balance exposed to the three months Euribor.

Hedging instruments are processed at Group level. Most of them are not tied to specific financing agreements (including a significant portion of the mortgage financing). They are accounted at fair value in the consolidated financial statements.

In 2017, the Group continued to improve the profile of its average hedge ratio through the cancellation of the swap restructuring.

The average hedge rate now stands between 0.43% and 1.03% up to 2026. With this strategy, the Group has a strong visibility over its medium-term hedged cost of debt.

Maturity	Swap (€m)[a]	Fixed-rate debt (€m)[a]	Cap strike 0% (€m)[a]	Total (€m)[a]	Average swap rate[b]
2017	487	740	802	2,029	0.32%
2018	1,335	953	107	2,395	0.43%
2019	1,696	938		2,635	0.52%
2020	2,035	798		2,833	0.82%
2021	2,072	795		2,867	0.88%
2022	1,964	793		2,757	0.89%
2023	1,963	790		2,753	0.89%
2024	1,853	537		2,391	0.92%
2025	959	168		1,127	1.02%
2026	–	50		50	0.63%

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

In addition, the Group has optional shorter-term instruments out of the money.

Average cost of drawn debt: 1.75% (1.92% at year-end 2016)[104]

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. Over the year the Group also benefited from the success of its treasury note programme and the first effects of the renegotiations of its financing terms for property development.

Altarea Cogedim anticipates keeping an average cost of debt under 2.50% over the coming years thanks to the tight control of its liabilities and to its hedging strategy, regardless of changes in interest rates.

1.4.3 Covenants

Loan to Value (LTV)

As at 31 December 2017, the LTV ratio, which corresponds to consolidated net debt/market value of assets, stood at 36.1% (compared with 37.2% as of 31 December 2016).

The Group set an objective to keep an LTV around 40%.

At 31/12/2017	€ millions
Gross debt	3,696
Cash and cash equivalents	(1,169)
Consolidated net debt	**2,526**
Shopping centres at value (FC)[a]	4,261
Shopping centres at value (EM affiliates' securities) and Other[b]	370
Investment properties valued at cost[c]	526
Office Investments[d]	237
Enterprise value of Property Development[e]	1,610
Market value of assets	**7,004**
LTV Ratio	**36.1%**

(a) Market value (including transfer taxes) of shopping centres in operation recorded according to the fully consolidated method.
(b) Market value (including transfer taxes) of shares of equity-method affiliates carrying shopping centres and other retail assets.
(c) Net book value of investment properties in development valued at cost.
(d) Market value (including transfer taxes) of share of equity-method affiliates carrying investments in Office and other Office assets.
(e) Value assessed by property development specialist (Enterprise value).

Interest Coverage Ratio (ICR)

The coverage ratio of net borrowing costs by operating income was 9.3x in 2017, an improvement over 2016.

	Covenant	31/12/2017	31/12/2016	Delta
LTV[a]	≤ 60%	36.1%	37.2%	(1.1) pt
ICR[b]	≥ 2.0 x	9.3 x	7.4 x	+1.9 x

(a) LTV (Loan to Value) = Net debt/Restated value of assets including transfer duties.
(b) ICR (Interest Coverage Ratio) = Operating income/Net borrowing costs (Funds from operations column).

As at 31 December 2017, the Group largely complied with all covenants.

[103] Including fixed-rate bonds.

[104] Including related fees (commitment fees, non-use fees, etc.).

Consolidated Income statement by segment at 31 December 2017

	31/12/2017			31/12/2016		
€ millions	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL
Rental income	188.4	–	188.4	183.9	–	183.9
Other expenses	(13.8)	–	(13.8)	(15.6)	–	(15.6)
Net rental income	**174.7**	**–**	**174.7**	**168.3**	**–**	**168.3**
External services	17.8	–	17.8	21.9	–	21.9
Own work capitalised and production held in inventory	6.4	–	6.4	9.4	–	9.4
Operating expenses	(54.3)	(3.1)	(57.4)	(47.3)	(3.6)	(50.8)
Net overhead expenses	**(30.2)**	**(3.1)**	**(33.3)**	**(16.1)**	**(3.6)**	**(19.6)**
Share of equity-method affiliates	**49.4**	**(0.4)**	**49.0**	**15.4**	**(2.1)**	**13.3**
Net allowances for depreciation and impairment	**–**	**(1.4)**	**(1.4)**	**–**	**(2.6)**	**(2.6)**
Income/loss on sale of assets	**0.4**	**9.7**	**10.1**	**–**	**(0.3)**	**(0.3)**
Income/loss in the value of investment property	**–**	**197.3**	**197.3**	**–**	**177.2**	**177.2**
Transaction costs	**–**	**(0.0)**	**(0.0)**	**–**	**(1.6)**	**(1.6)**
NET RETAIL INCOME	**194.3**	**202.1**	**396.4**	**167.7**	**167.1**	**334.8**
Revenue	1,422.4	–	1,422.4	1,066.5	–	1,066.5
Cost of sales and other expenses	(1,292.5)	(2.9)	(1,295.3)	(981.1)	(2.4)	(983.5)
Net property income	**129.9**	**(2.9)**	**127.1**	**85.4**	**(2.4)**	**83.0**
External services	2.0	–	2.0	1.1	–	1.1
Production held in inventory	138.0	–	138.0	98.2	–	98.2
Operating expenses	(174.2)	(9.9)	(184.1)	(134.0)	(6.9)	(140.9)
Net overhead expenses	**(34.2)**	**(9.9)**	**(44.1)**	**(34.8)**	**(6.9)**	**(41.6)**
Share of equity-method affiliates	**21.5**	**(0.3)**	**21.2**	**18.9**	**(2.0)**	**16.9**
Net allowances for depreciation and impairment	**–**	**(1.8)**	**(1.8)**	**–**	**(3.0)**	**(3.0)**
Transaction costs	**–**	**(0.6)**	**(0.6)**	**–**	**(0.3)**	**(0.3)**
NET RESIDENTIAL INCOME	**117.2**	**(15.5)**	**101.7**	**69.5**	**(14.6)**	**55.0**
Revenue	291.6	–	291.6	295.9	–	295.9
Cost of sales and other expenses	(263.1)	(2.7)	(265.8)	(261.4)	(2.2)	(263.6)
Other income	12.4	–	12.4	–	–	–
Net property income	**40.8**	**(2.7)**	**38.2**	**34.6**	**(2.2)**	**32.4**
External services	15.0	–	15.0	6.4	–	6.4
Production held in inventory	22.0	–	22.0	16.4	–	16.4
Operating expenses	(38.9)	(1.8)	(40.8)	(26.1)	(2.3)	(28.3)
Net overhead expenses	**(1.9)**	**(1.8)**	**(3.7)**	**(3.2)**	**(2.3)**	**(5.5)**
Share of equity-method affiliates	**4.4**	**2.0**	**6.4**	**8.8**	**(1.3)**	**7.4**
Net allowances for depreciation and impairment	**–**	**(0.4)**	**(0.4)**	**–**	**(0.7)**	**(0.7)**
Transaction costs	**–**	**–**	**–**	**–**	**–**	**–**
NET OFFICE INCOME	**43.4**	**(2.9)**	**40.5**	**40.1**	**(6.5)**	**33.6**
Other (Corporate)	**1.1**	**(8.5)**	**(7.5)**	**(2.9)**	**(4.7)**	**(7.6)**
OPERATING INCOME	**355.9**	**175.2**	**531.1**	**274.5**	**141.2**	**415.7**
Net borrowing costs	**(38.4)**	**(5.9)**	**(44.3)**	**(37.2)**	**(6.3)**	**(43.5)**
Other financial results	**4.0**	**4.7**	**8.8**	**–**	**–**	**–**
Discounting of debt and receivables	**–**	**(0.3)**	**(0.3)**	**–**	**(0.3)**	**(0.3)**
Change in value and income from disposal of financial instruments	**–**	**2.9**	**2.9**	**–**	**(75.8)**	**(75.8)**
Proceeds from the disposal of investments	**–**	**0.1**	**0.1**	**–**	**(0.1)**	**(0.1)**
Dividend	**0.2**	**–**	**0.2**	**0.1**	**–**	**0.1**
PROFIT BEFORE TAX	**321.8**	**176.7**	**498.5**	**237.5**	**58.7**	**296.3**
Corporate income tax	**(15.4)**	**(7.0)**	**(22.5)**	**(1.4)**	**(27.5)**	**(28.9)**
NET INCOME FROM CONTINUING OPERATIONS	**306.4**	**169.7**	**476.1**	**236.1**	**31.3**	**267.4**
Minority shares in continued operations	**(50.1)**	**(102.9)**	**(153.1)**	**(44.1)**	**(57.8)**	**(101.8)**
NET INCOME FROM CONTINUING OPERATIONS. GROUP SHARE	**256.3**	**66.7**	**323.0**	**192.0**	**(26.5)**	**165.5**
Net income (loss) from discontinued operations	**–**	**–**	**–**	**–**	**2.3**	**2.3**
NET INCOME	**306.4**	**169.7**	**476.1**	**236.1**	**33.5**	**269.6**
Non-controlling interests	**(50.1)**	**(102.9)**	**(153.1)**	**(44.1)**	**(57.8)**	**(101.8)**
NET INCOME. GROUP SHARE	**256.3**	**66.7**	**323.0**	**192.0**	**(24.2)**	**167.8**
Diluted average number of shares	*15,608,950*	*15,608,950*	*15,608,950*	*14,120,403*	*14,120,403*	*14,120,403*
NET INCOME PER SHARE, Group share (in €)	**16.42**	**4.28**	**20.69**	**13.60**	**(1.72)**	**11.88**

Balance sheet at 31 December 2017

€ millions	31/12/2017	31/12/2016
NON-CURRENT ASSETS	**5,437.9**	**5,034.9**
Intangible assets	258.5	257.9
o/w goodwill	*155.3*	*155.3*
o/w brands	*89.9*	*89.9*
o/w client relations	–	*5.5*
o/w other intangible assets	*13.3*	*7.2*
Property. plant and equipment	18.5	14.2
Investment properties	4,508.7	4,256.0
o/w investment properties in operation at fair value	*3,983.8*	*3,797.0*
o/w investment properties under development and under construction at cost	*525.0*	*459.0*
Securities and investments in equity affiliates and unconsolidated interests	564.0	412.0
Loans and receivables (non-current)	9.3	9.1
Deferred tax assets	79.0	85.7
CURRENT ASSETS	**3,154.8**	**2,046.6**
Net inventories and work in progress	1,288.8	978.1
Trade and other receivables	630.8	524.0
Income tax credit	8.6	9.4
Loans and receivables (current)	49.3	46.4
Derivative financial instruments	8.2	10.2
Cash and cash equivalents	1,169.1	478.4
TOTAL ASSETS	**8,592.8**	**7,081.4**
EQUITY	**3,164.7**	**2,758.3**
Equity attributable to Altarea SCA shareholders	**1,904.8**	**1,620.9**
Capital	245.3	229.7
Other paid-in capital	563.2	588.3
Reserves	773.2	635.1
Income associated with Altarea SCA shareholders	323.0	167.8
Equity attributable to minority shareholders of subsidiaries	**1,259.9**	**1,137.4**
Reserves associated with minority shareholders of subsidiaries	911.8	840.5
Other equity components. subordinated perpetual notes	195.1	195.1
Income associated with minority shareholders of subsidiaries	153.1	101.8
NON-CURRENT LIABILITIES	**2,886.9**	**2,337.6**
Non-current borrowings and financial liabilities	2,826.1	2,280.7
o/w participating loans and advances from associates	82.6	82.3
o/w bond issues	*920.7*	*428.0*
o/w borrowings from lending establishments	*1,822.9*	*1,770.3*
Long-term provisions	20.1	20.0
Deposits and security interests received	32.2	31.7
Deferred tax liability	8.6	5.3
CURRENT LIABILITIES	**2,541.1**	**1,985.5**
Current borrowings and financial liabilities	1,032.2	799.9
o/w bond issues	*9.9*	*104.4*
o/w borrowings from lending establishments	*103.3*	*240.0*
o/w treasury notes	*838.0*	*358.6*
o/w bank overdrafts	*0.8*	*2.5*
o/w advances from Group shareholders and partners	*80.2*	*94.3*
Derivative financial instruments	34.9	75.3
Accounts payable and other operating liabilities	1,460.3	1,109.9
Tax due	13.8	0.4
TOTAL LIABILITIES	**8,592.8**	**7,081.4**